

**EMERA INCORPORATED**

**Consolidated  
Financial Statements**

**December 31, 2025 and 2024**

## MANAGEMENT REPORT

### Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements of Emera Incorporated and the information in this annual report are the responsibility of management and have been approved by the Board of Directors ("Board").

The consolidated financial statements have been prepared by management in accordance with United States Generally Accepted Accounting Principles. When alternative accounting methods exist, management has chosen those it considers most appropriate in the circumstances. In preparation of these consolidated financial statements, estimates are sometimes necessary when transactions affecting the current accounting period cannot be finalized with certainty until future periods. Management represents that such estimates, which have been properly reflected in the accompanying consolidated financial statements, are based on careful judgments and are within reasonable limits of materiality. Management has determined such amounts on a reasonable basis in order to ensure that the consolidated financial statements are presented fairly in all material respects. Management has prepared the financial information presented elsewhere in the annual report and has ensured that it is consistent with that in the consolidated financial statements.

Emera Incorporated maintains effective systems of internal accounting and administrative controls, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is reliable and accurate, and that Emera Incorporated's assets are appropriately accounted for and adequately safeguarded.

The Board is responsible for ensuring that management fulfils its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements. The Board carries out this responsibility principally through its Audit Committee.

The Audit Committee is appointed by the Board, and its members are directors who are not officers or employees of Emera Incorporated. The Audit Committee meets periodically with management, as well as with the internal auditors and with the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy itself that each party is properly discharging its responsibilities, and to review the annual report, the consolidated financial statements and the external auditors' report. The Audit Committee reports its findings to the Board for consideration when approving the consolidated financial statements for issuance to the shareholders. The Audit Committee also considers, for review by the Board and approval by the shareholders, the appointment of the external auditors.

The consolidated financial statements have been audited by Ernst & Young LLP, the external auditors, in accordance with the standards of the Public Company Accounting Oversight Board. Ernst & Young LLP has full and free access to the Audit Committee.

February 23, 2026

*"Scott Balfour"*  
President and Chief Executive Officer

*"Jared Green"*  
Chief Financial Officer

## Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of Emera Incorporated

### Opinion on the Consolidated Financial Statements

We have audited the accompanying Consolidated Balance Sheets of Emera Incorporated (the “Company”) as of December 31, 2025 and 2024, the related Consolidated Statements of Income, Consolidated Statements of Comprehensive Income, Consolidated Statements of Changes in Equity and Consolidated Statements of Cash Flows for the years then ended, and the related notes (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2025 and 2024, and the consolidated results of its operations and its consolidated cash flows for each of the two years in the period ended December 31, 2025, in conformity with United States generally accepted accounting principles.

### Basis for Opinion

These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

### Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

## **Accounting for the effects of rate regulation**

### *Description of the Matter*

As disclosed in note 7 of the consolidated financial statements, the Company has \$3.2 billion in regulatory assets and \$1.7 billion in regulatory liabilities. The Company's rate-regulated subsidiaries are subject to regulation by various federal, state and provincial regulatory authorities in the geographic regions in which they operate. The regulatory rates are designed to recover the prudently incurred costs of providing the regulated products or services and provide a reasonable return on the equity invested or assets, as applicable. In addition to regulatory assets and liabilities, rate regulation impacts multiple financial statement line items, including, but not limited to, property, plant and equipment ("PP&E"), operating revenues and expenses, income taxes, and depreciation expense.

Auditing the impact of rate regulation on the Company's financial statements is complex and highly judgmental due to the significant judgments made by the Company to support its accounting and disclosure for regulatory matters when final regulatory decisions or orders have not yet been obtained or when regulatory formulas are complex. There is also subjectivity involved in assessing the potential impact of future regulatory decisions on the financial statements. Although the Company expects to recover costs from customers through rates, there is a risk that the regulator will not approve full recovery of the costs incurred. The Company's judgments include making an assessment of the probability of recovery of and return on costs incurred, of the potential disallowance of part of the cost incurred, or of the probable refund of gains or amounts previously collected from customers through future rates.

### *How We Addressed the Matter in Our Audit*

We performed audit procedures that included, amongst others, assessing the Company's evaluation of the probability of future recovery for regulatory assets, PP&E, and refund of regulatory liabilities by obtaining and reviewing relevant regulatory orders, filings, testimony, hearings and correspondence, and other publicly available information. For regulatory matters for which regulatory decisions or orders have not yet been obtained, we inspected the rate-regulated subsidiaries' filings for any evidence that might contradict the Company's assertions, and reviewed other regulatory orders, filings and correspondence for other entities within the same or similar jurisdictions to assess the likelihood of recovery or refund in future rates based on the regulator's treatment of similar costs under similar circumstances. We obtained and evaluated an analysis from the Company and corroborated that analysis with letters from legal counsel, when appropriate, regarding cost recoveries, gains or amounts previously collected from customers or future changes in rates. We also assessed the methodology, accuracy and completeness of the Company's calculations of regulatory asset and liability balances based on provisions and formulas outlined in rate orders and other correspondence with the regulators. We evaluated the Company's disclosures related to the impacts of rate regulation.

## **Fair Value ("FV") measurement of derivative financial instruments**

### *Description of the Matter*

Held-for-trading ("HFT") derivative assets of \$289 million and liabilities of \$745 million, disclosed in note 16 to the consolidated financial statements, are measured at FV. The Company recognized \$467 million in realized and unrealized gains during the year with respect to HFT derivatives.

Auditing the Company's valuation of HFT derivatives is complex and highly judgmental due to the complexity of the contract terms and valuation models, and the significant estimation required in determining the FV of the contracts. In determining the FV of HFT derivatives, significant assumptions about future economic and market assumptions with uncertain outcomes are used, including third-party sourced forward commodity pricing curves based on illiquid markets, internally developed correlation factors and basis differentials. These assumptions have a significant impact on the FV of the HFT derivatives.

*How We  
Addressed  
the Matter in  
Our Audit*

We performed audit procedures that included, amongst others, reviewing executed contracts and agreements for the identification of inputs and assumptions impacting the valuation of derivatives. With the support of our valuation specialists, we assessed the methodology and mathematical accuracy of the Company's valuation models and compared the commodity pricing curves used by the Company to current market and economic data. For the forward commodity pricing curves, we compared the Company's pricing curves to independently sourced pricing curves. We also assessed the methodology and mathematical accuracy of the Company's calculations to develop correlation factors and basis differentials. In addition, we assessed whether the FV hierarchy disclosures in note 17 to the consolidated financial statements were consistent with the source of the significant inputs and assumptions used in determining the FV of derivatives.

/s/ Ernst & Young LLP  
Chartered Professional Accountants

We have served as the Company's auditor since 1998.

Halifax, Canada  
February 23, 2026

## Emera Incorporated Consolidated Statements of Income

| For the<br>millions of dollars (except per share amounts)                   | Year ended December 31 |               |
|---|------------------------|---------------|
|   | 2025                   | 2024          |
| <b>Operating revenues</b>   |                        |               |
| Regulated electric  | \$ 6,858               | \$ 5,872      |
| Regulated gas   | 1,713                  | 1,575         |
| Non-regulated   | 205                    | (247)         |
| Total operating revenues (note 6)   | 8,776                  | 7,200         |
| <b>Operating expenses</b>   |                        |               |
| Regulated fuel for generation and purchased power                           | 2,161                  | 1,992         |
| Regulated cost of natural gas   | 448                    | 396           |
| Operating, maintenance and general expenses ("OM&G")                        | 2,337                  | 1,918         |
| Provincial, state, and municipal taxes                                      | 486                    | 427           |
| Depreciation and amortization   | 1,294                  | 1,162         |
| Impairment charges (note 4)   | 75                     | 225           |
| Total operating expenses  | 6,801                  | 6,120         |
| <b>Income from operations</b>   | <b>1,975</b>           | <b>1,080</b>  |
| Income from equity investments (note 8)                                     | 63                     | 99            |
| Other income, net (note 9)  | 165                    | 203           |
| Interest expense, net (note 10)   | 1,032                  | 973           |
| <b>Income before provision for income taxes</b>                             | <b>1,171</b>           | <b>409</b>    |
| Income tax expense (recovery) (note 11)                                     | 81                     | (159)         |
| <b>Net income</b>   | <b>1,090</b>           | <b>568</b>    |
| Non-controlling interest in subsidiaries ("NCI")                            | 1                      | 1             |
| Preferred stock dividends   | 75                     | 73            |
| <b>Net income attributable to common shareholders</b>                       | <b>\$ 1,014</b>        | <b>\$ 494</b> |
| Weighted average shares of common stock outstanding (in millions) (note 13) |                        |               |
| Basic   | 299                    | 289           |
| Diluted   | 300                    | 289           |
| Earnings per common share (note 13)   |                        |               |
| Basic   | \$ 3.39                | \$ 1.71       |
| Diluted   | \$ 3.38                | \$ 1.71       |
| Dividends per common share declared   | \$ 2.9075              | \$ 2.8775     |

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

## Emera Incorporated

### Consolidated Statements of Comprehensive Income

| For the<br>millions of dollars  | Year ended December 31 |                 |
|---|------------------------|-----------------|
|   | 2025                   | 2024            |
| <b>Net income</b>   | <b>\$ 1,090</b>        | <b>\$ 568</b>   |
| <b>Other comprehensive income (loss) ("OCI"), net of tax</b>                  |                        |                 |
| Foreign currency translation adjustment (1)                                   | (623)                  | 1,027           |
| Unrealized gains (losses) on net investment hedges (2)                        | 82                     | (139)           |
| Cash flow hedges – reclassification adjustment for gains included in income   | (2)                    | (2)             |
| Unrealized gains on available-for-sale investment                             | 2                      | 2               |
| Net change in unrecognized pension and post-retirement benefit obligation (3) | 153                    | 68              |
| OCI (4)   | (388)                  | 956             |
| <b>Comprehensive income</b>   | <b>702</b>             | <b>1,524</b>    |
| Comprehensive income attributable to NCI                                      | 1                      | 1               |
| <b>Comprehensive Income of Emera Incorporated</b>                             | <b>\$ 701</b>          | <b>\$ 1,523</b> |

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

- 1) Net of tax recovery of \$5 million for the year ended December 31, 2025 (2024 – \$10 million expense).
- 2) The Company has designated \$1.2 billion United States dollar (USD) denominated Hybrid Notes as a hedge of the foreign currency exposure of its net investment in USD denominated operations.
- 3) Net of tax expense of \$3 million for the year ended December 31, 2025 (2024 – nil).
- 4) Net of tax recovery of \$2 million for the year ended December 31, 2025 (2024 – \$10 million expense).

## Emera Incorporated Consolidated Balance Sheets

| As at<br>millions of dollars   | December 31<br>2025 | December 31<br>2024 |
|--|---------------------|---------------------|
| <b>Assets</b>  |                     |                     |
| <b>Current assets</b>  |                     |                     |
| Cash and cash equivalents  | \$ 349              | \$ 196              |
| Restricted cash  | 16                  | 17                  |
| Inventory (note 15)  | 821                 | 781                 |
| Derivative instruments (notes 16 and 17)   | 156                 | 115                 |
| Regulatory assets (note 7)   | 409                 | 595                 |
| Receivables and other current assets (note 19)   | 2,439               | 1,811               |
| Assets held for sale (note 4)  | 199                 | 173                 |
|  | <b>4,389</b>        | <b>3,688</b>        |
| <b>Property, plant and equipment ("PP&amp;E"), net of accumulated depreciation and amortization of \$10,845 and \$10,442, respectively (note 21)</b> | <b>27,408</b>       | <b>26,168</b>       |
| <b>Other assets</b>  |                     |                     |
| Deferred income taxes (note 11)  | 421                 | 392                 |
| Derivative instruments (notes 16 and 17)   | 42                  | 51                  |
| Regulatory assets (note 7)   | 2,789               | 2,832               |
| Net investment in direct finance and sales type leases (note 20)   | 572                 | 610                 |
| Investments subject to significant influence (note 8)  | 634                 | 654                 |
| Goodwill (note 23)   | 5,580               | 5,858               |
| Other long-term assets (note 33)   | 894                 | 538                 |
| Assets held for sale (note 4)  | 2,088               | 2,160               |
|  | <b>13,020</b>       | <b>13,095</b>       |
| <b>Total assets</b>  | <b>\$ 44,817</b>    | <b>\$ 42,951</b>    |

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

## Emera Incorporated Consolidated Balance Sheets – Continued

| As at<br>millions of dollars                              | December 31<br>2025 | December 31<br>2024 |
|---|---------------------|---------------------|
| <b>Liabilities and Equity</b>                             |                     |                     |
| <b>Current liabilities</b>                                |                     |                     |
| Short-term debt (note 24)                                 | \$ 1,807            | \$ 1,400            |
| Current portion of long-term debt (note 26)               | 1,201               | 234                 |
| Accounts payable  | 1,948               | 1,992               |
| Derivative instruments (notes 16 and 17)                  | 534                 | 526                 |
| Regulatory liabilities (note 7)                           | 211                 | 262                 |
| Other current liabilities (note 25)                       | 535                 | 489                 |
| Liabilities associated with assets held for sale (note 4) | 391                 | 212                 |
|   | <b>6,627</b>        | <b>5,115</b>        |
| <b>Long-term liabilities</b>                              |                     |                     |
| Long-term debt (note 26)                                  | 18,453              | 18,173              |
| Deferred income taxes (note 11)                           | 2,516               | 2,331               |
| Derivative instruments (notes 16 and 17)                  | 115                 | 91                  |
| Regulatory liabilities (note 7)                           | 1,458               | 1,618               |
| Pension and post-retirement liabilities (note 22)         | 268                 | 274                 |
| Other long-term liabilities (note 8 and 27)               | 960                 | 910                 |
| Liabilities associated with assets held for sale (note 4) | 1,024               | 1,148               |
|   | <b>24,794</b>       | <b>24,545</b>       |
| <b>Equity</b>   |                     |                     |
| Common stock (note 12)                                    | 9,387               | 9,042               |
| Cumulative preferred stock (note 29)                      | 1,422               | 1,422               |
| Contributed surplus                                       | 86                  | 84                  |
| Accumulated other comprehensive income ("AOCI") (note 14) | 873                 | 1,261               |
| Retained earnings   | 1,614               | 1,468               |
| Total Emera Incorporated equity                           | 13,382              | 13,277              |
| NCI (note 30)   | 14                  | 14                  |
| Total equity  | 13,396              | 13,291              |
| <b>Total liabilities and equity</b>                       | <b>\$ 44,817</b>    | <b>\$ 42,951</b>    |

### Commitments and contingencies (note 28)

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

### Approved on behalf of the Board of Directors

*"Karen Sheriff"*

*"Scott Balfour"*

**Chair of the Board**

**President and Chief Executive Officer**

## Emera Incorporated

### Consolidated Statements of Cash Flows

| For the<br>millions of dollars   | Year ended December 31 |                |
|--|------------------------|----------------|
|  | 2025                   | 2024           |
| <b>Operating activities</b>  |                        |                |
| Net income   | \$ 1,090               | \$ 568         |
| Adjustments to reconcile net income to net cash provided by operating activities:  |                        |                |
| Depreciation and amortization  | 1,298                  | 1,165          |
| Income from equity investments, net of dividends   | 5                      | (8)            |
| Allowance for funds used during construction ("AFUDC") – equity  | (62)                   | (53)           |
| Deferred income taxes, net   | 71                     | (191)          |
| Net change in pension and post-retirement liabilities  | (40)                   | (46)           |
| Nova Scotia Power ("NSPI") fuel adjustment mechanism ("FAM")   | (158)                  | 451            |
| Net change in fair value ("FV") of derivative instruments  | 13                     | 228            |
| Net change in regulatory assets and liabilities  | 296                    | (226)          |
| Net change in capitalized transportation capacity  | (65)                   | 175            |
| Impairment charges   | 75                     | 214            |
| Gain on sale of the Labrador Island Link Partnership ("LIL"), excluding transaction costs                                | (4)                    | (191)          |
| Other operating activities, net  | 40                     | 108            |
| Changes in non-cash working capital (note 31)  | (757)                  | 452            |
| <b>Net cash provided by operating activities</b>   | <b>1,802</b>           | <b>2,646</b>   |
| <b>Investing activities</b>  |                        |                |
| Additions to PP&E  | (3,532)                | (3,151)        |
| Proceeds on disposal of assets   | 48                     | 7              |
| Proceeds from disposal of investment subject to significant influence  | -                      | 927            |
| Other investing activities   | 2                      | (1)            |
| <b>Net cash used in investing activities</b>   | <b>(3,482)</b>         | <b>(2,218)</b> |
| <b>Financing activities</b>  |                        |                |
| Change in short-term debt, net   | (78)                   | 56             |
| Proceeds from short-term debt with maturities greater than 90 days   | 598                    | -              |
| Proceeds from long-term debt, net of issuance costs  | 2,016                  | 1,361          |
| Retirement of long-term debt   | (201)                  | (1,086)        |
| Net proceeds (repayments) under committed credit facilities  | 119                    | (825)          |
| Issuance of common stock, net of issuance costs  | 47                     | 284            |
| Dividends on common stock  | (576)                  | (538)          |
| Dividends on preferred stock   | (75)                   | (73)           |
| Other financing activities   | (9)                    | 3              |
| <b>Net cash provided by (used in) financing activities</b>   | <b>1,841</b>           | <b>(818)</b>   |
| Effect of exchange rate changes on cash, cash equivalents, restricted cash and cash associated with assets held for sale | (11)                   | 23             |
| <b>Net increase (decrease) in cash, cash equivalents, restricted cash and cash associated with assets held for sale</b>  | <b>150</b>             | <b>(367)</b>   |
| Cash, cash equivalents, restricted cash, and cash associated with assets held for sale, beginning of year                | 221                    | 588            |
| Cash, cash equivalents, restricted cash, and cash associated with assets held for sale, end of year                      | \$ 371                 | \$ 221         |
| <b>Cash, cash equivalents, restricted cash and cash associated with assets held for sale consists of:</b>                |                        |                |
| Cash   | \$ 344                 | \$ 191         |
| Short-term investments   | 5                      | 5              |
| Restricted cash  | 16                     | 17             |
| Cash associated with assets held for sale  | 6                      | 8              |
| Cash, cash equivalents, restricted cash and cash associated with assets held for sale                                    | \$ 371                 | \$ 221         |

Supplementary Information to Consolidated Statements of Cash Flows (note 31)

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

## Emera Incorporated

### Consolidated Statements of Changes in Equity

|  | Common<br>Stock | Preferred<br>Stock | Contributed<br>Surplus | AOCI          | Retained<br>Earnings | NCI          | Total<br>Equity  |
|--|-----------------|--------------------|------------------------|---------------|----------------------|--------------|------------------|
| millions of dollars  |                 |                    |                        |               |                      |              |                  |
| Balance, December 31, 2024   | \$ 9,042        | \$ 1,422           | \$ 84                  | \$ 1,261      | \$ 1,468             | \$ 14        | \$ 13,291        |
| Net income of Emera Inc.   | -               | -                  | -                      | -             | 1,089                | 1            | 1,090            |
| Other comprehensive loss, net of tax recovery of \$2 million                               | -               | -                  | -                      | (388)         | -                    | -            | (388)            |
| Dividends declared on preferred stock (note 29)  | -               | -                  | -                      | -             | (75)                 | -            | (75)             |
| Dividends declared on common stock (\$2.9075/share)  | -               | -                  | -                      | -             | (868)                | -            | (868)            |
| Issued under the at-the-market program ("ATM"), net of after-tax issuance costs            | 9               | -                  | -                      | -             | -                    | -            | 9                |
| Issued under the Dividend Reinvestment Program ("DRIP"), net of discount                   | 293             | -                  | -                      | -             | -                    | -            | 293              |
| Senior management stock options exercised and Employee Common Share Purchase Plan ("ECSP") | 42              | -                  | 2                      | -             | -                    | -            | 44               |
| Other  | 1               | -                  | -                      | -             | -                    | (1)          | -                |
| <b>Balance, December 31, 2025</b>  | <b>\$ 9,387</b> | <b>\$ 1,422</b>    | <b>\$ 86</b>           | <b>\$ 873</b> | <b>\$ 1,614</b>      | <b>\$ 14</b> | <b>\$ 13,396</b> |
| Balance, December 31, 2023   | \$ 8,462        | \$ 1,422           | \$ 82                  | \$ 305        | \$ 1,803             | \$ 14        | \$ 12,088        |
| Net income of Emera Inc.   | -               | -                  | -                      | -             | 567                  | 1            | 568              |
| Other comprehensive income, net of tax expense of \$10 million                             | -               | -                  | -                      | 956           | -                    | -            | 956              |
| Dividends declared on preferred stock (note 29)  | -               | -                  | -                      | -             | (73)                 | -            | (73)             |
| Dividends declared on common stock (\$2.8775/share)  | -               | -                  | -                      | -             | (829)                | -            | (829)            |
| Issued under the ATM, net of after-tax issuance costs                                      | 261             | -                  | -                      | -             | -                    | -            | 261              |
| Issued under the DRIP, net of discount   | 291             | -                  | -                      | -             | -                    | -            | 291              |
| Senior management stock options exercised and ECSP   | 28              | -                  | 2                      | -             | -                    | -            | 30               |
| Other  | -               | -                  | -                      | -             | -                    | (1)          | (1)              |
| Balance, December 31, 2024   | \$ 9,042        | \$ 1,422           | \$ 84                  | \$ 1,261      | \$ 1,468             | \$ 14        | \$ 13,291        |

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

**Emera Incorporated**  
**Notes to the Consolidated Financial Statements**  
**As at December 31, 2025 and 2024**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Operations**

Emera Incorporated (“Emera” or the “Company”) is an energy and services company that invests in electricity generation, transmission and distribution, and gas transmission and distribution.

At December 31, 2025, Emera’s reportable segments include the following:

- Florida Electric Utility, which consists of Tampa Electric (“TEC”), a vertically integrated regulated electric utility, serving approximately 866,000 customers in West Central Florida.
- Canadian Electric Utilities, which includes:
  - NSPI, a vertically integrated regulated electric utility and the primary electricity supplier in Nova Scotia, serving approximately 565,000 customers;
  - a 100 per cent equity interest in NSP Maritime Link Inc. (“NSPML”), which developed the Maritime Link Project, a \$1.8 billion, including AFUDC, transmission project between the island of Newfoundland and Nova Scotia; and
  - a 50 per cent indirect voting equity interest in Wasoqonatl Transmission Incorporated (“WTI”), a transmission line project to create a reliability intertie between Nova Scotia and New Brunswick. For more information, refer to note 8.
- Gas Utilities and Infrastructure, which includes:
  - Peoples Gas System Inc. (“PGS”), a regulated gas distribution utility, serving approximately 523,000 customers across Florida;
  - New Mexico Gas Company, Inc. (“NMGC”), a regulated gas distribution utility, serving approximately 553,000 customers in New Mexico. On August 5, 2024, Emera announced an agreement to sell NMGC. The transaction is expected to close in the first half of 2026, subject to certain approvals, including approval by the New Mexico Public Regulation Commission (“NMPRC”). For more information on the pending transaction, refer to note 4.
  - Emera Brunswick Pipeline Company Limited (“Brunswick Pipeline”), a 145-kilometre pipeline delivering re-gasified liquefied natural gas from Saint John, New Brunswick to the United States (“US”) border under a 25-year firm service agreement with Repsol Energy North America Canada Partnership (“Repsol Energy Canada”), which expires in 2034;
  - SeaCoast Gas Transmission, LLC (“SeaCoast”), a regulated intrastate natural gas transmission company offering services in Florida; and
  - a 12.9 per cent equity interest in Maritimes & Northeast Pipeline (“M&NP”), a 1,400-kilometre pipeline that transports natural gas throughout markets in Atlantic Canada and the northeastern US.
- Other Electric Utilities, which includes Emera (Caribbean) Incorporated (“ECI”), a holding company with regulated electric utilities that include:
  - The Barbados Light & Power Company Limited (“BLPC”), a vertically integrated regulated electric utility on the island of Barbados, serving approximately 137,000 customers;
  - Grand Bahama Power Company Limited (“GBPC”), a vertically integrated regulated electric utility on Grand Bahama Island, serving approximately 20,000 customers; and
  - a 19.5 per cent equity interest in St. Lucia Electricity Services Limited (“Lucelec”), a vertically integrated regulated electric utility on the island of St. Lucia.

- Emera's other segment includes investments in energy-related non-regulated companies that are below the required threshold for reporting as separate segments and corporate expense and revenue items that are not directly allocated to the operations of Emera's subsidiaries and investments. This includes:
  - Emera Energy, which consists of:
    - Emera Energy Services ("EES"), a physical energy business that purchases and sells natural gas and electricity and provides related energy asset management services;
    - Brooklyn Power Corporation ("Brooklyn Energy"), a 30 MW biomass co-generation electricity facility in Brooklyn, Nova Scotia; and
    - a 50.0 per cent joint venture interest in Bear Swamp Power Company LLC ("Bear Swamp"), a 660 MW pumped storage hydroelectric facility in northwestern Massachusetts.
  - Emera US Finance LP ("Emera Finance"), EUSHI Finance, Inc. ("EUSHI Finance") and TECO Finance, Inc. ("TECO Finance"), financing subsidiaries of Emera;
  - Emera US Holdings Inc. ("EUSHI"), a wholly owned holding company for certain of Emera's assets located in the US; and
  - Other investments.

### **Basis of Presentation**

These consolidated financial statements are prepared and presented in accordance with United States Generally Accepted Accounting Principles ("USGAAP") and, in the opinion of management, include all adjustments that are of a recurring nature and necessary to fairly state the financial position of Emera.

All dollar amounts are presented in Canadian dollars ("CAD"), unless otherwise indicated.

### **Principles of Consolidation**

These consolidated financial statements include the accounts of Emera Incorporated, its majority-owned subsidiaries, and a variable interest entity ("VIE") in which Emera is the primary beneficiary. Emera uses the equity method of accounting to record investments in which the Company has the ability to exercise significant influence, and for VIEs in which Emera is not the primary beneficiary.

The Company performs ongoing analysis to assess whether it holds any VIEs or whether any reconsideration events have arisen with respect to existing VIEs. To identify potential VIEs, management reviews contractual and ownership arrangements such as leases, long-term purchase power agreements, tolling contracts, guarantees, jointly owned facilities and equity investments. VIEs of which the Company is deemed the primary beneficiary must be consolidated. The primary beneficiary of a VIE has both the power to direct the activities of the VIE that most significantly impacts its economic performance and the obligation to absorb losses or the right to receive benefits of the VIE that could potentially be significant to the VIE. In circumstances where Emera has an investment in a VIE but is not deemed the primary beneficiary, the VIE is accounted for using the equity method. For further details on VIEs, refer to note 33.

Intercompany balances and transactions have been eliminated on consolidation, except for the net profit on certain transactions between certain non-regulated and regulated entities in accordance with accounting standards for rate-regulated entities. The net profit on these transactions, which would be eliminated in the absence of the accounting standards for rate-regulated entities, is recorded in non-regulated operating revenues. An offset is recorded to PP&E, regulatory assets, regulated fuel for generation and purchased power, or OM&G, depending on the nature of the transaction.

## **Use of Management Estimates**

The preparation of consolidated financial statements in accordance with USGAAP requires management to make estimates and assumptions. These may affect reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting periods. Significant areas requiring use of management estimates relate to rate-regulated assets and liabilities, accumulated reserve for cost of removal, pension and post-retirement benefits, unbilled revenue, useful lives for depreciable assets, goodwill and long-lived assets impairment assessments, income taxes, asset retirement obligations (“ARO”), and valuation of financial instruments. Management evaluates the Company’s estimates on an ongoing basis based upon historical experience, current and expected conditions and assumptions believed to be reasonable at the time the assumption is made, with any adjustments recognized in income in the year they arise.

## **Regulatory Matters**

Regulatory accounting applies where rates are established by, or subject to approval by, an independent third-party regulator. Rates are designed to recover prudently incurred costs of providing regulated products or services and provide an opportunity for a reasonable rate of return on invested capital, as applicable. For further details, refer to note 7.

## **Foreign Currency Translation**

Monetary assets and liabilities denominated in foreign currencies are converted to CAD at the rates of exchange prevailing at the balance sheet date. The resulting differences between the translation at the original transaction date and the balance sheet date are included in income.

Assets and liabilities of foreign operations whose functional currency is not the Canadian dollar are translated using exchange rates in effect at the balance sheet date and the results of operations at the average exchange rate in effect for the period. The resulting exchange gains and losses on the assets and liabilities are deferred on the balance sheet in AOCI.

The Company designates certain USD denominated debt held in CAD functional currency companies as hedges of net investments in USD denominated foreign operations. The change in the carrying amount of these investments, measured at exchange rates in effect at the balance sheet date, is recorded in OCI.

## **Revenue Recognition**

### *Regulated Electric and Gas Revenue:*

Electric and gas revenues, including energy charges, demand charges, basic facilities charges and clauses and riders, are recognized when obligations under the terms of a contract are satisfied, which is when electricity and gas are delivered to customers over time as the customer simultaneously receives and consumes the benefits. Electric and gas revenues are recognized on an accrual basis and include billed and unbilled revenues. Revenues related to the sale of electricity and gas are recognized at rates approved by the respective regulators and recorded based on metered usage, which occurs on a periodic, systematic basis, generally monthly or bi-monthly. At the end of each reporting period, electricity and gas delivered to customers, but not billed, is estimated and corresponding unbilled revenue is recognized. The Company’s estimate of unbilled revenue at the end of the reporting period is calculated by estimating the megawatt hours (“MWh”) or therms delivered to customers at the established rates expected to prevail in the upcoming billing cycle. This estimate includes assumptions as to the pattern of energy demand, weather, line losses and inter-period changes to customer classes.

*Non-regulated Revenue:*

Marketing and trading margins are comprised of Emera Energy's corresponding purchases and sales of natural gas and electricity, pipeline capacity costs and energy asset management revenues. Revenues are recorded when obligations under terms of the contract are satisfied and are presented on a net basis reflecting the nature of contractual relationships with customers and suppliers.

Energy sales are recognized when obligations under the terms of the contracts are satisfied, which is when electricity is delivered to customers over time.

Other non-regulated revenues are recorded when obligations under the terms of the contract are satisfied.

*Other:*

Sales, value add, and other taxes, except for gross receipts taxes discussed below, collected by the Company concurrent with revenue-producing activities are excluded from revenue.

**Franchise Fees and Gross Receipts**

TEC and PGS recover from customers certain costs incurred, on a dollar-for-dollar basis, through prices approved by the Florida Public Service Commission ("FPSC"). The amounts included in customers' bills for franchise fees and gross receipt taxes are included as "Regulated electric" and "Regulated gas" revenues in the Consolidated Statements of Income. Franchise fees and gross receipt taxes payable by TEC and PGS are included as an expense on the Consolidated Statements of Income in "Provincial, state and municipal taxes".

NMGC is an agent in the collection and payment of franchise fees and gross receipt taxes and is not required by a tariff to present the amounts on a gross basis. Therefore, NMGC's franchise fees and gross receipt taxes are presented net with no line item impact on the Consolidated Statements of Income.

**PP&E**

PP&E is recorded at original cost, including AFUDC or capitalized interest, net of contributions received in aid of construction.

The cost of additions, including betterments and replacements of units, are included in "PP&E" on the Consolidated Balance Sheets. When units of regulated PP&E are replaced, renewed or retired, their cost, plus removal or disposal costs, less salvage proceeds, is charged to accumulated depreciation, with no gain or loss reflected in income. Where a disposition of non-regulated PP&E occurs, gains and losses are included in income as the dispositions occur.

The cost of PP&E represents the original cost of materials, contracted services, direct labour, AFUDC for regulated property or interest for non-regulated property, ARO, and overhead attributable to the capital project. Overhead includes corporate costs such as finance, information technology and labour costs, along with other costs related to support functions, employee benefits, insurance, procurement, and fleet operating and maintenance. Expenditures for project development are capitalized if they are expected to have a future economic benefit.

Normal maintenance projects and major maintenance projects that do not increase overall life of the related assets are expensed as incurred. When a major maintenance project increases the life or value of the underlying asset, the cost is capitalized.

Depreciation is determined by the straight-line method, based on the estimated remaining service lives of the depreciable assets in each functional class of depreciable property. For some of Emera's rate-regulated subsidiaries, depreciation is calculated using the group remaining life method, which is applied to the average investment, adjusted for anticipated costs of removal less salvage, in functional classes of depreciable property. The service lives of regulated assets require regulatory approval.

Intangible assets, which are included in “PP&E” on the Consolidated Balance Sheets, consist primarily of computer software and land rights. Amortization is determined by the straight-line method, based on the estimated remaining service lives of the asset in each category. For some of Emera’s rate-regulated subsidiaries, amortization is calculated using the amortizable life method which is applied to the net book value to date over the remaining life of those assets. The service lives of regulated intangible assets require regulatory approval.

## **Goodwill**

Goodwill is calculated as the excess of the purchase price of an acquired entity over the estimated FV of identifiable assets acquired and liabilities assumed at the acquisition date. Goodwill is carried at initial cost less any write-down for impairment and is adjusted for the impact of foreign exchange (“FX”). Goodwill is subject to assessment for impairment at the reporting unit level annually, or if an event or change in circumstances indicates that the FV of a reporting unit may be below its carrying value. When assessing goodwill for impairment, the Company has the option of first performing a qualitative assessment to determine whether a quantitative assessment is necessary. In performing a qualitative assessment management considers, among other factors, macroeconomic conditions, industry and market considerations and overall financial performance.

If the Company performs a qualitative assessment and determines it is more likely than not that its FV is less than its carrying amount, or if the Company chooses to bypass the qualitative assessment, a quantitative test is performed. The quantitative test compares the FV of the reporting unit to its carrying value, including goodwill (“carrying amount”). If the carrying amount of the reporting unit exceeds its FV, an impairment loss is recorded. Management estimates the FV of the reporting unit by using the income approach, or a combination of the income and market approach. The income approach uses a discounted cash flow analysis which relies on management’s best estimate of the reporting unit’s projected cash flows. The analysis includes an estimate of terminal values based on these expected cash flows using a methodology which derives a valuation using an assumed perpetual annuity based on the reporting unit’s residual cash flows. The discount rate used is a market participant rate based on a peer group of publicly traded comparable companies and represents the weighted average cost of capital of comparable companies. For the market approach, management estimates FV based on comparable companies and transactions within comparable industries, or in the case of the NMGC quantitative assessment in 2024, transactions involving the reporting unit. Significant assumptions used in estimating the FV of a reporting unit using an income approach include discount and growth rates, rate case assumptions including future cost of capital, valuation of the reporting unit’s net operating loss (“NOL”) and projected operating and capital cash flows. Adverse changes in these assumptions could result in a future material impairment of the goodwill assigned to Emera’s reporting units.

As of December 31, 2025, Emera’s goodwill represented the excess of the acquisition purchase price for the TEC and PGS reporting units over the FV assigned to identifiable assets acquired and liabilities assumed. In Q3 2024, Emera entered into an agreement to sell NMGC. As a result, a quantitative goodwill impairment assessment was performed on the NMGC reporting unit at that time and the Company recorded a goodwill impairment charge of \$210 million (\$198 million, after-tax) or \$155 million USD (\$146 million USD, after-tax) in Q3 2024. The reduced NMGC goodwill balance of \$289 million is included in the NMGC disposal unit classified as held for sale. For further details, refer to note 23.

In Q4 2025, qualitative assessments were performed for PGS and TEC given the significant excess of FV over carrying amounts calculated during the last quantitative tests in Q4 2024 and Q4 2023, respectively. Management concluded it was more likely than not that the FV of these reporting units exceeded their carrying amounts, including goodwill. As such, no quantitative testing was required.

## **Income Taxes and Investment and Production Tax Credits**

Emera recognizes deferred income tax assets and liabilities for the future tax consequences of events that have been included in financial statements or income tax returns. Deferred income tax assets and liabilities are determined based on the difference between the carrying value of assets and liabilities on the Consolidated Balance Sheets and their respective tax bases using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in income tax rates on deferred income tax assets and liabilities is recognized in earnings in the period when the change is enacted, unless required to be offset to a regulatory asset or liability by law or by order of the regulator. Emera recognizes the effect of income tax positions only when it is more likely than not that they will be realized. Management reviews all readily available current and historical information, including forward-looking information, and the likelihood that deferred income tax assets will be recovered from future taxable income is assessed and assumptions are made about the expected timing of reversal of deferred income tax assets and liabilities. If management subsequently determines it is likely that some or all of a deferred income tax asset will not be realized, a valuation allowance is recorded to reflect the amount of deferred income tax asset expected to be realized.

Generally, investment and production tax credits are recorded as a reduction to income tax expense in the current or future periods to the extent that realization of such benefit is more likely than not. Investment tax credits earned on regulated assets by TEC, PGS and NMGC are deferred and amortized as required by regulatory practices.

TEC, PGS, NMGC and BLPC collect income taxes from customers based on current and deferred income taxes. NSPI, NSPML and Brunswick Pipeline collect income taxes from customers based on income tax that is currently payable, except for the deferred income taxes on certain regulatory balances specifically prescribed by regulators. For the balance of regulated deferred income taxes, NSPI, NSPML and Brunswick Pipeline recognize regulatory assets or liabilities where the deferred income taxes are expected to be recovered from or returned to customers in future years. These regulated assets or liabilities are grossed up using the respective income tax rate to reflect the income tax associated with future revenues that are required to fund these deferred income tax liabilities, and the income tax benefits associated with reduced revenues resulting from the realization of deferred income tax assets. GBPC is not subject to income taxes.

Emera classifies interest and penalties associated with unrecognized tax benefits as interest and operating expense, respectively. For further details, refer to note 11.

## **Derivatives and Hedging Activities**

The Company uses financial instruments as a method to manage its exposure to normal operating and market risks relating to commodity prices, interest rates, FX on forecast USD earnings and cash flows and forecast future cash settlements of deferred compensation obligations. In addition, the Company has contracts for the physical purchase and sale of commodities. Collectively, these contracts and financial instruments are considered derivatives.

The Company recognizes the FV of all its derivatives on its balance sheet, except for non-financial derivatives that meet the normal purchases and normal sales (“NPNS”) exception. Physical contracts that meet the NPNS exception are not recognized on the balance sheet; these contracts are recognized in income when they settle. A physical contract generally qualifies for the NPNS exception if the transaction is reasonable in relation to the Company’s business needs, the counterparty owns or controls resources within the proximity to allow for physical delivery, the Company intends to receive physical delivery of the commodity, and the Company deems the counterparty creditworthy. The Company continually assesses contracts designated under the NPNS exception and will discontinue the treatment of these contracts under this exemption if the criteria are no longer met.

Derivatives qualify for hedge accounting if they meet stringent documentation requirements and can be proven to effectively hedge identified risk both at the inception and over the term of the instrument. Specifically, for cash flow hedges, change in the FV of derivatives is deferred to AOCI and recognized in income in the same period the related hedged item is realized. Where documentation or effectiveness requirements are not met, the derivatives are recognized at FV with any changes in FV recognized in net income in the reporting period, unless deferred as a result of regulatory accounting.

Derivatives entered into by NSPI, NMGC and GBPC that are documented as economic hedges or for which the NPNS exception has not been taken, are subject to regulatory accounting treatment. The change in FV of the derivatives is deferred to a regulatory asset or liability. The gain or loss is recognized in the hedged item when the hedged item is settled. Any gains or losses resulting from settlement of these derivatives related to fuel for generation and purchased power or cost of natural gas are expected to be refunded to or collected from customers in future rates. TEC and PGS have no derivatives related to hedging.

Derivatives that do not meet any of the above criteria are designated as HFT, with changes in FV normally recorded in net income of the period. The Company has not elected to designate any derivatives to be included in the HFT category where another accounting treatment would apply.

Emera classifies gains and losses on derivatives as a component of non-regulated operating revenues, fuel for generation and purchased power, other expenses, inventory, and OM&G, depending on the nature of the item being economically hedged. Transportation capacity arising as a result of marketing and trading derivative transactions is recognized as an asset in "Receivables and other current assets" on the Consolidated Balance Sheets and amortized over the period of the transportation contract term. Cash flows from derivative activities are presented in the same category as the item being hedged within operating activities on the Consolidated Statements of Cash Flows. Non-hedged derivatives are included in operating cash flows on the Consolidated Statements of Cash Flows.

Derivatives, as reflected on the Consolidated Balance Sheets, are not offset by the FV amounts of cash collateral with the same counterparty. Rights to reclaim cash collateral are recognized in "Receivables and other current assets" and obligations to return cash collateral are recognized in "Accounts payable" on the Consolidated Balance Sheets.

## **Leases**

The Company determines whether a contract contains a lease at inception by evaluating whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Lease liabilities and right-of-use assets are recognized on the Consolidated Balance Sheets based on the present value of the future minimum lease payments over the lease term at commencement date. As most of Emera's leases do not provide an implicit rate, the incremental borrowing rate at commencement of the lease is used in determining the present value of future lease payments. For operating leases, expense is recognized on a straight-line basis over the lease term and is recorded as "OM&G" on the Consolidated Statements of Income. For finance leases, the amortization of the ROU asset is recorded as "Depreciation and amortization expense" and the interest on lease liabilities is recorded as "Interest expense, net" on the Consolidated Statements of Income.

Emera has leases with independent power producers ("IPP") and other utilities for annual requirements to purchase wind and hydro energy over varying contract lengths which are classified as finance leases. These finance leases are not recorded on the Company's Consolidated Balance Sheets as payments associated with the leases are variable in nature and there are no minimum fixed lease payments. Lease expense associated with these leases is recorded as "Regulated fuel for generation and purchased power" on the Consolidated Statements of Income.

Where the Company is the lessor, a lease is a sales-type lease if certain criteria are met and the arrangement transfers control of the underlying asset to the lessee. For arrangements where the criteria are met due to the presence of a third-party residual value guarantee, the lease is a direct financing lease.

For direct finance leases, a net investment in the lease is recorded that consists of the sum of the minimum lease payments and residual value, net of estimated executory costs and unearned income. The difference between the gross investment and the cost of the leased item is recorded as unearned income at the inception of the lease. Unearned income is recognized in income over the life of the lease using a constant rate of interest equal to the internal rate of return on the lease.

For sales-type leases, the accounting is similar to the accounting for direct finance leases, however, the difference between the FV and the carrying value of the leased item is recorded at lease commencement rather than deferred over the term of the lease.

Emera has certain contractual agreements that include lease and non-lease components, which management has elected to account for as a single lease component.

### **Cash, Cash Equivalents and Restricted Cash**

Cash equivalents consist of highly liquid short-term investments with original maturities of three months or less at acquisition.

### **Receivables and Allowance for Credit Losses**

Utility customer receivables are recorded at the invoiced amount and do not bear interest. Standard payment terms for electricity and gas sales are approximately 30 days. A late payment fee may be assessed on account balances after the due date. The Company recognizes allowances for credit losses to reduce accounts receivable for amounts expected to be uncollectable. Management estimates credit losses related to accounts receivable by considering historical loss experience, customer deposits, current events, the characteristics of existing accounts and reasonable and supportable forecasts that affect the collectability of the reported amount. Provisions for credit losses on receivables are expensed to maintain the allowance at a level considered adequate to cover expected losses. Receivables are written off against the allowance when they are deemed uncollectible.

### **Inventory**

Fuel and materials inventories are valued at the lower of weighted-average cost or net realizable value, unless evidence indicates the weighted-average cost will be recovered in future customer rates.

### **Asset Impairment**

#### *Long-Lived Assets:*

Emera assesses whether there has been an impairment of long-lived assets and intangibles when a triggering event occurs, such as a significant market disruption or sale of a business.

The assessment involves comparing undiscounted expected future cash flows to the carrying value of the asset. When the undiscounted cash flow analysis indicates a long-lived asset is not recoverable, the amount of the impairment loss is determined by measuring the excess of the carrying amount of the long-lived asset over its estimated FV. The Company's assumptions relating to future results of operations or other recoverable amounts, are based on a combination of historical experience, fundamental economic analysis, observable market activity and independent market studies. The Company's expectations regarding uses and holding periods of assets are based on internal long-term budgets and projections, which consider external factors and market forces, as of the end of each reporting period. The assumptions made are consistent with generally accepted industry approaches and assumptions used for valuation and pricing activities.

In 2025, impairment charges of \$75 million (\$71 million after-tax) were recognized related to the NMGC disposal group classified as held for sale and were recorded in “Impairment charges” on the Consolidated Statements of Income. In 2024, impairment charges of \$19 million (\$14 million after-tax) were recognized on certain assets, \$8 million of which was included in “Other income, net” with \$11 million included in “Impairment charges” on the Consolidated Statements of Income.

*Equity Method Investments:*

The carrying value of investments accounted for under the equity method are assessed for impairment by comparing the FV of these investments to their carrying values, if a FV assessment was completed, or by reviewing for the presence of impairment indicators. If an impairment exists, and it is determined to be other-than-temporary, a charge is recognized in earnings equal to the amount the carrying value exceeds the investment’s FV. No impairment of equity method investments was required in either 2025 or 2024.

*Financial Assets:*

Equity investments, other than those accounted for under the equity method, are measured at FV, with changes in FV recognized in the Consolidated Statements of Income. Equity investments that do not have readily determinable FV are recorded at cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or similar investments. No impairment of financial assets was required in either 2025 or 2024.

**Asset Retirement Obligations**

An ARO is recognized if a legal obligation exists in connection with the future disposal or removal costs resulting from the permanent retirement, abandonment or sale of a long-lived asset. A legal obligation may exist under an existing or enacted law or statute, written or oral contract, or by legal construction under the doctrine of promissory estoppel.

An ARO represents the FV of estimated cash flows necessary to discharge the future obligation, using the Company’s credit adjusted risk-free rate. The amounts are reduced by actual expenditures incurred. Estimated future cash flows are based on completed depreciation studies, remediation reports, prior experience, estimated useful lives, and governmental regulatory requirements. The present value of the liability is recorded and the carrying amount of the related long-lived asset is correspondingly increased. The amount capitalized at inception is depreciated in the same manner as the related long-lived asset. Over time, the liability is accreted to its estimated future value. AROs are included in “Other long-term liabilities” and accretion expense is included as part of “Depreciation and amortization”. Any regulated accretion expense not yet approved by the regulator is recorded in “PP&E” and included in the next depreciation study.

Some of the Company’s transmission and distribution assets may have conditional AROs that are not recognized in the consolidated financial statements, as the FV of these obligations could not be reasonably estimated, given insufficient information to do so. A conditional ARO refers to a legal obligation to perform an asset retirement activity in which the timing and/or method of settlement are conditional on a future event that may or may not be within the control of the entity. Management monitors these obligations and a liability is recognized at FV in the period in which an amount can be determined.

**Cost of Removal (“COR”)**

TEC, PGS, NMGC and NSPI recognize non-ARO COR as regulatory liabilities or regulatory assets. The non-ARO COR represent funds received from customers through depreciation rates to cover estimated future non-legally required COR of PP&E upon retirement. The companies accrue for COR over the life of the related assets based on depreciation studies approved by their respective regulators. The costs are estimated based on historical experience and future expectations, including expected timing and estimated future cash outlays.

## **Stock-Based Compensation**

The Company has several stock-based compensation plans: a common share option plan for senior management; an employee common share purchase plan; a deferred share unit (“DSU”) plan; a performance share unit (“PSU”) plan; and a restricted share unit (“RSU”) plan. The Company accounts for its plans in accordance with the FV-based method of accounting for stock-based compensation. Stock-based compensation cost is measured at the grant date, based on the calculated FV of the award, and is recognized as an expense over the employee’s or director’s requisite service period using the graded vesting method. Stock-based compensation plans recognized as liabilities are initially measured at FV and re-measured at FV at each reporting date, with the change in liability recognized in income.

## **Employee Benefits**

The costs of the Company’s pension and other post-retirement benefit programs for employees are expensed over the periods during which employees render service. The Company recognizes the funded status of its defined-benefit and other post-retirement plans on the balance sheet and recognizes changes in funded status in the year the change occurs. The Company recognizes unamortized gains and losses and past service costs in “AOCI” or “Regulatory assets” on the Consolidated Balance Sheets. The components of net periodic benefit cost other than the service cost component are included in “Other income, net” on the Consolidated Statements of Income. For further details, refer to note 22.

## **Government Grants**

The Company accounts for government grants by applying a grant accounting model by analogy to International Accounting Standards (“IAS”) 20, Accounting for Government Grants and Disclosure of Government Assistance. A grant relating to an asset is reflected in the determination of the carrying amount of the asset. A grant relating to income is presented as a deduction from the related expense it is intended to compensate.

In 2025, the Company received an aggregate of \$80 million (2024 – \$47 million) of government grants from various Canadian and US government agencies towards capital projects included in PP&E. The capital projects receiving grants primarily relate to the Company’s decarbonization and environmental compliance initiatives. Further details on significant grant programs utilized in 2025 and 2024 are noted below.

### *Natural Resources Canada (“NRCan”) Smart Renewables & Electrification Pathways (“SREP”):*

On March 27, 2024, NSPI was approved for a grant under the NRCan SREPs to fund the construction of three 50 MW battery storage systems in Nova Scotia. NSPI can make claims under the grant for 33 per cent of eligible project costs to a maximum \$109 million. Eligible costs can be incurred until March 31, 2027. For the year-end December 31, 2025, NSPI received \$45 million (2024 – \$26 million) in funding under the grant, which has been recorded as a reduction to the carrying amount of the project in PP&E.

## **Cybersecurity Incident**

On April 25, 2025, Emera and NSPI discovered a cybersecurity incident (the “Cybersecurity Incident”) involving unauthorized access into certain parts of its Canadian IT network and servers supporting portions of its business applications. There was no disruption to the Canadian physical operations or to Emera’s US or Caribbean utilities’ operations.

The Company implemented business continuity processes for certain impacted business and administrative functions at its Canadian affiliates. The systematic restoration of affected IT systems and corresponding transition away from business continuity processes continues to progress in a planned, controlled and phased approach. The Company maintains cyber insurance coverage and is working with its insurer on the claims process.

## **2. CHANGE IN ACCOUNTING POLICY**

The new USGAAP accounting policy that is applicable to, and adopted by the Company in 2025, is described as follows:

### **Improvements to Income Tax Disclosures**

The Company adopted Accounting Standard Update (“ASU”) 2023-09, Income Taxes (Topic 740), Improvements to Income Tax Disclosures, effective December 31, 2025. The standard enhances the transparency, decision usefulness and effectiveness of income tax disclosures by requiring consistent categories and greater disaggregation of information in the reconciliation of income taxes computed using the enacted statutory income tax rate to the actual income tax provision and effective income tax rate, as well as the disaggregation of income taxes paid (refunded) by jurisdiction. Adoption of the standard resulted in additional disclosures provided in note 11 and note 31.

## **3. FUTURE ACCOUNTING PRONOUNCEMENTS**

The Company considers the applicability and impact of all ASUs issued by the Financial Accounting Standards Board (“FASB”). The following updates have been issued by the FASB but, as allowed, have not yet been adopted by Emera. Any ASUs not included below were assessed and determined to be either not applicable to the Company or to have an insignificant impact on the consolidated financial statements.

### **Accounting for Government Grants Received by Business Entities**

In December 2025, the FASB issued ASU 2025-10, Government Grants (Topic 832) – Accounting for Government Grants Received by Business Entities. The ASU adds guidance to ASC 832 on the recognition, measurement, and presentation of government grants. The guidance will be effective for annual reporting periods beginning after December 15, 2028, and interim reporting periods within those annual reporting periods. Early adoption is permitted. The standard updates are to be applied using either a modified prospective, modified retrospective, or full retrospective approach, as detailed in the ASU. The Company is currently evaluating the impact of adoption of the standard update on its consolidated financial statements.

### **Targeted Improvements to the Accounting for Internal-Use Software**

In September 2025, the FASB issued ASU 2025-06, Intangibles – Goodwill and Other – Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software. The standard update modernizes accounting for internal-use software by eliminating references to project stages and clarifying the threshold to begin capitalizing costs. The standard update also specifies that the disclosure requirements under ASC 360, Property, Plant and Equipment, apply to capitalized software costs accounted under ASC 350-40. The guidance will be effective for annual reporting periods beginning after December 15, 2027, and interim reporting periods within those annual reporting periods. Early adoption is permitted. The standard updates are to be applied using either a prospective, retrospective, or modified transition approach. The Company is currently evaluating the impact of adoption of the standard update on its consolidated financial statements.

## Disaggregation of Income Statement Expenses

In November 2024, the FASB issued ASU 2024-03, Income Statement Reporting – Comprehensive Income – Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses. The standard update improves the disclosures about a public business entity's expenses by requiring more detailed information about the types of expenses (including purchases of inventory, employee compensation, depreciation and amortization) included within income statement expense captions. The guidance will be effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027. Early adoption is permitted. The standard updates are to be applied prospectively with the option for retrospective application. The Company is currently evaluating the impact of adoption of the standard update on its consolidated financial statements disclosures.

## 4. DISPOSITIONS

### Pending Sale of NMGC

On August 5, 2024, Emera entered into an agreement to sell its indirect wholly-owned subsidiary NMGC for a total enterprise value of approximately \$1.3 billion USD, consisting of cash proceeds and the transfer of debt and customary closing adjustments. As a result of the pending sale, NMGC's assets and liabilities were classified as held for sale in Q3 2024 and the carrying value of the assets and liabilities were adjusted to FV less cost to sell.

As the transaction proceeds will be lower than the carrying amount of the assets and liabilities being sold, in Q3 2024 Emera assessed the NMGC reporting unit for goodwill impairment by comparing the FV of expected transaction proceeds to the carrying value of net assets, including goodwill of \$366 million USD. The goodwill of the reporting unit was determined to be impaired and a non-cash goodwill impairment charge of \$210 million (\$198 million, after-tax), or \$155 million USD (\$146 million USD, after-tax), was recorded in "Impairment charges" on the Consolidated Statements of Income in Q3 2024.

Following the goodwill impairment assessment, the held for sale assets and liabilities were measured at the lower of their carrying amount or fair value less costs to sell. The measurement resulted in an additional loss for the estimated future transaction costs of \$16 million (\$12 million after-tax), in addition to incurred transaction costs of \$9 million (\$7 million after-tax) recorded in "Other Income, net" on the Consolidated Statements of Income in Q3 2024.

At each reporting date, the Company performs an assessment of the FV of the disposal group by comparing the FV of expected transaction proceeds, less costs to sell, to the carrying value of net assets, including goodwill ("carrying amount"). On June 30, 2025, the Company remeasured the NMGC disposal group at the lower of its carrying amount and FV less costs to sell. As a result of the change in the expected timing of the transaction close, a non-cash impairment charge of \$75 million (\$71 million, after-tax), or \$55 million USD (\$52 million USD, after-tax), was recorded in "Impairment charges" on the Consolidated Statements of Income in Q2 2025. An additional loss for estimated future transaction costs of \$2 million (\$1 million after-tax) was recorded in "Other income, net" on the Consolidated Statements of Income in Q2 2025. There were no additional adjustments recorded in 2025.

The Company will continue to record depreciation on the NMGC assets through the transaction closing date, as the depreciation continues to be reflected in customer rates and will be reflected in the carryover basis of the assets when sold. Depreciation and amortization of \$97 million (\$70 million USD) was recorded on these assets from August 5, 2024, the date they were classified as held for sale, through December 31, 2025. Of the \$97 million (\$70 million USD) recorded to date, \$71 million (\$51 million USD) was recorded in 2025.

Details of the assets and liabilities classified as held for sale are as follows:

| As at<br>millions of dollars                                      | December 31<br>2025 | December 31<br>2024 |
|---|---------------------|---------------------|
| Cash and cash equivalents   | \$ 6                | \$ 8                |
| Inventory   | 10                  | 9                   |
| Derivative instruments  | -                   | 1                   |
| Regulatory assets   | 41                  | 28                  |
| Receivables and other current assets                              | 142                 | 127                 |
| <b>Current assets held for sale</b>                               | <b>\$ 199</b>       | <b>\$ 173</b>       |
| PP&E  | 1,856               | 1,845               |
| Regulatory assets   | 4                   | 6                   |
| Goodwill  | 289                 | 303                 |
| Other long-term assets  | 28                  | 23                  |
| Less: Adjustment to FV less costs to sell (1)                     | (89)                | (17)                |
| <b>Long-term assets held for sale</b>                             | <b>\$ 2,088</b>     | <b>\$ 2,160</b>     |
| <b>Total assets held for sale</b>                                 | <b>\$ 2,287</b>     | <b>\$ 2,333</b>     |
| Short-term debt   | \$ 116              | \$ 46               |
| Current portion of long-term debt                                 | 96                  | -                   |
| Derivative instruments  | -                   | 1                   |
| Regulatory liabilities  | 25                  | 10                  |
| Accounts payable and other current liabilities                    | 154                 | 155                 |
| <b>Current liabilities associated with assets held for sale</b>   | <b>391</b>          | <b>212</b>          |
| Long-term debt  | 567                 | 696                 |
| Deferred income taxes   | 185                 | 167                 |
| Regulatory liabilities  | 261                 | 274                 |
| Other long-term liabilities                                       | 11                  | 11                  |
| <b>Long-term liabilities associated with assets held for sale</b> | <b>\$ 1,024</b>     | <b>\$ 1,148</b>     |
| <b>Total liabilities associated with assets held for sale</b>     | <b>\$ 1,415</b>     | <b>\$ 1,360</b>     |

(1) Represents a \$75 million impairment charge related to the remeasurement of the NMGC disposal group to FV (December 31, 2024 - nil) and \$14 million in estimated transaction costs related to the pending sale (December 31, 2024 - \$17 million).

### Sale of LIL Equity Interest

On June 4, 2024, Emera completed the sale of its 31.1 per cent indirect minority equity interest in the LIL for a total transaction value of \$1.2 billion, including cash proceeds of \$957 million and \$235 million for assuming Emera's contractual obligation to fund the remaining initial capital investment, which represents additional LIL equity interest for the acquirer. Cash proceeds from the sale in the amount of \$30 million is held in escrow pending finalization of certain agreements with the LIL general partner. The escrow proceeds receivable is held at FV and included in the gain on sale, after transaction costs. As of December 31, 2025, the estimated FV of the escrow proceeds receivable was \$29 million. In Q2 2024, a gain on sale, after transaction costs, of \$182 million (\$107 million, after tax and transaction costs), was recognized in "Other income, net" on the Consolidated Statements of Income and included in the Other segment. In Q4 2024, Emera recognized an incremental \$22 million tax benefit related to loss carryforwards applied against the taxable capital gain on the sale.

## 5. SEGMENT INFORMATION

Emera manages its reportable segments separately due in part to their different operating, regulatory and geographical environments. Segments are reported based on each subsidiary's contribution of revenues, net income attributable to common shareholders and total assets, as reported to the Company's chief operating decision maker ("CODM"). Emera's CODM is the Chief Executive Officer.

For the Company's reportable segments, the CODM uses several measures to allocate capital and resources for each segment, predominantly in the annual budget and forecasting processes. The CODM evaluates segment performance by considering budget-to-actual variances for these measures monthly. The measure used by the CODM that is the most consistent with USGAAP measurement principles is net income attributable to common shareholders.

| millions of dollars                                   | Florida<br>Electric<br>Utility | Canadian<br>Electric<br>Utilities | Gas Utilities<br>and<br>Infrastructure | Other<br>Electric<br>Utilities | Other    | Inter-<br>Segment<br>Eliminations | Total     |
|---|--------------------------------|-----------------------------------|--|--------------------------------|----------|-----------------------------------|-----------|
| <b>For the year ended December 31, 2025</b>           |                                |                                   |  |                                |          |                                   |           |
| Operating revenues from external customers (1)        | \$ 4,336                       | \$ 1,944                          | \$ 1,737                               | \$ 577                         | \$ 182   | \$ -                              | \$ 8,776  |
| Inter-segment revenues (1)                            | 10                             | -                                 | 19                                     | -                              | 24       | (53)                              | -         |
| Total operating revenues                              | 4,346                          | 1,944                             | 1,756                                  | 577                            | 206      | (53)                              | 8,776     |
| Regulated fuel for generation and purchased power     | 982                            | 904                               | -                                      | 294                            | -        | (19)                              | 2,161     |
| Regulated cost of natural gas                         | -                              | -                                 | 448                                    | -                              | -        | -                                 | 448       |
| OM&G  | 1,135                          | 457                               | 491                                    | 145                            | 140      | (31)                              | 2,337     |
| Provincial, state and municipal taxes                 | 318                            | 49                                | 114                                    | 4                              | 1        | -                                 | 486       |
| Depreciation and amortization                         | 705                            | 298                               | 207                                    | 78                             | 6        | -                                 | 1,294     |
| Impairment charges                                    | -                              | -                                 | -                                      | -                              | 75       | -                                 | 75        |
| Income (loss) from equity investments                 | -                              | 41                                | 18                                     | 5                              | (1)      | -                                 | 63        |
| Other income, net                                     | 84                             | 32                                | 9                                      | 7                              | 30       | 3                                 | 165       |
| Interest expense, net (2)                             | 305                            | 172                               | 149                                    | 21                             | 385      | -                                 | 1,032     |
| Income tax expense (recovery)                         | 140                            | (45)                              | 98                                     | 3                              | (115)    | -                                 | 81        |
| NCI in subsidiaries                                   | -                              | -                                 | -                                      | 1                              | -        | -                                 | 1         |
| Preferred stock dividends                             | -                              | -                                 | -                                      | -                              | 75       | -                                 | 75        |
| Net income (loss) attributable to common shareholders | \$ 845                         | \$ 182                            | \$ 276                                 | \$ 43                          | \$ (332) | \$ -                              | \$ 1,014  |
| Capital expenditures                                  | \$ 2,153                       | \$ 630                            | \$ 619                                 | \$ 94                          | \$ 6     | \$ -                              | \$ 3,502  |
| <b>As at December 31, 2025</b>                        |                                |                                   |  |                                |          |                                   |           |
| Total assets  | \$ 24,636                      | \$ 8,546                          | \$ 8,476                               | \$ 1,439                       | \$ 2,469 | \$ (749)                          | \$ 44,817 |
| Investments subject to significant influence          | \$ -                           | \$ 471                            | \$ 108                                 | \$ 55                          | \$ -     | \$ -                              | \$ 634    |
| Goodwill  | \$ 4,796                       | \$ -                              | \$ 784                                 | \$ -                           | \$ -     | \$ -                              | \$ 5,580  |

(1) All significant inter-company balances and transactions have been eliminated on consolidation except for certain transactions between non-regulated and regulated entities. Management believes elimination of these transactions would understate PP&E, OM&G, or regulated fuel for generation and purchased power. Inter-company transactions that have not been eliminated are measured at the amount of consideration established and agreed to by the related parties. Eliminated transactions are included in determining reportable segments.

(2) Segment net income is reported on a basis that includes internally allocated financing costs of \$27 million for the year ended December 31, 2025, between the Gas Utilities and Infrastructure and Other segments.

| millions of dollars                                   | Florida<br>Electric<br>Utility | Canadian<br>Electric<br>Utilities | Gas Utilities<br>and<br>Infrastructure | Other<br>Electric<br>Utilities | Other    | Inter-<br>Segment<br>Eliminations | Total     |
|---|--------------------------------|-----------------------------------|--|--------------------------------|----------|-----------------------------------|-----------|
| <b>For the year ended December 31, 2024</b>           |                                |                                   |  |                                |          |                                   |           |
| Operating revenues from external customers (1)        | \$ 3,451                       | \$ 1,855                          | \$ 1,595                               | \$ 566                         | \$ (267) | \$ -                              | \$ 7,200  |
| Inter-segment revenues (1)                            | 9                              | -                                 | 14                                     | -                              | 19       | (42)                              | -         |
| Total operating revenues                              | 3,460                          | 1,855                             | 1,609                                  | 566                            | (248)    | (42)                              | 7,200     |
| Regulated fuel for generation and purchased power     | 852                            | 859                               | -                                      | 295                            | -        | (14)                              | 1,992     |
| Regulated cost of natural gas                         | -                              | -                                 | 396                                    | -                              | -        | -                                 | 396       |
| OM&G  | 779                            | 408                               | 454                                    | 143                            | 154      | (20)                              | 1,918     |
| Provincial, state and municipal taxes                 | 273                            | 48                                | 103                                    | 3                              | -        | -                                 | 427       |
| Depreciation and amortization                         | 622                            | 282                               | 182                                    | 69                             | 7        | -                                 | 1,162     |
| Impairment charge                                     | -                              | -                                 | 11                                     | -                              | 214      | -                                 | 225       |
| Income from equity investments                        | -                              | 73                                | 20                                     | 4                              | 2        | -                                 | 99        |
| Other income, net                                     | 66                             | 28                                | 16                                     | 12                             | 73       | 8                                 | 203       |
| Interest expense, net (2)                             | 265                            | 168                               | 151                                    | 22                             | 367      | -                                 | 973       |
| Income tax expense (recovery)                         | 94                             | (41)                              | 89                                     | 1                              | (302)    | -                                 | (159)     |
| NCI in subsidiaries                                   | -                              | -                                 | -                                      | 1                              | -        | -                                 | 1         |
| Preferred stock dividends                             | -                              | -                                 | -                                      | -                              | 73       | -                                 | 73        |
| Net income (loss) attributable to common shareholders | \$ 641                         | \$ 232                            | \$ 259                                 | \$ 48                          | \$ (686) | \$ -                              | \$ 494    |
| Capital expenditures                                  | \$ 1,942                       | \$ 481                            | \$ 619                                 | \$ 81                          | \$ 4     | \$ -                              | \$ 3,127  |
| <b>As at December 31, 2024</b>                        |                                |                                   |  |                                |          |                                   |           |
| Total assets  | \$ 24,375                      | \$ 7,609                          | \$ 8,439                               | \$ 1,444                       | \$ 1,810 | \$ (726)                          | \$ 42,951 |
| Investments subject to significant influence          | \$ -                           | \$ 475                            | \$ 124                                 | \$ 55                          | \$ -     | \$ -                              | \$ 654    |
| Goodwill  | \$ 5,035                       | \$ -                              | \$ 823                                 | \$ -                           | \$ -     | \$ -                              | \$ 5,858  |

(1) All significant inter-company balances and transactions have been eliminated on consolidation except for certain transactions between non-regulated and regulated entities. Management believes elimination of these transactions would understate PP&E, OM&G, or regulated fuel for generation and purchased power. Inter-company transactions that have not been eliminated are measured at the amount of consideration established and agreed to by the related parties. Eliminated transactions are included in determining reportable segments.

(2) Segment net income is reported on a basis that includes internally allocated financing costs of \$29 million for the year ended December 31, 2024, between the Gas Utilities and Infrastructure and Other segments.

## Geographical Information

Revenues: (based on country of origin of the product or service sold)

| For the<br>millions of dollars | Year ended December 31 |                 |
|--------------------------------|------------------------|-----------------|
|                                | 2025                   | 2024            |
| United States                  | 6,185                  | \$ 4,712        |
| Canada                         | 2,014                  | 1,922           |
| Barbados                       | 415                    | 427             |
| The Bahamas                    | 162                    | 139             |
|                                | <b>\$ 8,776</b>        | <b>\$ 7,200</b> |

PP&E:

| As at<br>millions of dollars | December 31      | December 31      |
|------------------------------|------------------|------------------|
|                              | 2025             | 2024             |
| United States (1)            | \$ 20,931        | \$ 20,084        |
| Canada                       | 5,476            | 5,068            |
| Barbados                     | 640              | 645              |
| The Bahamas                  | 361              | 371              |
|                              | <b>\$ 27,408</b> | <b>\$ 26,168</b> |

(1) On August 5, 2024, Emera announced an agreement to sell NMGC. As a result, NMGC's assets and liabilities were classified as held for sale and excluded from the table above beginning in Q3 2024. For further details on the pending transaction, refer to note 4.

## 6. REVENUE

The following disaggregates the Company's revenue by major source:

| millions of dollars                         | Electric                       |                                   |                                | Gas                                    | Other         |                                   | Total           |
|---|--------------------------------|-----------------------------------|--------------------------------|--|---------------|-----------------------------------|-----------------|
|   | Florida<br>Electric<br>Utility | Canadian<br>Electric<br>Utilities | Other<br>Electric<br>Utilities | Gas Utilities<br>and<br>Infrastructure | Other         | Inter-<br>Segment<br>Eliminations |                 |
| <b>For the year ended December 31, 2025</b> |                                |                                   |                                |  |               |                                   |                 |
| <b>Regulated Revenue</b>                    |                                |                                   |                                |  |               |                                   |                 |
| Residential                                 | \$ 2,489                       | \$ 1,073                          | \$ 201                         | \$ 770                                 | \$ -          | \$ -                              | \$ 4,533        |
| Commercial                                  | 1,147                          | 522                               | 308                            | 528                                    | -             | -                                 | 2,505           |
| Industrial                                  | 272                            | 270                               | 28                             | 102                                    | -             | (19)                              | 653             |
| Other electric                              | 457                            | 43                                | 7                              | -                                      | -             | -                                 | 507             |
| Regulatory deferrals                        | (41)                           | -                                 | 21                             | -                                      | -             | -                                 | (20)            |
| Other (1)                                   | 22                             | 36                                | 12                             | 269                                    | -             | (10)                              | 329             |
| Finance income (2)(3)                       | -                              | -                                 | -                              | 64                                     | -             | -                                 | 64              |
| Regulated revenue                           | \$ 4,346                       | \$ 1,944                          | \$ 577                         | \$ 1,733                               | \$ -          | \$ (29)                           | \$ 8,571        |
| <b>Non-Regulated Revenue</b>                |                                |                                   |                                |  |               |                                   |                 |
| Marketing and trading margin (4)            | -                              | -                                 | -                              | -                                      | 158           | -                                 | 158             |
| Other non-regulated operating revenue       | -                              | -                                 | -                              | 23                                     | 32            | (25)                              | 30              |
| Mark-to-market (3)                          | -                              | -                                 | -                              | -                                      | 16            | 1                                 | 17              |
| Non-regulated revenue                       | \$ -                           | \$ -                              | \$ -                           | \$ 23                                  | \$ 206        | \$ (24)                           | \$ 205          |
| <b>Total operating revenues</b>             | <b>\$ 4,346</b>                | <b>\$ 1,944</b>                   | <b>\$ 577</b>                  | <b>\$ 1,756</b>                        | <b>\$ 206</b> | <b>\$ (53)</b>                    | <b>\$ 8,776</b> |

### For the year ended December 31, 2024

|                                       |                 |                 |               |                 |                 |                |                 |
|---------------------------------------|-----------------|-----------------|---------------|-----------------|-----------------|----------------|-----------------|
| <b>Regulated Revenue</b>              |                 |                 |               |                 |                 |                |                 |
| Residential                           | \$ 2,063        | \$ 997          | \$ 203        | \$ 712          | \$ -            | \$ -           | \$ 3,975        |
| Commercial                            | 939             | 499             | 300           | 496             | -               | -              | 2,234           |
| Industrial                            | 223             | 276             | 28            | 94              | -               | (14)           | 607             |
| Other electric                        | 372             | 41              | 7             | -               | -               | -              | 420             |
| Regulatory deferrals                  | (157)           | -               | 15            | -               | -               | -              | (142)           |
| Other (1)                             | 20              | 42              | 13            | 224             | -               | (9)            | 290             |
| Finance income (2)(3)                 | -               | -               | -             | 63              | -               | -              | 63              |
| Regulated revenue                     | \$ 3,460        | \$ 1,855        | \$ 566        | \$ 1,589        | \$ -            | \$ (23)        | 7,447           |
| <b>Non-Regulated Revenue</b>          |                 |                 |               |                 |                 |                |                 |
| Marketing and trading margin (4)      | -               | -               | -             | -               | 77              | -              | 77              |
| Other non-regulated operating revenue | -               | -               | -             | 20              | 32              | (24)           | 28              |
| Mark-to-market (3)                    | -               | -               | -             | -               | (357)           | 5              | (352)           |
| Non-regulated revenue                 | \$ -            | \$ -            | \$ -          | \$ 20           | \$ (248)        | \$ (19)        | (247)           |
| <b>Total operating revenues</b>       | <b>\$ 3,460</b> | <b>\$ 1,855</b> | <b>\$ 566</b> | <b>\$ 1,609</b> | <b>\$ (248)</b> | <b>\$ (42)</b> | <b>\$ 7,200</b> |

(1) Other includes rental revenues, which do not represent revenue from contracts with customers.

(2) Revenue related to Brunswick Pipeline's service agreement with Repsol Energy Canada.

(3) Revenue which does not represent revenues from contracts with customers.

(4) Includes gains (losses) on settlement of energy related derivatives, which do not represent revenue from contracts with customers.

### Remaining Performance Obligations:

Remaining performance obligations primarily represent gas transportation contracts, and long-term steam supply arrangements with fixed contract terms. As of December 31, 2025, the aggregate amount of the transaction price allocated to remaining performance obligations was \$344 million (2024 – \$495 million), including \$11 million related to NMGC. This amount includes \$121 million of future performance obligations related to a gas transportation contract between SeaCoast and PGS through 2040, and \$21 million of future performance obligations related to asset management agreements between PGS and EES through 2030. This amount excludes contracts with an original expected length of one year or less and variable amounts for which Emera recognizes revenue at the amount to which it has the right to invoice for services performed. Emera expects to recognize revenue for the remaining performance obligations through 2040.

## 7. REGULATORY ASSETS AND LIABILITIES

Regulatory assets represent prudently incurred costs that have been deferred because it is probable they will be recovered through future rates or tolls collected from customers. Management believes existing regulatory assets are probable for recovery either because the Company received specific approval from the applicable regulator, or due to regulatory precedent established for similar circumstances. If management no longer considers it probable that an asset will be recovered, deferred costs are charged to income.

Regulatory liabilities represent obligations to make refunds to customers or to reduce future revenues for previous collections. If management no longer considers it probable that a liability will be settled, the related amount is recognized in income.

For regulatory assets and liabilities that are amortized, the amortization is as approved by the respective regulator.

| As at<br>millions of dollars                                 | December 31<br>2025 (1) | December 31<br>2024 (1) |
|--|-------------------------|-------------------------|
| <b>Regulatory assets</b>                                     |                         |                         |
| Deferred income tax regulatory assets                        | \$ 1,385                | \$ 1,227                |
| TEC capital cost recovery for early retired assets           | 727                     | 737                     |
| Pension and post-retirement medical plan                     | 316                     | 395                     |
| Storm cost recovery clauses                                  | 206                     | 613                     |
| TEC capital cost recovery for retired Polk Unit 1 components | 178                     | 205                     |
| NSPI FAM   | 102                     | -                       |
| Cost recovery clauses  | 55                      | 33                      |
| Deferrals related to derivative instruments                  | 36                      | 42                      |
| Environmental remediations                                   | 27                      | 29                      |
| Stranded cost recovery                                       | 25                      | 27                      |
| Other (2)  | 141                     | 119                     |
|  | \$ 3,198                | \$ 3,427                |
| Current  | \$ 409                  | \$ 595                  |
| Long-term  | 2,789                   | 2,832                   |
| <b>Total regulatory assets</b>                               | <b>\$ 3,198</b>         | <b>\$ 3,427</b>         |
| <b>Regulatory liabilities</b>                                |                         |                         |
| Deferred income tax regulatory liabilities                   | 751                     | 828                     |
| Accumulated reserve – COR                                    | 729                     | 733                     |
| Cost recovery clauses  | 75                      | 121                     |
| BLPC Self-insurance fund ("SIF") (note 33)                   | 30                      | 32                      |
| Deferrals related to derivative instruments                  | 25                      | 44                      |
| NSPI FAM   | -                       | 56                      |
| Other (2)  | 59                      | 66                      |
|  | \$ 1,669                | \$ 1,880                |
| Current  | \$ 211                  | \$ 262                  |
| Long-term  | 1,458                   | 1,618                   |
| <b>Total regulatory liabilities</b>                          | <b>\$ 1,669</b>         | <b>\$ 1,880</b>         |

(1) On August 5, 2024, Emera announced an agreement to sell NMGC. As a result, NMGC's assets and liabilities were classified as held for sale beginning in Q3 2024 and excluded from the table above. For further details on the pending transaction, refer to note 4.

(2) Comprised of regulatory assets and liabilities that are not individually significant.

### Deferred Income Tax Regulatory Assets and Liabilities

To the extent deferred income taxes are expected to be recovered from or returned to customers in future years, a regulatory asset or liability is recognized as appropriate.

### **TEC Capital Cost Recovery for Early Retired Assets**

Represents the remaining net book value of Big Bend Power Station Units 1 through 3 and smart meter assets that were early retired. The balance earns a rate of return as permitted by the FPSC and is being recovered as a separate line item on customer bills for a period of 15 years, beginning in January 2022.

### **Pension and Post-Retirement Medical Plan**

This asset is primarily related to the deferred costs of pension and post-retirement benefits at TEC and PGS. Deferred costs of postretirement benefits that are included in expense are recognized as cost of service for rate-making purposes as permitted by the FPSC, as applicable and amortized over the remaining service life of plan participants.

### **Storm Cost Recovery Clauses**

#### *TEC and PGS Storm Reserve:*

The storm reserve is for hurricanes and other named storms that cause significant damage to TEC and PGS systems. As allowed by the FPSC, if charges to the storm reserve exceed the storm reserve liability, the excess is to be carried as a regulatory asset. TEC and PGS can petition the FPSC to seek recovery of restoration costs over a 12-month period or longer, as determined by the FPSC, as well as replenish the reserve.

#### *NSPI Storm Rider:*

NSPI has a NSEB approved storm rider for each of 2023, 2024 and 2025, which gives NSPI the option to apply to the NSEB for recovery of costs if major storm restoration expense exceeds approximately \$10 million in a given year. The application for deferral and recovery of the storm rider is made in the year following the year of the incurred cost, with recovery beginning in the year after the application.

#### *GBPC Storm Restoration:*

This asset includes storm restoration costs incurred by GBPC related to Hurricane Dorian in 2020 and Hurricane Matthew in 2016. The Hurricane Matthew asset was fully amortized at the end of 2024.

### **TEC Capital Cost Recovery for Retired Polk Unit 1 Components**

This regulatory asset relates to the remaining net book value of certain components of Polk Unit 1 that were early retired on December 31, 2024. The balance earns a rate of return as permitted by the FPSC and are being recovered through base rates over an 11-year recovery period beginning on January 1, 2025.

### **NSPI FAM**

NSPI has a NSEB approved FAM, allowing NSPI to recover fluctuating fuel and certain fuel-related costs from customers through annual fuel rate adjustments. Differences between prudently incurred fuel costs and amounts recovered from customers through electricity rates in a given year are deferred to a FAM regulatory asset or liability and recovered from or returned to customers in subsequent periods.

### **Cost Recovery Clauses**

These assets and liabilities are clauses and riders related to TEC and PGS. They are recovered or refunded through cost-recovery mechanisms approved by the FPSC as applicable, on a dollar-for-dollar basis in a subsequent period.

## **Deferrals Related to Derivative Instruments**

This asset is primarily related to NSPI deferring changes in FV of derivatives that are documented as economic hedges or that do not qualify for NPNS exemption, as a regulatory asset or liability as approved by the NSEB. The realized gain or loss is recognized when the hedged item settles in regulated fuel for generation and purchased power, other income, inventory, or OM&G, depending on the nature of the item being economically hedged.

## **Environmental Remediations**

This asset is primarily related to PGS costs associated with environmental remediation at Manufactured Gas Plant sites. The balance is included in rate base, partially offsetting the related liability, and earns a rate of return as permitted by the FPSC. The timing of recovery is based on a settlement agreement approved by the FPSC.

## **Stranded Cost Recovery**

Due to decommissioning of a GBPC steam turbine in 2012, the GBPA approved recovery of a \$21 million USD stranded cost through electricity rates; it is included in rate base and expected to be included in rates in future years.

## **Accumulated Reserve – COR**

This regulatory asset or liability represents the non-ARO COR reserve in TEC, PGS and NSPI. AROs represent the FV of estimated cash flows associated with the Company's legal obligation to retire its PP&E. Non-ARO COR represent estimated funds received from customers through depreciation rates to cover future COR of PP&E value upon retirement that are not legally required. This reduces rate base for ratemaking purposes. This liability is reduced as COR are incurred and increased as depreciation is recorded for existing assets and as new assets are put into service.

## **Regulatory Environments and Updates**

### **Florida Electric Utility**

TEC is regulated by the FPSC and is also subject to regulation by the Federal Energy Regulatory Commission. The FPSC sets rates at a level that allows utilities such as TEC to collect total revenues or revenue requirements equal to their cost of providing service, plus an appropriate return on invested capital. Base rates are determined in FPSC rate setting hearings which can occur at the initiative of TEC, the FPSC or other interested parties.

TEC's approved regulated return on equity ("ROE") range for 2025 was 9.50 per cent to 11.50 per cent (2024 – 9.25 per cent to 11.25 per cent) based on an allowed equity capital structure of 54 per cent. An ROE of 10.50 per cent (2024 – 10.20 per cent) is used for the calculation of the return on investments for clauses.

#### *Base Rates:*

On April 2, 2024, TEC filed a rate case with the FPSC for new base rates. On December 3, 2024, the FPSC rendered a decision which included annual base rate increases of \$185 million USD in 2025 and adjustments of \$87 million USD and \$9 million USD in 2026 and 2027, respectively. The allowed equity in the capital structure will continue to be 54 per cent from investor sources of capital and the allowed regulatory ROE range is 9.50 per cent to 11.50 per cent with a 10.50 per cent midpoint. On February 3, 2025, the FPSC issued the final order approving the rate case decision, effective January 1, 2025. In February 2025, a motion for reconsideration on certain aspects of the final order was filed by an intervening party with the FPSC. On May 6, 2025, the FPSC denied the motion for reconsideration, except with respect to immaterial calculation corrections, and the final order was issued on June 11, 2025. In March 2025, two intervening parties each filed a notice of appeal to the Florida Supreme Court regarding the outcome of TEC's 2024 base rate proceeding. On January 12, 2026, the intervening parties filed their briefs related to the appeal. To date, the FPSC has not responded to the briefs.

On September 4, 2025, TEC petitioned the FPSC to increase base revenue by \$88 million USD to reflect the 2026 adjustment in accordance with its 2024 rate case decision. On November 4, 2025, the FPSC approved the adjustment, with new rates effective January 1, 2026.

#### *Fuel Recovery and Other Cost Recovery Clauses:*

TEC has a fuel recovery clause approved by the FPSC, allowing the opportunity to recover fluctuating fuel expenses from customers through annual fuel rate adjustments. The FPSC annually approves cost-recovery rates for purchased power, capacity, environmental and conservation costs, including a return on capital invested. Differences between prudently incurred fuel costs and the cost-recovery rates and amounts recovered from customers through electricity rates in a year are deferred to a regulatory asset or liability and recovered from or returned to customers in subsequent periods.

On April 2, 2024, TEC requested a mid-course adjustment to its fuel and capacity charges, reflecting a \$138 million USD reduction over 12 months, from June 2024 through May 2025. The requested reduction was due to a decrease in actual and projected 2024 natural gas prices since TEC submitted its projected 2024 costs in the fall of 2023. On May 7, 2024, the FPSC approved the mid-course adjustment.

#### *Storm Reserve:*

On February 4, 2025, the FPSC approved TEC's petition for the recovery of \$466 million USD for costs associated with Hurricane Idalia, Hurricane Debby, Hurricane Helene and Hurricane Milton and the associated interest to replenish the storm reserve over an 18-month recovery period beginning March 2025. The amount of cost-recovery is subject to a true-up mechanism with the FPSC.

## **Canadian Electric Utilities**

### **NSPI**

NSPI is a public utility as defined in the Public Utilities Act of Nova Scotia ("Public Utilities Act") and is subject to regulation by the NSEB. The Public Utilities Act gives the NSEB supervisory powers over NSPI's operations and expenditures. Electricity rates for NSPI's customers are also subject to NSEB approval. NSPI is regulated under a cost-of-service model, with rates set to recover prudently incurred costs of providing electricity service to customers and provide a reasonable return to investors.

NSPI is not subject to a general annual rate review process, but rather participates in hearings held from time to time at NSPI's or the NSEB's request.

NSPI's approved regulated ROE range for 2025 and 2024 was 8.75 per cent to 9.25 per cent based on an actual five quarter average regulated common equity component of up to 40 per cent of approved rate base.

*General Rate Application (“GRA”):*

On September 18, 2025, NSPI filed a consensus General Rate Application (“GRA”) with the NSEB, reflecting a settlement agreement reached with customer representatives. The GRA proposes average annual rate increases of 1.8 per cent in 2026 and 2.4 per cent in 2027. The proposed rates would result in annual revenue (fuel and non-fuel) increases of \$62 million in 2026 and \$108 million in 2027. The hearing for the matter concluded in January 2026.

*Federal Loan Guarantee (“FLG”):*

On September 24, 2024, the Government of Canada finalized an agreement with NSPI, NSPML and the Province of Nova Scotia (the “Province”) on terms and conditions for a FLG of \$500 million in debt to be issued by NSPML to help Nova Scotia customers manage unrecovered costs of the replacement energy that was required during the several years of delay in the Muskrat Falls hydroelectricity project. On November 29, 2024, the NSEB approved NSPML’s application to issue the debt, transfer the proceeds to NSPI as a refund of a portion of previous NSPML assessment payments, and increase its annual assessment charge to NSPI to recover the refund and related financing costs over a 28-year period. On December 16, 2024, the net proceeds of the NSPML debt issuance were transferred to NSPI and applied against the FAM regulatory asset balance.

*FAM Asset Sale:*

On April 17, 2024, the NSEB approved the sale of \$117 million of the FAM regulatory asset to Invest Nova Scotia, a provincial Crown corporation. On April 30, 2024, the transaction closed and the \$117 million was remitted to NSPI, which resulted in a corresponding decrease of the FAM regulatory asset. NSPI is collecting the amortization and financing costs related to the \$117 million from customers on behalf of Invest Nova Scotia over a 10-year period which began in Q2 2024 and is remitting those amounts to Invest Nova Scotia quarterly.

*Storm Rider:*

On December 2, 2024, the NSEB approved the recovery of \$24 million of major storm restoration and incremental financing costs deferred to NSPI’s storm rider in 2023 to be recovered over a 12-month period beginning on January 1, 2025.

*Hurricane Fiona:*

NSPI has NSEB approved regulatory assets for the deferred recognition of \$25 million in incremental operating costs incurred during the Hurricane Fiona storm restoration efforts, and \$10 million of undepreciated costs related to assets retired, because of Hurricane Fiona in September 2022. Beginning on July 1, 2024, these regulatory assets are being amortized over a 10-year period.

## **NSPML**

Equity earnings from the Maritime Link are dependent on the approved ROE and operational performance of NSPML. NSPML’s approved regulated ROE range is 8.75 per cent to 9.25 per cent, based on an actual five-quarter average regulated common equity component of up to 30 per cent.

Newfoundland and Labrador Hydro’s (“NLH”) Nova Scotia Block (“NS Block”) delivery obligations commenced in 2021 and delivery will continue over the next 35 years pursuant to the agreements.

On December 23, 2025, NSPML received an interim order from the NSEB to collect up to \$199 million from NSPI for the recovery of costs associated with the Maritime Link in 2026, subject to a monthly holdback of up to \$4 million.

On February 4, 2026, NSPML submitted an application with the NSEB requesting the termination of the holdback mechanism.

On September 24, 2024, the Government of Canada finalized an agreement with NSPI, NSPML, and the Province on terms and conditions for a FLG of \$500 million in debt to be issued by NSPML. For further information, refer to the NSPI section above.

On November 29, 2024, NSPML received approval from the NSEB to collect up to \$197 million in 2025 from NSPI, which included \$158 million for the recovery of costs associated with the Maritime Link, and \$39 million associated with the additional FLG debt and financing costs noted in the NSPI section above. Payments from NSPI were subject to a holdback of up to \$4 million per month. There was no holdback recorded for the year ended December 31, 2025 (2024 – nil).

## **Gas Utilities and Infrastructure**

### **PGS**

PGS is regulated by the FPSC. The FPSC sets rates at a level that allows utilities such as PGS to collect total revenues or revenue requirements equal to their cost of providing service, plus an appropriate return on invested capital. Base rates are determined in FPSC rate setting hearings which can occur at the initiative of PGS, the FPSC or other interested parties.

PGS's approved ROE range for 2025 and 2024 was 9.15 per cent to 11.15 per cent with a 10.15 per cent midpoint, based on an allowed equity capital structure of 54.7 per cent.

#### *Base Rates:*

On March 31, 2025, PGS filed a rate case with the FPSC for new rates to become effective January 1, 2026. On August 13, 2025, PGS and the intervening parties filed a settlement agreement with the FPSC for a \$67 million USD increase in 2026 annual base rates, which includes \$7 million USD from the cast iron and bare steel replacement rider, and additional adjustments of \$25 million USD in 2027 and up to \$5 million USD in 2028, subject to FPSC approval. This reflects a 10.30 per cent midpoint ROE and 54.7 per cent equity thickness. On October 31, 2025, the FPSC issued the final order approving the settlement.

#### *Fuel Recovery:*

PGS recovers the costs it pays for gas supply and interstate transportation for system supply through its Purchased Gas Adjustment Clause ("PGAC"). This clause is designed to recover actual costs incurred by PGS for purchased gas, gas storage services, interstate pipeline capacity, and other related items associated with the purchase, distribution, and sale of natural gas to its customers. These charges may be adjusted monthly based on a cap approved annually by the FPSC.

#### *Recovery of Energy Conservation and Pipeline Replacement Programs:*

The FPSC annually approves a conservation charge that is intended to permit PGS to recover prudently incurred expenditures in developing and implementing cost effective energy conservation programs which are required by Florida law and approved and monitored by the FPSC. PGS also has a Cast Iron/Bare Steel Pipe Replacement clause to recover the cost of accelerating the replacement of cast iron and bare steel distribution lines in the PGS system. In February 2017, the FPSC approved expansion of the Cast Iron/Bare Steel clause to allow recovery of accelerated replacement of certain obsolete plastic pipe. The majority of cast iron and bare steel pipe has been removed from its system, with replacement of obsolete plastic pipe continuing until 2028 under the rider.

### **NMGC**

NMGC is subject to regulation by the NMPRC. The NMPRC sets rates at a level that allows NMGC to collect total revenues or revenue requirements equal to its cost of providing service, plus an appropriate return on invested capital.

NMGC's approved ROE for 2025 and 2024 was 9.375 per cent on an allowed equity capital structure of 52 per cent.

#### *Base Rates:*

On September 14, 2023, NMGC filed a rate case with the NMPRC for new base rates. On March 1, 2024, NMGC filed with the NMPRC a settlement with the support of all parties in the case for an increase of \$30 million USD in annual base revenues and maintaining NMGC's ROE at 9.375 per cent. The rates reflect the recovery of increased operating costs and capital investments in pipeline projects and related infrastructure, as well as a new customer information and billing system. NMGC also agreed to withdraw, and to not reassert in a future rate case application, its request for a regulatory asset for costs associated with its 2022 application for a certificate of public convenience and necessity for a liquefied natural gas storage facility in New Mexico. The NMPRC approved the rate case settlement on July 25, 2024. New rates became effective October 1, 2024.

#### *Fuel Recovery:*

NMGC recovers gas supply costs through a PGAC. This clause recovers actual costs for purchased gas, gas storage services, interstate pipeline capacity, and other related items associated with the purchase, transmission, distribution, and sale of natural gas to its customers. On a monthly basis, NMGC can adjust charges based on the next month's expected cost of gas and any prior month under-recovery or over-recovery. The NMPRC requires that NMGC annually file a reconciliation of the PGAC period costs and recoveries. NMGC must file a PGAC Continuation Filing with the NMPRC every four years to establish that the continued use of the PGAC is reasonable and necessary. NMGC received approval of its PGAC Continuation in December 2024, for the four-year period ending December 2028.

### **Brunswick Pipeline**

Brunswick Pipeline is a 145-kilometre pipeline delivering natural gas from the Saint John LNG import terminal near Saint John, New Brunswick to markets in the northeastern US. Brunswick Pipeline entered into a 25-year firm service agreement commencing in July 2009 with Repsol Energy Canada. The agreement provides for a predetermined toll increase in the fifth and fifteenth year of the contract. The pipeline is considered a Group II pipeline regulated by the Canada Energy Regulator ("CER"). The CER Gas Transportation Tariff is filed by Brunswick Pipeline in compliance with the requirements of the CER Act and sets forth the terms and conditions of the transportation rendered by Brunswick Pipeline.

### **Other Electric Utilities**

#### **BLPC**

BLPC is regulated by the Fair Trading Commission ("FTC"), under the Utilities Regulation (Procedural) Rules 2003. BLPC is regulated under a cost-of-service model, with rates set to recover prudently incurred costs of providing electricity service to customers plus an appropriate return on capital invested. BLPC's approved regulated return on rate base was 10 per cent for 2025 and 2024.

#### *Base Rates:*

In 2021, BLPC submitted a general rate review application to the FTC. In September 2022, the FTC granted BLPC interim rate relief, allowing an increase in base rates of approximately \$1 million USD per month. On February 15, 2023, the FTC issued a decision on the application which included the following significant items: an allowed regulatory ROE of 11.75 per cent, an equity capital structure of 55 per cent, a directive to update the major components of rate base to September 16, 2022, and a directive to establish regulatory liabilities totalling approximately \$71 million USD. On March 7, 2023, BLPC filed a Motion for Review and Variation (the "Motion") and applied for a stay of the FTC's decision, which was subsequently granted. On November 20, 2023, the FTC issued their decision dismissing the Motion. Interim rates continue to be in effect through to a date to be determined in a final decision and order.

On December 1, 2023, BLPC appealed certain aspects of the FTC's February 15 and November 20, 2023, decisions to the Supreme Court of Barbados in the High Court of Justice (the "Court") and requested that they be stayed. On December 11, 2023, the Court granted the stay. BLPC's position is that the FTC made errors of law and jurisdiction in their decisions and believes the success of the appeal is probable, and as a result, the adjustments to BLPC's final rates and rate base, including any adjustments to regulatory assets and liabilities, have not been recorded at this time. The appeal was heard in December 2025 and will continue in early 2026.

*Licenses:*

BLPC currently operates pursuant to a single integrated license to generate, transmit and distribute electricity on the island of Barbados until 2028. In 2019, the Government of Barbados passed legislation requiring multiple licenses for the supply of electricity. In November 2025, the Government of Barbados and BLPC agreed to new Transmission, Distribution, Sales and Dispatch ("T&D") and Generation and Energy Storage ("G&S") licenses. The G&S license will be valid until 2047, unless otherwise extended. The T&D license will be valid for 30 years. These new non-exclusive licenses have since been signed and will become effective upon the repeal of the existing license. BLPC continues to operate under its current statutory authority while preparing for the transition to the new licensing framework.

*Fuel Recovery:*

BLPC's fuel costs flow through a fuel pass-through mechanism which provides opportunity to recover all prudently incurred fuel costs from customers in a timely manner. The calculation of the fuel charge is adjusted on a monthly basis and reported to the FTC for approval.

## **GBPC**

GBPC is regulated by the GBPA. The GBPA has granted GBPC a licensed, regulated and exclusive franchise to produce, transmit and distribute electricity on the island until 2054. Rates are set to recover prudently incurred costs of providing electricity service to customers plus an appropriate return on rate base. GBPC's approved regulated return on rate base is 8.52 per cent.

*Electricity Act, 2024:*

On June 1, 2024, the Electricity Act, 2024 took effect. The legislation purports to remove the jurisdiction of the GBPA over GBPC and to have the Utilities Regulation and Competition Authority, another Bahamian regulator, regulate GBPC.

*Base Rates:*

There is a fuel pass-through mechanism and tariff review policy with new rates submitted every three years. On August 1, 2024, as required by the GBPA Operating Protocol and Regulatory Framework Agreement, GBPC filed a rate plan proposal.

*Fuel Recovery:*

GBPC's fuel costs flow through a fuel pass-through mechanism which provides the opportunity to recover all prudently incurred fuel costs from customers in a timely manner. In 2025 and 2024, the fuel pass through charge was adjusted monthly, in-line with actual fuel and other associated costs.

## 8. INVESTMENTS SUBJECT TO SIGNIFICANT INFLUENCE AND EQUITY INCOME

| millions of dollars | Carrying Value    |        | Equity Income      |       | Percentage of Ownership |
|---------------------|-------------------|--------|--------------------|-------|-------------------------|
|                     | As at December 31 |        | For the year ended |       |                         |
|                     | 2025              | 2024   | 2025               | 2024  | 2025                    |
| NSPML               | \$ 462            | \$ 475 | \$ 41              | \$ 44 | 100.0                   |
| M&NP (1)            | 108               | 124    | 18                 | 20    | 12.9                    |
| Lucelec (1)         | 55                | 55     | 5                  | 4     | 19.5                    |
| WTI (2)             | 9                 | -      | -                  | -     | 50.0                    |
| Bear Swamp (3)      | -                 | -      | (1)                | 2     | 50.0                    |
| LIL (4)             | -                 | -      | -                  | 29    | -                       |
|                     | \$ 634            | \$ 654 | \$ 63              | \$ 99 |                         |

(1) Emera has significant influence over the operating and financial decisions of these companies through Board representation and therefore, records its investment in these entities using the equity method.

(2) On March 5, 2025, NSPI, the Canada Infrastructure Bank ("CIB") and the Wskijinu'k Mtmo'taquow Agency ("WMA") announced the Wasoqonatl transmission line project to create a reliable intertie between Nova Scotia and New Brunswick. The project is owned by a new regulated utility, WTI, which is wholly-owned by a newly formed limited partnership between NSPI, CIB and WMA. NSPI is responsible for providing construction, operation, maintenance and administrative services to WTI. NSPI's ownership interest is based on a 50 per cent indirect voting interest in WTI. As of December 31, 2025, NSPI's economic interest based on the \$9 million invested is 26 per cent.

(3) The investment balance in Bear Swamp is in a credit position primarily as a result of a \$179 million distribution received in 2015. Bear Swamp's credit investment balance of \$84 million (2024 – \$92 million) is recorded in Other long-term liabilities on the Consolidated Balance Sheets.

(4) On June 4, 2024, Emera completed the sale of its equity interest in the LIL. For further details, refer to note 4.

Equity investment in Lucelec includes a \$10 million difference between the cost and the underlying FV of the investees' assets as at the date of acquisition. The excess is attributable to goodwill.

Emera accounts for its variable interest investment in NSPML as an equity investment (note 33). NSPML's consolidated summarized balance sheets are illustrated as follows:

| As at                        | December 31 | December 31 |
|------------------------------|-------------|-------------|
| millions of dollars          | 2025        | 2024        |
| <b>Balance Sheets</b>        |             |             |
| Current assets               | \$ 40       | \$ 37       |
| PP&E                         | 1,380       | 1,425       |
| Regulatory assets            | 782         | 778         |
| Non-current assets           | 27          | 27          |
| Total assets                 | \$ 2,229    | \$ 2,267    |
| Current liabilities          | \$ 87       | \$ 55       |
| Long-term debt (1)           | 1,495       | 1,570       |
| Non-current liabilities      | 185         | 167         |
| Equity                       | 462         | 475         |
| Total liabilities and equity | \$ 2,229    | \$ 2,267    |

(1) The project debt has been guaranteed by the Government of Canada.

## 9. OTHER INCOME, NET

| For the<br>millions of dollars                                       | Year ended December 31 |               |
|--|------------------------|---------------|
|  | 2025                   | 2024          |
| AFUDC  | \$ 62                  | \$ 53         |
| Interest income  | 37                     | 23            |
| Pension non-current service cost recovery                            | 25                     | 35            |
| FX gains (losses)  | 25                     | (58)          |
| Gain on sale of LIL, net of transaction costs (1)                    | 4                      | 182           |
| Transaction costs related to the pending sale of NMGC (1)            | (2)                    | (25)          |
| Charges related to wind-down costs and certain asset impairments (2) | -                      | (29)          |
| Other  | 14                     | 22            |
|  | <b>\$ 165</b>          | <b>\$ 203</b> |

(1) For more information related to the gain on sale, after transaction costs, of Emera's indirect minority interest in the LIL and the pending sale of NMGC, refer to note 4.

(2) Primarily related to the wind-down of Block Energy LLC.

## 10. INTEREST EXPENSE, NET

| For the<br>millions of dollars                        | Year ended December 31 |               |
|---|------------------------|---------------|
|   | 2025                   | 2024          |
| Interest on debt                                      | \$ 1,048               | \$ 1,004      |
| Allowance for borrowed funds used during construction | (30)                   | (23)          |
| Other   | 14                     | (8)           |
|   | <b>\$ 1,032</b>        | <b>\$ 973</b> |

## 11. INCOME TAXES

The income tax provision, for the years ended December 31, differs from that computed using the enacted Canadian federal statutory income tax rate for the following reasons:

| millions of dollars  | 2025         |           | 2024            |              |
|--|--------------|-----------|-----------------|--------------|
| Income before provision for income taxes   | \$ 1,171     |           | \$ 409          |              |
| Income taxes, at statutory income tax rate   | 176          | 15%       | 61              | 15%          |
| <i>Domestic reconciling items:</i>   |              |           |                 |              |
| Investment tax credits   | (36)         | (3)%      | -               | -%           |
| Deferred income taxes on regulated income recorded as regulatory assets and regulatory liabilities | (18)         | (2)%      | (44)            | (11)%        |
| Valuation allowance  | (14)         | (1)%      | (30)            | (7)%         |
| Net Part VI.1 tax  | 14           | 1%        | 14              | 3%           |
| Interest and financing expenses  | -            | -%        | (30)            | (7)%         |
| Additional impact from the sale of LIL equity interest   | -            | -%        | 11              | 3%           |
| Other  | (8)          | (1)%      | (3)             | (1)%         |
| Provincial income taxes (1)  | (31)         | (3)%      | (130)           | (32)%        |
| <i>Foreign reconciling items:</i>  |              |           |                 |              |
| United States  | -            | -         | -               | -            |
| Federal tax rate variance  | 58           | 5%        | 32              | 8%           |
| Production tax credits   | (51)         | (4)%      | (41)            | (10)%        |
| State income tax, net of federal income tax benefit  | 49           | 4%        | 30              | 7%           |
| Amortization of deferred income tax regulatory liabilities   | (45)         | (4)%      | (37)            | (9)%         |
| Investment tax credits   | (39)         | (3)%      | (8)             | (2)%         |
| Deferral and amortization of Investment tax credits  | 21           | 2%        | (4)             | (1)%         |
| Impairment charges   | 13           | 1%        | 35              | 9%           |
| Other  | (3)          | -%        | (8)             | (2)%         |
| Other foreign jurisdictions  | (5)          | -%        | (7)             | (2)%         |
| Income tax expense (recovery)  | <b>\$ 81</b> | <b>7%</b> | <b>\$ (159)</b> | <b>(39)%</b> |

(1) The majority of provincial income taxes relate to Nova Scotia.

*US One Big Beautiful Bill Act (“OBBBA”):*

On July 4, 2025, the OBBBA was signed into law. The OBBBA makes permanent many of the expired and expiring tax provisions originally enacted in the Tax Cuts and Jobs Act of 2017. It also includes significant changes in future years to the timing and availability of several clean energy tax credits previously enacted in the Inflation Reduction Act, including the investment tax credit and production tax credit. On August 15, 2025, the Internal Revenue Service released guidance on determining when wind and solar projects have begun construction for purposes of qualifying for these tax credits. Emera’s 2025 financial statements were not materially impacted as a result of the enacted changes.

*Excessive Interest and Financing Expenses Limitation (“EIFEL”) Regime:*

On June 20, 2024, Bill C-59, an Act to implement certain provisions of the fall economic statement tabled in Parliament on November 21, 2023, and certain provisions of the budget tabled in Parliament on March 28, 2023, was enacted. Bill C-59 includes the EIFEL regime, which is effective January 1, 2024. EIFEL applies to limit a company’s net interest and financing expense deduction to no more than 30 per cent of earnings before interest, income taxes, depreciation, and amortization for tax purposes. Any denied interest and financing expenses under the EIFEL regime can be carried forward indefinitely.

During 2024, the Company incurred \$185 million of interest and financing expenses in connection with a specific financing structure. The current and future interest and financing expenses were expected to be denied under the EIFEL legislation and, as a result, the financing structure was wound up. It was determined that Emera was more likely than not to realize the benefit of the current denied interest and financing expenses and therefore a \$54 million deferred income tax asset and related income tax benefit was recorded during Q4 2024. In addition, Emera recognized a \$4 million income tax benefit related to the reversal of a deferred income tax liability on the wind-up of the financing structure. During 2024, the total tax benefit of \$58 million was recorded in “Income tax expense (recovery)” on the Consolidated Statements of Income and included in the Other segment.

The following table reflects the composition of income before provision for income taxes presented in the Consolidated Statements of Income for the years ended December 31:

| millions of dollars                      | 2025     | 2024     |
|--|----------|----------|
| Canada                                   | \$ 157   | \$ (175) |
| United States                            | 961      | 534      |
| Other                                    | 53       | 50       |
| Income before provision for income taxes | \$ 1,171 | \$ 409   |

The following table reflects the composition of taxes on income from continuing operations presented in the Consolidated Statements of Income for the years ended December 31:

| millions of dollars  | Canada<br>(Federal) | Canada<br>(Provincial) | United<br>States | Other       | Total           |
|--|---------------------|------------------------|------------------|-------------|-----------------|
| <b>2025</b>  |                     |                        |                  |             |                 |
| Current income taxes   | \$ (6)              | \$ -                   | \$ 16            | \$ -        | \$ 10           |
| Deferred income taxes – exclusive of the components listed below | 23                  | 21                     | 208              | 5           | 257             |
| Benefits of operating loss carryforwards                         | (41)                | (39)                   | (2)              | (2)         | (84)            |
| Net tax credits  | -                   | -                      | (72)             | -           | (72)            |
| Adjustments to beginning of the year valuation allowance         | (14)                | (13)                   | (3)              | -           | (30)            |
| <b>Income tax expense (recovery)</b>                             | <b>\$ (38)</b>      | <b>\$ (31)</b>         | <b>\$ 147</b>    | <b>\$ 3</b> | <b>\$ 81</b>    |
| <b>2024</b>  |                     |                        |                  |             |                 |
| Current income taxes   | \$ 29               | \$ -                   | \$ 4             | \$ -        | \$ 33           |
| Deferred income taxes – exclusive of the components listed below | (104)               | (98)                   | 208              | -           | 6               |
| Benefits of operating loss carryforwards                         | (2)                 | (2)                    | (76)             | -           | (80)            |
| Adjustments to beginning of the year valuation allowance         | (31)                | (30)                   | -                | -           | (61)            |
| Net tax credits  | -                   | -                      | (57)             | -           | (57)            |
| <b>Income tax (recovery) expense</b>                             | <b>\$ (108)</b>     | <b>\$ (130)</b>        | <b>\$ 79</b>     | <b>\$ -</b> | <b>\$ (159)</b> |

The deferred income tax assets and liabilities presented in the Consolidated Balance Sheets as at December 31 consisted of the following:

| millions of dollars   | 2025       | 2024       |
|---|------------|------------|
| <b>Deferred income tax assets:</b>                          |            |            |
| Tax loss carryforwards                                      | \$ 1,028   | \$ 1,118   |
| Tax credit carryforwards                                    | 596        | 534        |
| Regulatory liabilities                                      | 295        | 321        |
| Pension and other post-retirement liabilities               | 173        | 197        |
| Derivative instruments                                      | 143        | 144        |
| Other   | 463        | 432        |
| Total deferred income tax assets before valuation allowance | 2,698      | 2,746      |
| Valuation allowance   | (317)      | (322)      |
| Total deferred income tax assets after valuation allowance  | \$ 2,381   | \$ 2,424   |
| <b>Deferred income tax liabilities:</b>                     |            |            |
| PP&E  | \$ (3,462) | \$ (3,307) |
| Regulatory assets   | (358)      | (420)      |
| Pension and other post-retirement assets                    | (335)      | (286)      |
| Other   | (321)      | (350)      |
| Total deferred income tax liabilities                       | \$ (4,476) | \$ (4,363) |
| <b>Consolidated Balance Sheets presentation:</b>            |            |            |
| Long-term deferred income tax assets                        | \$ 421     | \$ 392     |
| Long-term deferred income tax liabilities                   | (2,516)    | (2,331)    |
| Net deferred income tax liabilities                         | \$ (2,095) | \$ (1,939) |

Considering all evidence regarding the utilization of the Company's deferred income tax assets, it has been determined that Emera is more likely than not to realize all recorded deferred income tax assets, except for certain loss carryforwards, denied interest and financing expenses and unrealized capital losses on long-term debt and investments. A valuation allowance of \$317 million has been recorded as at December 31, 2025 (2024 – \$322 million) related to the loss carryforwards, denied interest and financing expenses, long-term debt and investments. During 2025, the Company recognized a \$28 million (2024 - \$58 million) net tax benefit primarily due to the utilization of certain loss carryforwards, which were subject to a valuation allowance at the beginning of the year.

The Company intends to indefinitely reinvest earnings from certain foreign operations. It is impractical to estimate the amount of income and withholding tax that might be payable if such earnings were repatriated.

Emera's net operating loss ("NOL"), capital loss and tax credit carryforwards and their expiration periods as at December 31, 2025 consisted of the following:

| millions of dollars  | Tax Carryforwards | Subject to Valuation Allowance | Net Tax Carryforwards | Expiration Period |
|----------------------|-------------------|--------------------------------|-----------------------|-------------------|
| <b>Canada</b>        |                   |                                |                       |                   |
| NOL                  | \$ 2,649          | \$ (876)                       | \$ 1,773              | 2026 - 2045       |
| Capital loss         | 55                | (55)                           | -                     | Indefinite        |
| Tax credit           | 2                 | (2)                            | -                     | 2028 - 2044       |
| <b>United States</b> |                   |                                |                       |                   |
| Federal NOL          | \$ 909            | \$ (1)                         | \$ 908                | 2037 - Indefinite |
| State NOL            | 937               | (30)                           | 907                   | 2026 - Indefinite |
| Capital loss         | 1                 | -                              | 1                     | 2029              |
| Tax credit           | 595               | (1)                            | 594                   | 2026 - 2045       |
| <b>Other</b>         |                   |                                |                       |                   |
| NOL                  | \$ 108            | \$ (20)                        | \$ 88                 | 2026 - 2031       |

The following table provides details of the change in unrecognized tax benefits for the years ended December 31 as follows:

| millions of dollars                                    | 2025  | 2024  |
|--|-------|-------|
| Balance, January 1                                     | \$ 42 | \$ 37 |
| Increases due to tax positions related to current year | 6     | 6     |
| Increases due to tax positions related to a prior year | 1     | 2     |
| Decreases due to tax positions related to a prior year | (3)   | (3)   |
| Balance, December 31                                   | \$ 46 | \$ 42 |

Unrecognized tax benefits relate to the timing of certain tax deductions at NSPI and research and development tax credits primarily at TEC. The total amount of unrecognized tax benefits as at December 31, 2025 was \$46 million (2024 – \$42 million), which would decrease the effective tax rate if recognized. The total amount of accrued interest with respect to unrecognized tax benefits was \$12 million (2024 – \$10 million) with \$2 million interest expense recognized in the Consolidated Statements of Income (2024 – \$1 million). No penalties have been accrued.

NSPI and the CRA are currently in a dispute with respect to the timing of certain tax deductions for its 2006 through 2010 and 2013 through 2016 taxation years. The ultimate permissibility of the tax deductions is not in dispute; rather, it is the timing of those deductions. The cumulative net amount in dispute to date is \$126 million (2024 – \$126 million), including interest. NSPI has prepaid \$55 million (2024 – \$55 million) of the amount in dispute, as required by CRA.

On November 29, 2019, NSPI filed a Notice of Appeal with the Tax Court of Canada with respect to its dispute of the 2006 through 2010 taxation years. Should NSPI be successful in defending its position, all payments including applicable interest will be refunded. If NSPI is unsuccessful in defending any portion of its position, the resulting taxes and applicable interest will be deducted from amounts previously paid, with the difference, if any, either owed to, or refunded from, the CRA. The related tax deductions will be available in subsequent years.

Should NSPI be similarly reassessed by the CRA for years not currently in dispute, further payments will be required; however, the ultimate permissibility of these deductions would be similarly not in dispute.

NSPI and its advisors believe that NSPI has reported its tax position appropriately. NSPI continues to assess its options to resolving the dispute; however, the outcome of the Notice of Appeal process is not determinable at this time.

Emera files a Canadian federal income tax return, which includes its Nova Scotia provincial income tax. Emera's subsidiaries file Canadian, US, Barbados, and St. Lucia income tax returns. As at December 31, 2025, the Company's tax years still open to examination by taxing authorities include 2006 and subsequent years.

## 12. COMMON STOCK

**Authorized:** Unlimited number of non-par value common shares.

|  | 2025               |                     | 2024               |                     |
|--|--------------------|---------------------|--------------------|---------------------|
|  | millions of shares | millions of dollars | millions of shares | millions of dollars |
| <b>Issued and outstanding:</b>   |                    |                     |                    |                     |
| Balance, December 31, 2024   | 295.94             | \$ 9,042            | 284.12             | \$ 8,462            |
| Conversion of Convertible Debentures                                       | 0.02               | 1                   | -                  | -                   |
| Issuance of common stock under ATM program (1)(2)                          | 0.19               | 9                   | 5.12               | 261                 |
| Issued under the DRIP, net of discounts                                    | 4.83               | 293                 | 6.10               | 291                 |
| Senior management stock options exercised and Employee Share Purchase Plan | 0.78               | 42                  | 0.60               | 28                  |
| Balance, December 31, 2025   | 301.76             | \$ 9,387            | 295.94             | \$ 9,042            |

(1) For the year ended December 31, 2024, a total of 5,117,273 common shares were issued under Emera's ATM program at an average price of \$51.52 per share for gross proceeds of \$264 million (\$261 million net of after-tax issuance costs).

(2) For the year ended December 31, 2025, a total of 187,600 common shares were issued under Emera's ATM program at an average price of \$53.58 per share for gross proceeds of \$10 million (\$9 million net of after-tax issuance costs). As at December 31, 2025, an aggregate gross sales limit of \$600 million remained available for issuance under the ATM program.

As at December 31, 2025, the following common shares were reserved for issuance: 5 million (2024 – 6 million) under the senior management stock option plan, 1 million (2024 – 2 million) under the employee common share purchase plan and 20 million (2024 – 12 million) under the DRIP.

The issuance of common shares under the common share compensation arrangements does not allow the plans to exceed 10 per cent of Emera's outstanding common shares. As at December 31, 2025, Emera was in compliance with this requirement.

### ATM Equity Program

On December 5, 2025, Emera renewed its ATM Program by filing a prospectus supplement to the Company's Canadian short form base shelf prospectus with the securities regulatory authorities in each of the provinces of Canada. At the same time, Emera filed a US prospectus supplement to the Company's US base prospectus included in its US registration statement on Form F-10 with the US Securities and Exchange Commission (the "SEC"). The ATM Program allows the Company to issue up to \$600 million of common shares from treasury to the public from time to time, at the Company's discretion, at the prevailing market price. The ATM Program is expected to remain in effect until January 5, 2029.

### 13. EARNINGS PER SHARE

Basic earnings per share is determined by dividing net income attributable to common shareholders by the weighted average number of common shares outstanding during the period. Diluted EPS is computed by dividing net income attributable to common shareholders by the weighted average number of common shares outstanding during the period, adjusted for the exercise and/or conversion of all potentially dilutive securities. Such dilutive items include Company contributions to the senior management stock option plan, convertible debentures and shares issued under the DRIP.

The following table reconciles the computation of basic and diluted earnings per share:

| For the<br>millions of dollars (except per share amounts)            | Year ended December 31 |              |
|--|------------------------|--------------|
|  | 2025                   | 2024         |
| <b>Numerator</b>   |                        |              |
| Net income attributable to common shareholders                       | \$ 1,014.2             | \$ 493.6     |
| <b>Diluted numerator</b>   | <b>1,014.2</b>         | <b>493.6</b> |
| <b>Denominator</b>   |                        |              |
| Weighted average shares of common stock outstanding – basic          | 299.2                  | 289.1        |
| Stock-based compensation   | 0.5                    | 0.1          |
| <b>Weighted average shares of common stock outstanding – diluted</b> | <b>299.7</b>           | <b>289.2</b> |
| <b>Earnings per common share</b>                                     |                        |              |
| Basic  | \$ 3.39                | \$ 1.71      |
| Diluted  | \$ 3.38                | \$ 1.71      |

### 14. ACCUMULATED OTHER COMPREHENSIVE INCOME

The components of AOCI are as follows:

| millions of dollars                         | Unrealized gain<br>(loss) on<br>translation of<br>self-sustaining<br>foreign<br>operations | Net change<br>in net<br>investment<br>hedges | Gains (losses)<br>on derivatives<br>recognized<br>as cash flow<br>hedges | Net change<br>on available-<br>for-sale<br>investments | Net change in<br>unrecognized<br>pension and<br>post-retirement<br>benefit costs | Total<br>AOCI   |
|---|--|--|--|--|--|-----------------|
| <b>For the year ended December 31, 2025</b> |  |  |  |  |  |                 |
| Balance, January 1, 2025                    | \$ 1,396   | \$ (163)                                     | \$ 12  | \$ -   | \$ 16  | \$ 1,261        |
| OCI before reclassifications                | (623)  | 82   | -  | 2  | -  | (539)           |
| Amounts reclassified from AOCI              | -  | -  | (2)  | -  | 153  | 151             |
| Net current period OCI                      | (623)  | 82   | (2)  | 2  | 153  | (388)           |
| <b>Balance, December 31, 2025</b>           | <b>\$ 773</b>  | <b>\$ (81)</b>                               | <b>\$ 10</b>   | <b>\$ 2</b>  | <b>\$ 169</b>  | <b>\$ 873</b>   |
| <b>For the year ended December 31, 2024</b> |  |  |  |  |  |                 |
| Balance, January 1, 2024                    | \$ 369   | \$ (24)                                      | \$ 14  | \$ (2)   | \$ (52)  | \$ 305          |
| OCI before reclassifications                | 1,027  | (139)  | -  | 2  | -  | 890             |
| Amounts reclassified from AOCI              | -  | -  | (2)  | -  | 68   | 66              |
| Net current period OCI                      | 1,027  | (139)  | (2)  | 2  | 68   | 956             |
| <b>Balance, December 31, 2024</b>           | <b>\$ 1,396</b>  | <b>\$ (163)</b>                              | <b>\$ 12</b>   | <b>\$ -</b>  | <b>\$ 16</b>   | <b>\$ 1,261</b> |

The reclassifications out of AOCI are as follows:

| For the<br>millions of dollars  | Year ended December 31                   |              |
|---|--|--------------|
|   | 2025                                     | 2024         |
| Affected line item in the Consolidated Financial Statements                 |  |              |
| <b>Gains on derivatives recognized as cash flow hedges</b>                  |  |              |
| Interest rate hedge   | Interest expense, net \$ (2)             | \$ (2)       |
| <b>Net change in unrecognized pension and post-retirement benefit costs</b> |  |              |
| Actuarial (gains) losses  | Other income, net \$ (2)                 | \$ 2         |
| Past service costs (gains)  | Other income, net 2                      | (2)          |
| Amounts reclassified into obligations                                       | Pension and post-retirement benefits 156 | 68           |
| Total before tax  | 156                                      | 68           |
| Income tax expense  | (3)                                      | -            |
| Total net of tax  | \$ 153                                   | \$ 68        |
| <b>Total reclassifications out of AOCI, net of tax, for the period</b>      | <b>\$ 151</b>                            | <b>\$ 66</b> |

## 15. INVENTORY

| As at<br>millions of dollars | December 31<br>2025 | December 31<br>2024 |
|------------------------------|---------------------|---------------------|
| Materials                    | \$ 484              | \$ 453              |
| Fuel                         | 337                 | 328                 |
| Total                        | \$ 821              | \$ 781              |

## 16. DERIVATIVE INSTRUMENTS

Derivative assets and liabilities relating to the foregoing categories consisted of the following:

| As at<br>millions of dollars                             | Derivative Assets   |                     | Derivative Liabilities |                     |
|--|---------------------|---------------------|------------------------|---------------------|
|  | December 31<br>2025 | December 31<br>2024 | December 31<br>2025    | December 31<br>2024 |
| <i>Regulatory deferral:</i>                              |                     |                     |                        |                     |
| Commodity swaps and forwards                             | \$ 22               | \$ 25               | \$ 33                  | \$ 44               |
| FX forwards  | 3                   | 27                  | 2                      | 3                   |
|  | 25                  | 52                  | 35                     | 47                  |
| <i>HFT derivatives:</i>                                  |                     |                     |                        |                     |
| Power swaps and physical contracts                       | 51                  | 34                  | 50                     | 30                  |
| Natural gas swaps, futures, forwards, physical contracts | 238                 | 236                 | 695                    | 660                 |
|  | 289                 | 270                 | 745                    | 690                 |
| <i>Other derivatives:</i>                                |                     |                     |                        |                     |
| Equity derivatives                                       | 8                   | -                   | -                      | 2                   |
| FX forwards  | 8                   | -                   | 1                      | 34                  |
|  | 16                  | -                   | 1                      | 36                  |
| Total gross derivatives                                  | 330                 | 322                 | 781                    | 773                 |
| <i>Impact of master netting agreements:</i>              |                     |                     |                        |                     |
| Regulatory deferral                                      | (1)                 | (7)                 | (1)                    | (7)                 |
| HFT derivatives  | (131)               | (148)               | (131)                  | (148)               |
| Total impact of master netting agreements                | (132)               | (155)               | (132)                  | (155)               |
| Less: Derivatives classified as held for sale (1)        | -                   | (1)                 | -                      | (1)                 |
| <b>Total derivatives</b>                                 | <b>\$ 198</b>       | <b>\$ 166</b>       | <b>\$ 649</b>          | <b>\$ 617</b>       |
| Current (2)  | 156                 | 115                 | 534                    | 526                 |
| Long-term (2)  | 42                  | 51                  | 115                    | 91                  |
| <b>Total derivatives</b>                                 | <b>\$ 198</b>       | <b>\$ 166</b>       | <b>\$ 649</b>          | <b>\$ 617</b>       |

(1) On August 5, 2024, Emera announced an agreement to sell NMGC. As a result, NMGC's assets and liabilities were classified as held for sale beginning in Q3 2024. For further details on the pending transaction, refer to note 4.

(2) Derivative assets and liabilities are classified as current or long-term based upon the maturities of the underlying contracts.

## Cash Flow Hedges

On May 26, 2021, a treasury lock was settled for a gain of \$19 million that is being amortized through interest expense over 10 years as the underlying hedged item settles. As of December 31, 2025, the unrealized gain in AOCI was \$10 million, after-tax (December 31, 2024 – \$12 million, after-tax). For the year ended December 31, 2025, unrealized gains of \$2 million (2024 - \$2 million) were reclassified from AOCI into interest expense, net. The Company expects \$2 million of unrealized gains currently in AOCI to be reclassified into net income within the next twelve months.

## Regulatory Deferral

The Company has recorded the following changes with respect to derivatives receiving regulatory deferral:

| millions of dollars   | Commodity<br>swaps and<br>forwards | FX<br>forwards | Commodity<br>swaps and<br>forwards | FX<br>forwards |
|---|------------------------------------|----------------|------------------------------------|----------------|
|   | 2025                               |                | 2024                               |                |
| For the year ended December 31  |                                    |                |                                    |                |
| Unrealized (loss) gain in regulatory assets                                   | \$ (36)                            | \$ 1           | \$ (27)                            | \$ 5           |
| Unrealized gain (loss) in regulatory liabilities                              | 13                                 | (12)           | 11                                 | 33             |
| Realized gain in regulatory assets  | (7)                                | -              | (8)                                | -              |
| Realized loss in regulatory liabilities                                       | 5                                  | -              | 4                                  | -              |
| Realized loss (gain) in inventory (1)   | 15                                 | (8)            | 11                                 | (8)            |
| Realized loss (gain) in regulated fuel for generation and purchased power (2) | 18                                 | (4)            | 50                                 | (6)            |
| Total change in derivative instruments  | \$ 8                               | \$ (23)        | \$ 41                              | \$ 24          |

(1) Realized (gains) losses will be recognized in fuel for generation and purchased power when the hedged item is consumed.

(2) Realized (gains) losses on derivative instruments settled and consumed in the period and hedging relationships that have been terminated or the hedged transaction is no longer probable.

As at December 31, 2025, the Company had the following notional volumes designated for regulatory deferral that are expected to settle as outlined below:

| millions                                       | 2026   | 2027-2028 |
|--|--------|-----------|
| <i>Commodity swaps and forwards purchases:</i> |        |           |
| Natural gas (MMBtu)                            | 7      | 10        |
| Power (MWh)                                    | 1      | -         |
| <i>FX forwards:</i>                            |        |           |
| FX contracts (millions of USD)                 | \$ 175 | \$ 72     |
| Weighted average rate                          | 1.3569 | 1.3534    |
| % of USD requirements                          | 64%    | 16%       |

## HFT Derivatives

The Company has recognized the following realized and unrealized gains with respect to HFT derivatives:

| For the<br>millions of dollars  | Year ended December 31 |        |
|---|------------------------|--------|
|   | 2025                   | 2024   |
| Power swaps and physical contracts in non-regulated operating revenues                          | \$ 4                   | \$ 12  |
| Natural gas swaps, forwards, futures and physical contracts in non-regulated operating revenues | 463                    | 195    |
| Total gains in net income   | \$ 467                 | \$ 207 |

As at December 31, 2025, the Company had the following notional volumes of outstanding HFT derivatives that are expected to settle as outlined below:

| millions                      | 2026 | 2027 | 2028 | 2029 | 2030 and thereafter |
|-------------------------------|------|------|------|------|---------------------|
| Natural gas purchases (Mmbtu) | 473  | 140  | 57   | 28   | 47                  |
| Natural gas sales (Mmbtu)     | 492  | 99   | 18   | 6    | 3                   |
| Power purchases (MWh)         | 1    | -    | -    | -    | -                   |
| Power sales (MWh)             | 2    | 1    | -    | -    | -                   |

### Other Derivatives

As at December 31, 2025, the Company had equity derivatives in place to manage cash flow risk associated with forecasted future cash settlements of deferred compensation obligations and FX forwards in place to manage cash flow risk associated with forecasted USD cash inflows. The equity derivatives hedge the return on 3.2 million shares and extends until December of 2026. The FX forwards have a combined notional amount of \$300 million USD and expire in 2026 through 2028.

| For the<br>millions of dollars              | Year ended December 31 |                       |                |                       |
|---|------------------------|-----------------------|----------------|-----------------------|
|   | 2025                   |                       | 2024           |                       |
|   | FX<br>Forwards         | Equity<br>Derivatives | FX<br>Forwards | Equity<br>Derivatives |
| Unrealized gain (loss) in OM&G              | \$ -                   | \$ 8                  | \$ -           | \$ (2)                |
| Unrealized gain (loss) in other income, net | 39                     | -                     | (44)           | -                     |
| Realized gain in OM&G                       | -                      | 33                    | -              | 16                    |
| Realized loss in other income, net          | (16)                   | -                     | (12)           | -                     |
| Total gains (losses) in net income          | \$ 23                  | \$ 41                 | \$ (56)        | \$ 14                 |

### Credit Risk

The Company is exposed to credit risk with respect to amounts receivable from customers, energy marketing collateral deposits and derivative assets. Credit risk is the potential loss from a counterparty's non-performance under an agreement. The Company manages credit risk with policies and procedures for counterparty analysis, exposure measurement, and exposure monitoring and mitigation. Credit assessments are conducted on all new customers and counterparties, and deposits or collateral are requested on any high-risk accounts.

The Company assesses the potential for credit losses on a regular basis and, where appropriate, maintains provisions. With respect to counterparties, the Company has implemented procedures to monitor the creditworthiness and credit exposure of counterparties and to consider default probability in valuing the counterparty positions. The Company monitors counterparties' credit standing, including those that are experiencing financial problems, have significant swings in default probability rates, have credit rating changes by external rating agencies, or have changes in ownership. Net liability positions are adjusted based on the Company's current default probability. Net asset positions are adjusted based on the counterparty's current default probability. The Company assesses credit risk internally for counterparties that are not rated.

As at December 31, 2025, the maximum exposure the Company had to credit risk was \$2 billion (2024 – \$1.3 billion), which included accounts receivable net of collateral/deposits and assets related to derivatives.

It is possible that volatility in commodity prices could cause the Company to have material credit risk exposures with one or more counterparties. If such counterparties fail to perform their obligations under one or more agreements, the Company could suffer a material financial loss. The Company transacts with counterparties as part of its risk management strategy for managing commodity price, FX and interest rate risk. Counterparties that exceed established credit limits can provide a cash deposit or letter of credit to the Company for the value in excess of the credit limit where contractually required. The total cash deposits/collateral on hand as at December 31, 2025 was \$301 million (2024 – \$303 million), which mitigated the Company's maximum credit risk exposure. The Company uses the cash as payment for the amount receivable or returns the deposit/collateral to the customer/counterparty where it is no longer required by the Company.

The Company enters into commodity master arrangements with its counterparties to manage certain risks, including credit risk to these counterparties. The Company generally enters into International Swaps and Derivatives Association agreements, North American Energy Standards Board agreements and, or Edison Electric Institute agreements. The Company believes entering into such agreements offers protection by creating contractual rights relating to creditworthiness, collateral, non-performance and default.

As at December 31, 2025, the Company had \$207 million (2024 – \$140 million) in financial assets, considered to be past due, which have been outstanding for an average 77 days. The FV of these financial assets was \$192 million (2024 – \$128 million), the difference of which was included in the allowance for credit losses. These assets primarily relate to accounts receivable from electric and gas revenue.

### Concentration Risk

The Company's concentrations of risk consisted of the following:

| As at   | December 31, 2025   |                     | December 31, 2024   |                     |
|---|---------------------|---------------------|---------------------|---------------------|
|   | millions of dollars | % of total exposure | millions of dollars | % of total exposure |
| <b>Receivables, net</b>                               |                     |                     |                     |                     |
| <i>Regulated utilities:</i>                           |                     |                     |                     |                     |
| Residential   | \$ 471              | 20%                 | \$ 376              | 22%                 |
| Commercial  | 211                 | 9%                  | 184                 | 11%                 |
| Industrial  | 94                  | 4%                  | 73                  | 4%                  |
| Other   | 177                 | 8%                  | 105                 | 6%                  |
| Cash collateral                                       | 3                   | 0%                  | 46                  | 3%                  |
|   | <b>956</b>          | <b>41%</b>          | <b>784</b>          | <b>46%</b>          |
| <i>Trading group:</i>                                 |                     |                     |                     |                     |
| Credit rating of A- or above                          | 146                 | 6%                  | 88                  | 5%                  |
| Credit rating of BBB- to BBB+                         | 78                  | 3%                  | 42                  | 2%                  |
| Not rated   | 416                 | 18%                 | 165                 | 10%                 |
|   | <b>640</b>          | <b>27%</b>          | <b>295</b>          | <b>17%</b>          |
| Other accounts receivable                             | 408                 | 17%                 | 331                 | 20%                 |
| Classification as assets held for sale (1)            | 134                 | 6%                  | 118                 | 7%                  |
|   | <b>2,138</b>        | <b>92%</b>          | <b>1,528</b>        | <b>90%</b>          |
| <b>Derivative Instruments</b> (current and long-term) |                     |                     |                     |                     |
| Credit rating of A- or above                          | 96                  | 4%                  | 91                  | 5%                  |
| Credit rating of BBB- to BBB+                         | 3                   | 0%                  | 1                   | 0%                  |
| Not rated   | 99                  | 4%                  | 74                  | 5%                  |
|   | <b>198</b>          | <b>8%</b>           | <b>166</b>          | <b>10%</b>          |
|   | <b>\$ 2,336</b>     | <b>100%</b>         | <b>\$ 1,694</b>     | <b>100%</b>         |

(1) On August 5, 2024, Emera announced an agreement to sell NMGC. As a result, NMGC's assets and liabilities were classified as held for sale beginning in Q3 2024. For further details on the pending transaction, refer to note 4.

## Cash Collateral

The Company's cash collateral positions consisted of the following:

| As at<br>millions of dollars         | December 31<br>2025 | December 31<br>2024 |
|--------------------------------------|---------------------|---------------------|
| Cash collateral provided to others   | \$ 193              | \$ 198              |
| Cash collateral received from others | \$ 5                | \$ 5                |

Collateral is posted in the normal course of business based on the Company's creditworthiness, including its senior unsecured credit rating as determined by certain major credit rating agencies. Certain derivatives contain financial assurance provisions that require collateral to be posted if a material adverse credit-related event occurs. If a material adverse event resulted in the senior unsecured debt falling below investment grade, the counterparties to such derivatives could request ongoing full collateralization.

As at December 31, 2025, the total FV of derivatives in a liability position was \$649 million (December 31, 2024 – \$617 million). If the credit ratings of the Company were reduced below investment grade, the full value of the net liability position could be required to be posted as collateral for these derivatives.

## 17. FV MEASUREMENTS

The Company is required to determine the FV of all derivatives except those which qualify for the NPNS exemption (see note 1) and uses a market approach to do so. The three levels of the FV hierarchy are defined as follows:

Level 1 – Where possible, the Company bases the fair valuation of its financial assets and liabilities on quoted prices in active markets ("quoted prices") for identical assets and liabilities.

Level 2 – Where quoted prices for identical assets and liabilities are not available, the valuation of certain contracts must be based on quoted prices for similar assets and liabilities with an adjustment related to location differences. Also, certain derivatives are valued using quotes from over-the-counter clearing houses.

Level 3 – Where the information required for a Level 1 or Level 2 valuation is not available, derivatives must be valued using unobservable or internally developed inputs. The primary reasons for a Level 3 classification are as follows:

- While valuations were based on quoted prices, significant assumptions were necessary to reflect seasonal or monthly shaping and locational basis differentials.
- The term of certain transactions extends beyond the period when quoted prices are available and, accordingly, assumptions were made to extrapolate prices from the last quoted period through the end of the transaction term.
- The valuations of certain transactions were based on internal models, although quoted prices were utilized in the valuations.

Derivative assets and liabilities are classified in their entirety, based on the lowest level of input that is significant to the FV measurement.

The following tables set out the classification of the methodology used by the Company to FV its derivatives:

| As at<br>millions of dollars  | Level 1      | Level 2        | Level 3         | December 31, 2025<br>Total |
|---|--------------|----------------|-----------------|----------------------------|
| <b>Assets</b>   |              |                |                 |                            |
| <i>Regulatory deferral:</i>   |              |                |                 |                            |
| Commodity swaps and forwards  | \$ 21        | \$ -           | \$ -            | \$ 21                      |
| FX forwards   | -            | 3              | -               | 3                          |
|   | 21           | 3              | -               | 24                         |
| <i>HFT derivatives:</i>   |              |                |                 |                            |
| Power swaps and physical contracts  | (1)          | 29             | 7               | 35                         |
| Natural gas swaps, futures, forwards, physical contracts and related transportation | 1            | 88             | 34              | 123                        |
|   | -            | 117            | 41              | 158                        |
| <i>Other derivatives:</i>   |              |                |                 |                            |
| FX forwards   | -            | 8              | -               | 8                          |
| Equity derivatives  | 8            | -              | -               | 8                          |
|   | 8            | 8              | -               | 16                         |
| <b>Total assets</b>   | <b>29</b>    | <b>128</b>     | <b>41</b>       | <b>198</b>                 |
| <b>Liabilities</b>  |              |                |                 |                            |
| <i>Regulatory deferral:</i>   |              |                |                 |                            |
| Commodity swaps and forwards  | \$ 11        | \$ 21          | \$ -            | \$ 32                      |
| FX forwards   | -            | 2              | -               | 2                          |
|   | 11           | 23             | -               | 34                         |
| <i>HFT derivatives:</i>   |              |                |                 |                            |
| Power swaps and physical contracts  | (4)          | 31             | 7               | 34                         |
| Natural gas swaps, futures, forwards and physical contracts                         | 1            | 115            | 464             | 580                        |
|   | (3)          | 146            | 471             | 614                        |
| <i>Other derivatives:</i>   |              |                |                 |                            |
| FX forwards   | -            | 1              | -               | 1                          |
|   | -            | 1              | -               | 1                          |
| <b>Total liabilities</b>  | <b>8</b>     | <b>170</b>     | <b>471</b>      | <b>649</b>                 |
| <b>Net assets (liabilities)</b>   | <b>\$ 21</b> | <b>\$ (42)</b> | <b>\$ (430)</b> | <b>\$ (451)</b>            |

| As at<br>millions of dollars  | Level 1      | Level 2        | Level 3         | December 31, 2024<br>Total |
|---|--------------|----------------|-----------------|----------------------------|
| <b>Assets</b>   |              |                |                 |                            |
| <i>Regulatory deferral:</i>   |              |                |                 |                            |
| Commodity swaps and forwards  | \$ 15        | \$ 3           | \$ -            | \$ 18                      |
| FX forwards   | -            | 27             | -               | 27                         |
|   | 15           | 30             | -               | 45                         |
| <i>HFT derivatives:</i>   |              |                |                 |                            |
| Power swaps and physical contracts  | 2            | 23             | 5               | 30                         |
| Natural gas swaps, futures, forwards, physical contracts and related transportation | 13           | 52             | 27              | 92                         |
|   | 15           | 75             | 32              | 122                        |
| Less: Derivatives classified as held for sale (1)                                   | -            | (1)            | -               | (1)                        |
| <b>Total assets</b>   | <b>30</b>    | <b>104</b>     | <b>32</b>       | <b>166</b>                 |
| <b>Liabilities</b>  |              |                |                 |                            |
| <i>Regulatory deferral:</i>   |              |                |                 |                            |
| Commodity swaps and forwards  | 18           | 19             | -               | 37                         |
| FX forwards   | -            | 3              | -               | 3                          |
|   | 18           | 22             | -               | 40                         |
| <i>HFT derivatives:</i>   |              |                |                 |                            |
| Power swaps and physical contracts  | 2            | 21             | 4               | 27                         |
| Natural gas swaps, futures, forwards and physical contracts                         | (11)         | 89             | 437             | 515                        |
|   | (9)          | 110            | 441             | 542                        |
| <i>Other derivatives:</i>   |              |                |                 |                            |
| FX forwards   | -            | 34             | -               | 34                         |
| Equity derivatives  | 2            | -              | -               | 2                          |
|   | 2            | 34             | -               | 36                         |
| Less: Derivatives classified as held for sale (1)                                   | -            | (1)            | -               | (1)                        |
| <b>Total liabilities</b>  | <b>11</b>    | <b>165</b>     | <b>441</b>      | <b>617</b>                 |
| <b>Net assets (liabilities)</b>   | <b>\$ 19</b> | <b>\$ (61)</b> | <b>\$ (409)</b> | <b>\$ (451)</b>            |

(1) On August 5, 2024, Emera announced an agreement to sell NMGC. As a result, NMGC's assets and liabilities were classified as held for sale beginning in Q3 2024. For further details on the pending transaction, refer to note 4.

The change in the FV of the Level 3 financial assets and liabilities for the year ended December 31, 2025 was as follows:

| millions of dollars   | <i>HFT Derivatives</i> |               |               |
|---|------------------------|---------------|---------------|
|   | Power                  | Natural gas   | Total         |
| <b>Assets</b>   |                        |               |               |
| Balance, beginning of period  | \$ 5                   | \$ 27         | \$ 32         |
| Total realized and unrealized gains (losses) included in non-regulated operating revenues | 2                      | 7             | 9             |
| <b>Balance, December 31, 2025</b>   | <b>\$ 7</b>            | <b>\$ 34</b>  | <b>\$ 41</b>  |
| <b>Liabilities</b>  |                        |               |               |
| Balance, beginning of period  | \$ 4                   | \$ 437        | \$ 441        |
| Total realized and unrealized gains (losses) included in non-regulated operating revenues | 3                      | 27            | 30            |
| <b>Balance, December 31, 2025</b>   | <b>\$ 7</b>            | <b>\$ 464</b> | <b>\$ 471</b> |

Significant unobservable inputs used in the FV measurement of Emera's natural gas and power derivatives include third-party sourced pricing for instruments based on illiquid markets. Significant increases (decreases) in any of these inputs in isolation would result in a significantly lower (higher) FV measurement. Other unobservable inputs used include internally developed correlation factors and basis differentials; own credit risk; and discount rates. Internally developed correlations and basis differentials are reviewed on a quarterly basis based on statistical analysis of the spot markets in the various illiquid term markets. Discount rates may include a risk premium for those long-term forward contracts with illiquid future price points to incorporate the inherent uncertainty of these points. Any risk premiums for long-term contracts are evaluated by observing similar industry practices and in discussion with industry peers.

The Company uses a modelled pricing valuation technique for determining the FV of Level 3 derivative instruments. The following table outlines quantitative information about the significant unobservable inputs used in the FV measurements categorized within Level 3 of the FV hierarchy:

| millions of dollars   | FV           |               | Significant Unobservable Input | Low     | High     | Weighted average (1) |
|---|--------------|---------------|--------------------------------|---------|----------|----------------------|
|   | Assets       | Liabilities   |                                |         |          |                      |
| <b>As at December 31, 2025</b>  |              |               |                                |         |          |                      |
| HFT derivatives – Power swaps and physical contracts                          | \$ 7         | \$ 7          | Third-party pricing            | \$27.35 | \$150.55 | \$88.79              |
| HFT derivatives – Natural gas swaps, futures, forwards and physical contracts | 34           | 464           | Third-party pricing            | \$0.51  | \$18.45  | \$11.85              |
| <b>Total</b>  | <b>\$ 41</b> | <b>\$ 471</b> |                                |         |          |                      |
| <b>Net liability</b>  |              | <b>\$ 430</b> |                                |         |          |                      |
| <b>As at December 31, 2024</b>  |              |               |                                |         |          |                      |
| HFT derivatives – Power swaps and physical contracts                          | 5            | 4             | Third-party pricing            | \$25.60 | \$139.65 | \$82.63              |
| HFT derivatives – Natural gas swaps, futures, forwards and physical contracts | 27           | 437           | Third-party pricing            | \$2.20  | \$17.54  | \$8.57               |
| <b>Total</b>  | <b>\$ 32</b> | <b>\$ 441</b> |                                |         |          |                      |
| <b>Net liability</b>  |              | <b>\$ 409</b> |                                |         |          |                      |

(1) Unobservable inputs were weighted by the relative FV of the instruments.

Long-term debt is a financial liability not measured at FV on the Consolidated Balance Sheets. The balance consisted of the following:

| As at<br>millions of dollars | Carrying<br>Amount | FV               | Level 1     | Level 2          | Level 3       | Total            |
|------------------------------|--------------------|------------------|-------------|------------------|---------------|------------------|
| <b>December 31, 2025</b>     | <b>\$ 19,654</b>   | <b>\$ 18,956</b> | <b>\$ -</b> | <b>\$ 18,535</b> | <b>\$ 421</b> | <b>\$ 18,956</b> |
| December 31, 2024            | \$ 18,407          | \$ 17,941        | \$ -        | \$ 17,688        | \$ 253        | \$ 17,941        |

The Company has designated \$1.2 billion USD denominated Hybrid Notes as a hedge of the foreign currency exposure of its net investment in USD denominated operations. The Company's Hybrid Notes are contingently convertible into preferred shares in the event of bankruptcy or other related events. A redemption option on or after June 15, 2026 is available and at the control of the Company. The Hybrid Notes are classified as Level 2 financial assets. As at December 31, 2025, the FV of the Hybrid Notes was \$1.2 billion USD (2024 – \$1.2 billion USD). An after-tax foreign currency gain of \$82 million was recorded in AOCI for the year ended December 31, 2025 (2024 – \$139 million after-tax loss).

## 18. RELATED PARTY TRANSACTIONS

In the ordinary course of business, Emera provides energy and other services and enters into transactions with its subsidiaries, associates and other related companies on terms similar to those offered to non-related parties. Intercompany balances and intercompany transactions have been eliminated on consolidation, except for the net profit on certain transactions between non-regulated and regulated entities in accordance with accounting standards for rate-regulated entities. All material amounts are under normal interest and credit terms.

Significant transactions between Emera and its associated companies are as follows:

- Transactions between NSPI and NSPML related to the Maritime Link assessment are reported in the Consolidated Statements of Income. NSPI's expense is reported in Regulated fuel for generation and purchased power, totalling \$185 million for the year ended December 31, 2025 (2024 – \$324 million recovery). NSPML is accounted for as an equity investment, and therefore corresponding earnings related to this revenue are reflected in Income from equity investments.
- Natural gas transportation capacity purchases from M&NP, reported in "Operating revenue – non-regulated" on the Consolidated Statements of Income, totalled \$16 million for the year ended December 31, 2025 (2024 – \$11 million).
- On March 5, 2025, NSPI sold development assets associated with the Wasoqonatl transmission line project to WTI for consideration of \$15 million. The development assets were sold at cost with no gain or loss recognized in the Consolidated Statements of Income.

As at December 31, 2025, Emera and its associated companies had \$32 million due to related parties (December 31, 2024 – \$24 million) recorded in "Other Current Liabilities" on the Consolidated Balance Sheets.

## 19. RECEIVABLES AND OTHER CURRENT ASSETS

| As at<br>millions of dollars                      | <b>December 31<br/>2025</b> | December 31<br>2024 |
|---|-----------------------------|---------------------|
| Customer accounts receivable – billed             | \$ 1,265                    | \$ 834              |
| Customer accounts receivable – unbilled           | 400                         | 342                 |
| Capitalized transportation capacity (1)           | 238                         | 216                 |
| Cash collateral provided to others                | 193                         | 198                 |
| Prepaid expenses                                  | 105                         | 105                 |
| Sales tax receivable                              | 84                          | 21                  |
| Income tax receivable                             | 19                          | 22                  |
| Allowance for credit losses                       | (15)                        | (12)                |
| Other   | 150                         | 85                  |
| <b>Total receivables and other current assets</b> | <b>\$ 2,439</b>             | <b>\$ 1,811</b>     |

(1) Capitalized transportation capacity represents the value of transportation/storage received by EES on asset management agreements at the inception of the contracts. The asset is amortized over the term of each contract.

## 20. LEASES

### Lessee

The Company has operating leases for buildings, land, telecommunication services, and rail cars and finance leases for land and buildings. Emera's leases have remaining lease terms of 2 years to 61 years, some of which include options to extend the leases for up to 65 years. These options are included as part of the lease term when it is considered reasonably certain they will be exercised.

| As at<br>millions of dollars       | Classification              | December 31<br>2025 | December 31<br>2024 |
|------------------------------------|-----------------------------|---------------------|---------------------|
| <i>Operating leases:</i>           |                             |                     |                     |
| Right-of-use asset                 | Other long-term assets      | \$ 48               | \$ 52               |
| <i>Operating lease liabilities</i> |                             |                     |                     |
| Current                            | Other current liabilities   | 1                   | 3                   |
| Long-term                          | Other long-term liabilities | 53                  | 54                  |
| Total operating lease liabilities  |                             | \$ 54               | \$ 57               |
| <i>Finance leases:</i>             |                             |                     |                     |
| Right-of-use asset                 | PP&E                        | \$ 66               | \$ 21               |
| <i>Finance lease liabilities</i>   |                             |                     |                     |
| Current                            | Other current liabilities   | 3                   | -                   |
| Long-term                          | Other long-term liabilities | 66                  | 21                  |
| Total finance lease liabilities    |                             | \$ 69               | \$ 21               |

The amounts recognized in the Consolidated Statements of Income consisted of the following:

| For the<br>millions of dollars                     | Classification                                    | Year ended December<br>2025 | Year ended December<br>2024 |
|--|---|-----------------------------|-----------------------------|
| <i>Operating leases:</i>                           |   |                             |                             |
| Operating Lease expense                            | OM&G  | \$ 15                       | \$ 11                       |
| <i>Finance leases:</i>                             |   |                             |                             |
| Variable costs for power generation finance leases | Regulated fuel for generation and purchased power | \$ 115                      | \$ 112                      |
| Amortization of right-of-use asset                 | Depreciation and amortization                     | 4                           | -                           |
| Interest on finance lease liability                | Interest expense, net                             | 3                           | -                           |
| Total finance lease liabilities                    |   | \$ 122                      | \$ 112                      |

Future minimum lease payments under non-cancellable leases for each of the next five years and in aggregate thereafter are as follows:

| millions of dollars                                      | 2026 | 2027 | 2028 | 2029 | 2030 | Thereafter | Total  |
|--|------|------|------|------|------|------------|--------|
| <i>Operating leases:</i>                                 |      |      |      |      |      |            |        |
| Minimum lease payments                                   | \$ 3 | \$ 3 | \$ 3 | \$ 3 | \$ 3 | \$ 109     | \$ 124 |
| Less imputed interest                                    |      |      |      |      |      |            | (70)   |
| Total future minimum lease payments for operating leases |      |      |      |      |      |            | \$ 54  |
| <i>Finance Leases:</i>                                   |      |      |      |      |      |            |        |
| Minimum lease payments                                   | \$ 4 | \$ 4 | \$ 4 | \$ 4 | \$ 4 | \$ 161     | \$ 181 |
| Less imputed interest                                    |      |      |      |      |      |            | (112)  |
| Total future minimum payments for finance leases         |      |      |      |      |      |            | \$ 69  |

Additional information related to Emera's leases is as follows:

| For the<br>millions of dollars (except as indicated)                    | Year ended December 31<br>2025 |                   | Year ended December 31<br>2024 |                   |
|---|--------------------------------|-------------------|--------------------------------|-------------------|
|   | Operating<br>Leases            | Finance<br>Leases | Operating<br>Leases            | Finance<br>Leases |
| Cash paid for amounts included in the measurement of lease liabilities: |                                |                   |                                |                   |
| Operating cash flows for leases   | \$ 10                          | \$ 3              | \$ 10                          | \$ 1              |
| Right-of-use assets obtained in exchange for lease obligations          | \$ -                           | \$ -              | \$ -                           | \$ -              |
| Operating leases  | \$ 22                          | \$ -              | \$ -                           | \$ -              |
| Finance leases  | \$ -                           | \$ 49             | \$ -                           | \$ 16             |
| Weighted average remaining lease term (years)                           | 44                             | 33                | 44                             | 31                |
| Weighted average discount rate  | 3.98%                          | 5.54%             | 3.96%                          | 5.20%             |

### Lessor

The Company's net investment in direct finance and sales-type leases primarily relates to Brunswick Pipeline, Seacoast, compressed natural gas ("CNG") stations, a renewable natural gas ("RNG") facility and heat pumps.

The Company manages its risk associated with the residual value of the Brunswick Pipeline lease through proper routine maintenance of the asset.

Customers have the option to purchase CNG station assets by paying a make-whole payment at the date of the purchase based on a targeted internal rate of return or may take possession of the CNG station asset at the end of the lease term for no cost. Customers have the option to purchase heat pumps at the end of the lease term for a nominal fee.

Direct finance and sales-type lease unearned income is recognized in income over the life of the lease using a constant rate of interest equal to the internal rate of return on the lease and is recorded as "Operating revenues – regulated gas" and "Other income, net" on the Consolidated Statements of Income.

The total net investment in direct finance and sales-type leases consist of the following:

| As at<br>millions of dollars   | December 31 |       | December 31 |       |
|--|-------------|-------|-------------|-------|
|  | 2025        |       | 2024        |       |
| Total minimum lease payment to be received   | \$          | 1,180 | \$          | 1,310 |
| Less: amounts representing estimated executory costs                               |             | (166) |             | (182) |
| Minimum lease payments receivable  | \$          | 1,014 | \$          | 1,128 |
| Estimated residual value of leased property (unguaranteed)                         |             | 183   |             | 183   |
| Less: Credit loss reserve  |             | (1)   |             | (2)   |
| Less: unearned finance lease income  |             | (580) |             | (655) |
| Net investment in direct finance and sales-type leases                             | \$          | 616   | \$          | 654   |
| Principal due within one year (included in "Receivables and other current assets") |             | 44    |             | 44    |
| Net Investment in direct finance and sales type leases – long-term                 | \$          | 572   | \$          | 610   |

As at December 31, 2025, future minimum lease payments to be received for each of the next five years and in aggregate thereafter were as follows:

| millions of dollars                   | 2026  | 2027  | 2028  | 2029  | 2030  | Thereafter | Total           |
|---------------------------------------|-------|-------|-------|-------|-------|------------|-----------------|
| Minimum lease payments to be received | \$ 97 | \$ 96 | \$ 96 | \$ 95 | \$ 94 | \$ 702     | \$ 1,180        |
| Less: executory costs                 |       |       |       |       |       |            | (166)           |
| <b>Total</b>                          |       |       |       |       |       |            | <b>\$ 1,014</b> |

## 21. PROPERTY, PLANT AND EQUIPMENT

PP&E consisted of the following regulated and non-regulated assets:

| As at<br>millions of dollars       | Estimated useful life | December 31<br>2025 (1) | December 31<br>2024(1) |
|------------------------------------|-----------------------|-------------------------|------------------------|
| Generation                         | 10 to 131             | \$ 14,673               | \$ 14,297              |
| Transmission                       | 5 to 80               | 3,379                   | 3,106                  |
| Distribution                       | 5 to 65               | 9,359                   | 8,512                  |
| Gas transmission and distribution  | 20 to 75              | 4,815                   | 4,658                  |
| General plant and other (2)        | 2 to 60               | 3,643                   | 3,078                  |
| <b>Total cost</b>                  |                       | <b>35,869</b>           | <b>33,651</b>          |
| Less: Accumulated depreciation (2) |                       | (10,845)                | (10,442)               |
|                                    |                       | <b>25,024</b>           | <b>23,209</b>          |
| Construction work in progress (2)  |                       | 2,384                   | 2,959                  |
| <b>Net book value</b>              |                       | <b>\$ 27,408</b>        | <b>\$ 26,168</b>       |

(1) On August 5, 2024, Emera announced an agreement to sell NMGC. As a result, NMGC's assets and liabilities were classified as held for sale beginning in Q3 2024 and excluded from the table above. For further details on the pending transaction, refer to note 4.

(2) SeaCoast owns a 50% undivided ownership interest in a jointly owned 26-mile pipeline lateral located in Florida, which went into service in 2020. At December 31, 2025, SeaCoast's share of plant in service was \$27 million USD (2024 – \$27 million USD), and accumulated depreciation of \$3 million USD (2024 – \$3 million USD). SeaCoast's undivided ownership interest is financed with its funds and all operations are accounted for as if such participating interest were a wholly owned facility. SeaCoast's share of direct expenses of the jointly owned pipeline is included in "OM&G" in the Consolidated Statements of Income.

## 22. EMPLOYEE BENEFIT PLANS

Emera maintains a number of contributory defined-benefit (“DB”) and defined-contribution (“DC”) pension plans, which cover substantially all of its employees. The Company also provides non-pension benefits for its retirees.

Emera’s net periodic benefit cost included the following:

### Benefit Obligation and Plan Assets

Changes in the benefit obligation and plan assets, and the funded status for plans were as follows:

| For the<br>millions of dollars   | 2025                |                              | Year ended December 31<br>2024 |                              |
|--|---------------------|------------------------------|--------------------------------|------------------------------|
|  | DB pension<br>plans | Non-pension<br>benefit plans | DB pension<br>plans            | Non-pension<br>benefit plans |
| <b>Change in Projected Benefit Obligation (“PBO”) and Accumulated Post-retirement Benefit Obligation (“APBO”):</b> |                     |                              |                                |                              |
| Balance, January 1   | \$ 2,367            | \$ 241                       | \$ 2,273                       | \$ 227                       |
| Service cost   | 35                  | 3                            | 35                             | 3                            |
| Plan participant contributions   | 5                   | 5                            | 6                              | 5                            |
| Interest cost  | 114                 | 12                           | 110                            | 12                           |
| Plan amendments  | -                   | 5                            | -                              | -                            |
| Benefits paid  | (160)               | (22)                         | (153)                          | (21)                         |
| Actuarial losses (gains) (1)   | (18)                | (2)                          | 13                             | (3)                          |
| FX translation adjustment  | (49)                | (10)                         | 83                             | 18                           |
| Balance, December 31   | \$ 2,294            | \$ 232                       | \$ 2,367                       | \$ 241                       |
| <b>Change in plan assets:</b>  |                     |                              |                                |                              |
| Balance, January 1   | \$ 2,493            | \$ 54                        | \$ 2,298                       | \$ 48                        |
| Employer contributions   | 38                  | 15                           | 36                             | 13                           |
| Plan participant contributions   | 5                   | 5                            | 6                              | 5                            |
| Benefits paid  | (160)               | (22)                         | (153)                          | (21)                         |
| Actual return on assets, net of expenses   | 345                 | 5                            | 226                            | 4                            |
| FX translation adjustment  | (46)                | (2)                          | 80                             | 5                            |
| Balance, December 31   | \$ 2,675            | \$ 55                        | \$ 2,493                       | \$ 54                        |
| Funded status, end of year   | \$ 381              | \$ (177)                     | \$ 126                         | \$ (187)                     |

(1) The actuarial gains recognized in the period are primarily due to higher than expected investment returns and changes in actuarial assumptions.

### Plans with PBO/APBO in Excess of Plan Assets

The aggregate financial position for pension plans where the PBO or APBO (for post-retirement benefit plans) exceeded the plan assets for the years ended December 31 were as follows:

| millions of dollars | 2025                |                              | 2024                |                              |
|---------------------|---------------------|------------------------------|---------------------|------------------------------|
|                     | DB pension<br>plans | Non-pension<br>benefit plans | DB pension<br>plans | Non-pension<br>benefit plans |
| PBO/APBO            | \$ 96               | \$ 212                       | \$ 95               | \$ 219                       |
| FV of plan assets   | 13                  | -                            | 11                  | -                            |
| Funded status       | \$ (83)             | \$ (212)                     | \$ (84)             | \$ (219)                     |

## Plans with Accumulated Benefit Obligation (“ABO”) in Excess of Plan Assets

The ABO for the DB pension plans was \$2,114 million as at December 31, 2025 (2024 – \$2,255 million). The aggregate financial position for those plans with an ABO in excess of the plan assets for the years ended December 31 were as follows:

| millions of dollars | 2025             |      | 2024             |      |
|---------------------|------------------|------|------------------|------|
|                     | DB pension plans |      | DB pension plans |      |
| ABO                 | \$               | 92   | \$               | 90   |
| FV of plan assets   |                  | 13   |                  | 11   |
| Funded status       | \$               | (79) | \$               | (79) |

## Balance Sheet

The amounts recognized in the Consolidated Balance Sheets consisted of the following:

| As at<br>millions of dollars                         | December 31<br>2025 |                           | December 31<br>2024 |                           |
|--|---------------------|---------------------------|---------------------|---------------------------|
|  | DB pension plans    | Non-pension benefit plans | DB pension plans    | Non-pension benefit plans |
| Other current liabilities                            | \$ (5)              | \$ (17)                   | \$ (5)              | \$ (21)                   |
| Liabilities associated with assets held for sale (1) | (1)                 | (4)                       | -                   | (1)                       |
| Long-term liabilities                                | (77)                | (191)                     | (78)                | (196)                     |
| Other long-term assets                               | 473                 | -                         | 208                 | -                         |
| Assets held for sale (1)                             | (9)                 | 46                        | 1                   | 31                        |
| AOCI, net of tax and regulatory assets               | 125                 | 7                         | 354                 | 22                        |
| Deferred income tax expense in AOCI                  | (12)                | -                         | (8)                 | (1)                       |
| Net amount recognized                                | \$ 494              | \$ (159)                  | \$ 472              | \$ (166)                  |

(1) On August 5, 2024, Emera announced an agreement to sell NMGC. As a result, NMGC's assets and liabilities were classified as held for sale beginning in Q3 2024. For further details on the pending transaction, refer to note 4.

## Amounts Recognized in AOCI and Regulatory Assets

Unamortized gains and losses and past service costs arising on post-retirement benefits are recorded in AOCI or regulatory assets. The following table summarizes the change in AOCI and regulatory assets:

| millions of dollars                | Regulatory assets |      | Actuarial (gains) losses |       | Past service gains |     |
|------------------------------------|-------------------|------|--------------------------|-------|--------------------|-----|
| <b>DB Pension Plans:</b>           |                   |      |                          |       |                    |     |
| Balance, January 1, 2025           | \$                | 363  | \$                       | (17)  | \$                 | -   |
| Amortized in current period        |                   | (9)  |                          | 1     |                    | -   |
| Current year changes               |                   | (51) |                          | (158) |                    | -   |
| Change in FX rate                  |                   | (16) |                          | -     |                    | -   |
| Balance, December 31, 2025         | \$                | 287  | \$                       | (174) | \$                 | -   |
| <b>Non-pension benefits plans:</b> |                   |      |                          |       |                    |     |
| Balance, January 1, 2025           | \$                | 29   | \$                       | (8)   | \$                 | -   |
| Amortized in current period        |                   | -    |                          | 1     |                    | (3) |
| Current year changes               |                   | (3)  |                          | 2     |                    | 1   |
| Change in FX rate                  |                   | (1)  |                          | -     |                    | -   |
| Balance, December 31, 2025         | \$                | 25   | \$                       | (5)   | \$                 | (2) |

| As at<br>millions of dollars           | December 31<br>2025 |                              | December 31<br>2024 |                              |
|--|---------------------|------------------------------|---------------------|------------------------------|
|  | DB pension<br>plans | Non-pension<br>benefit plans | DB pension<br>plans | Non-pension<br>benefit plans |
| Actuarial (gains) losses               | \$ (174)            | (5)                          | \$ (17)             | (8)                          |
| Past service gains                     | -                   | (2)                          | -                   | -                            |
| Deferred income tax expense            | 12                  | -                            | 8                   | 1                            |
| AOCl, net of tax                       | (162)               | (7)                          | (9)                 | (7)                          |
| Regulatory assets                      | 287                 | 14                           | 363                 | 29                           |
| Assets held for sale (1)               | -                   | 11                           | -                   | -                            |
| AOCl, net of tax and regulatory assets | \$ 125              | \$ 18                        | \$ 354              | \$ 22                        |

(1) On August 5, 2024, Emera announced an agreement to sell NMGC. As a result, NMGC's assets and liabilities were classified as held for sale beginning in Q3 2024. For further details on the pending transaction, refer to note 4.

## Benefit Cost Components

Emera's net periodic benefit cost included the following:

| As at<br>millions of dollars   | 2025                |                              | Year ended December 31<br>2024 |                              |
|--------------------------------|---------------------|------------------------------|--------------------------------|------------------------------|
|                                | DB pension<br>plans | Non-pension<br>benefit plans | DB pension<br>plans            | Non-pension<br>benefit plans |
| Service cost                   | \$ 35               | \$ 3                         | \$ 35                          | \$ 3                         |
| Interest cost                  | 114                 | 12                           | 110                            | 12                           |
| Expected return on plan assets | (164)               | (2)                          | (160)                          | (2)                          |
| Current year amortization of:  |                     |                              |                                |                              |
| Actuarial losses (gains)       | (1)                 | (1)                          | 3                              | (2)                          |
| Past service gains             | -                   | 3                            | -                              | (2)                          |
| Regulatory assets              | 9                   | -                            | 9                              | (2)                          |
| Settlement, curtailments       | -                   | -                            | -                              | 1                            |
| Total                          | \$ (7)              | \$ 15                        | \$ (3)                         | \$ 8                         |

The expected return on plan assets is determined based on the market-related value of plan assets of \$2,686 million as at January 1, 2025 (2024 – \$2,571 million), adjusted for interest on certain cash flows during the year. The market-related value of assets is based on a smoothed asset value. Any investment gains (or losses) in excess of (or less than) the expected return on plan assets are recognized on a straight-line basis into the market-related value of assets over a multi-year period.

## Pension Plan Asset Allocations

Emera's investment policy includes discussion regarding the investment philosophy, the level of risk which the Company is prepared to accept with respect to the investment of the Pension Funds, and the basis for measuring the performance of the assets. Central to the policy is the target asset allocation by major asset categories. The objective of the target asset allocation is to diversify risk and to achieve asset returns that meet or exceed the plan's actuarial assumptions. The diversification of assets reduces the inherent risk in financial markets by requiring that assets be spread out amongst various asset classes. Further, within each asset class, a diversification is undertaken through the investment in a broad range of investment and non-investment grade securities. Emera's target asset allocation is as follows:

| Asset Class                        | Target Range at Market |    |     |
|------------------------------------|------------------------|----|-----|
| <i>Canadian Pension Plans:</i>     |                        |    |     |
| Short-term securities              | 0%                     | to | 10% |
| Fixed income                       | 34%                    | to | 49% |
| Equities:                          |                        |    |     |
| Canadian                           | 5%                     | to | 15% |
| Non-Canadian                       | 37%                    | to | 61% |
| <i>Non-Canadian Pension Plans:</i> |                        |    |     |
| Cash and cash equivalents          | 0%                     | to | 10% |
| Fixed income                       | 29%                    | to | 49% |
| Equities                           | 48%                    | to | 68% |

Pension plan assets are overseen by the respective management pension committees in the sponsoring companies. All pension investments are in accordance with policies approved by the respective Board of Directors of each sponsoring company.

The following tables set out the classification of the methodology used by the Company to FV its investments (for more information on the FV hierarchy and measurement, refer to note 17):

| millions of dollars                          | NAV               |              | Level 1   |            | Level 2   |            | Total     | Percentage   |              |
|--|-------------------|--------------|-----------|------------|-----------|------------|-----------|--------------|--------------|
| As at  | December 31, 2025 |              |           |            |           |            |           |              |              |
| Cash and cash equivalents                    | \$                | -            | \$        | 76         | \$        | -          | \$        | 76           | 3 %          |
| Net in-transits                              |                   | -            |           | (27)       |           | -          |           | (27)         | (1)%         |
| <i>Equity securities:</i>                    |                   |              |           |            |           |            |           |              |              |
| Canadian                                     |                   | -            |           | 117        |           | -          |           | 117          | 4 %          |
| United States                                |                   | -            |           | 262        |           | -          |           | 262          | 10 %         |
| Other  |                   | -            |           | 146        |           | -          |           | 146          | 5 %          |
| <i>Fixed income securities:</i>              |                   |              |           |            |           |            |           |              |              |
| Government                                   |                   | -            |           | -          |           | 110        |           | 110          | 4 %          |
| Corporate                                    |                   | -            |           | -          |           | 68         |           | 68           | 3 %          |
| Other  |                   | -            |           | -          |           | 13         |           | 13           | - %          |
| Mutual funds                                 |                   | -            |           | 5          |           | -          |           | 5            | - %          |
| Open-ended investments measured at NAV (1)   |                   | 1,335        |           | -          |           | -          |           | 1,335        | 50 %         |
| Common collective trusts measured at NAV (2) |                   | 570          |           | -          |           | -          |           | 570          | 22 %         |
| <b>Total</b>                                 | <b>\$</b>         | <b>1,905</b> | <b>\$</b> | <b>579</b> | <b>\$</b> | <b>191</b> | <b>\$</b> | <b>2,675</b> | <b>100 %</b> |

| As at  | December 31, 2024 |              |           |            |           |            |           |              |              |
|--|-------------------|--------------|-----------|------------|-----------|------------|-----------|--------------|--------------|
| Cash and cash equivalents                    | \$                | -            | \$        | 39         | \$        | -          | \$        | 39           | 2 %          |
| Net in-transits                              |                   | -            |           | (27)       |           | -          |           | (27)         | (1)%         |
| <i>Equity securities:</i>                    |                   |              |           |            |           |            |           |              |              |
| Canadian                                     |                   | -            |           | 109        |           | -          |           | 109          | 4 %          |
| United States                                |                   | -            |           | 312        |           | -          |           | 312          | 12 %         |
| Other  |                   | -            |           | 140        |           | -          |           | 140          | 5 %          |
| <i>Fixed income securities:</i>              |                   |              |           |            |           |            |           |              |              |
| Government                                   |                   | -            |           | -          |           | 132        |           | 132          | 5 %          |
| Corporate                                    |                   | -            |           | -          |           | 92         |           | 92           | 4 %          |
| Other  |                   | -            |           | -          |           | 22         |           | 22           | 1 %          |
| Mutual funds                                 |                   | -            |           | 13         |           | -          |           | 13           | 1 %          |
| Open-ended investments measured at NAV (1)   |                   | 1,142        |           | -          |           | -          |           | 1,142        | 46 %         |
| Common collective trusts measured at NAV (2) |                   | 519          |           | -          |           | -          |           | 519          | 21 %         |
| <b>Total</b>                                 | <b>\$</b>         | <b>1,661</b> | <b>\$</b> | <b>586</b> | <b>\$</b> | <b>246</b> | <b>\$</b> | <b>2,493</b> | <b>100 %</b> |

(1) Net asset value ("NAV") investments are open-ended registered and non-registered mutual funds, collective investment trusts, or pooled funds. NAV's are calculated at least monthly and the funds honour subscription and redemption activity regularly.

(2) The common collective trusts are private funds valued at NAV. The NAVs are calculated based on bid prices of the underlying securities. Since the prices are not published to external sources, NAV is used as a practical expedient. Certain funds invest primarily in equity securities of domestic and foreign issuers while others invest in long duration U.S. investment grade fixed income assets and seeks to increase return through active management of interest rate and credit risks. The funds honour subscription and redemption activity regularly.

## Non-Pension Benefit Plans

There are no assets set aside to pay for most of the Company's non-pension benefit plans. As is common practice, post-retirement health benefits are paid from general accounts as required. The exception to this is the NMGC Retiree Medical Plan, which is fully funded.

## Investments in Emera

As at December 31, 2025 and 2024, assets related to the pension funds and post-retirement benefit plans did not hold any material investments in Emera or its subsidiaries securities. However, as a significant portion of assets for the benefit plan are held in pooled assets, there may be indirect investments in these securities.

## Cash Flows

The following table shows expected cash flows for DB pension and other post-retirement benefit plans:

| millions of dollars                    | DB pension<br>plans | Non-pension<br>benefit plans |
|--|---------------------|------------------------------|
| <b>Expected employer contributions</b> |                     |                              |
| 2026                                   | \$ 34               | \$ 17                        |
| <b>Expected benefit payments</b>       |                     |                              |
| 2026                                   | 170                 | 19                           |
| 2027                                   | 174                 | 19                           |
| 2028                                   | 174                 | 20                           |
| 2029                                   | 176                 | 20                           |
| 2030                                   | 173                 | 20                           |
| 2031 – 2035                            | 899                 | 109                          |

## Assumptions

The following table shows the assumptions that have been used in accounting for DB pension and other post-retirement benefit plans:

|  | 2025                |                              | 2024                |                              |
|--|---------------------|------------------------------|---------------------|------------------------------|
| (weighted average assumptions)                 | DB pension<br>plans | Non-pension<br>benefit plans | DB pension<br>plans | Non-pension<br>benefit plans |
| <b>Benefit obligation – December 31</b>        |                     |                              |                     |                              |
| Discount rate - past service                   | 5.11 %              | 4.87 %                       | 5.07 %              | 4.91 %                       |
| Discount rate - future service                 | 5.21 %              | 5.08 %                       | 5.12 %              | 5.00 %                       |
| Rate of compensation increase                  | 3.73 %              | 3.82 %                       | 3.73 %              | 3.72 %                       |
| Health care trend - initial (next year)        | -                   | 6.73 %                       | -                   | 6.53 %                       |
| - ultimate                                     | -                   | 3.77 %                       | -                   | 3.77 %                       |
| - year ultimate reached                        |                     | 2045                         |                     | 2044                         |
| <b>Benefit cost for year ended December 31</b> |                     |                              |                     |                              |
| Discount rate - past service                   | 5.07 %              | 4.91 %                       | 4.89 %              | 4.89 %                       |
| Discount rate - future service                 | 5.12 %              | 5.00 %                       | 4.88 %              | 4.89 %                       |
| Expected long-term return on plan assets       | 6.42 %              | 3.65 %                       | 6.43 %              | 3.69 %                       |
| Rate of compensation increase                  | 3.73 %              | 3.72 %                       | 3.87 %              | 3.85 %                       |
| Health care trend - initial (current year)     | -                   | 6.53 %                       | -                   | 6.04 %                       |
| - ultimate                                     | -                   | 3.77 %                       | -                   | 3.76 %                       |
| - year ultimate reached                        |                     | 2044                         |                     | 2043                         |

Actual assumptions used differ by plan.

The expected long-term rate of return on plan assets is based on historical and projected real rates of return for the plan's current asset allocation, and assumed inflation. A real rate of return is determined for each asset class. Based on the asset allocation, an overall expected real rate of return for all assets is determined. The asset return assumption is equal to the overall real rate of return assumption added to the inflation assumption, adjusted for assumed expenses to be paid from the plan.

The discount rate is based on high-quality long-term corporate bonds, with maturities matching the estimated cash flows from the pension plan.

## DC Pension Plan

Emera also provides a DC pension plan for certain employees. The Company's contribution for the year ended December 31, 2025 was \$53 million (2024 – \$51 million).

## 23. GOODWILL

The change in goodwill for the year ended December 31 was due to the following:

| millions of dollars                    | 2025     | 2024     |
|--|----------|----------|
| Balance, January 1                     | \$ 5,858 | \$ 5,871 |
| Change in FX rate                      | (278)    | 504      |
| Impairment charges                     | -        | (214)    |
| Classified as assets held for sale (1) | -        | (303)    |
| Balance, December 31                   | \$ 5,580 | \$ 5,858 |

(1) On August 5, 2024, Emera announced an agreement to sell NMGC. As a result, NMGC's assets and liabilities were classified as held for sale beginning in Q3 2024. For further details on the pending transaction, refer to note 4.

Goodwill is subject to an annual assessment for impairment at the reporting unit level. The goodwill on Emera's Consolidated Balance Sheets at December 31, 2025, related to the TEC and PGS reporting units.

In Q4 2025, qualitative assessments were performed for PGS and TEC given the significant excess of FV over carrying amounts calculated during the last quantitative tests in Q4 2024 and Q4 2023, respectively. Management concluded it was more likely than not that the FV of these reporting units exceeded their carrying amounts, including goodwill. As such, no quantitative testing was required.

In Q3 2024, Emera announced an agreement to sell NMGC. As a result, a quantitative goodwill impairment assessment was performed on the NMGC reporting unit at that time and the Company recorded a goodwill impairment charge of \$210 million, pre-tax, in Q3 2024. The reduced NMGC goodwill balance is included in the NMGC disposal unit classified as held for sale. For further details, refer to note 4.

## 24. SHORT-TERM DEBT

Emera's short-term borrowings consist of commercial paper issuances, advances on revolving and non-revolving credit facilities and short-term notes. Short-term debt and the related weighted-average interest rates as at December 31 consisted of the following:

| millions of dollars   | 2025     | Weighted average interest rate | 2024     | Weighted average interest rate |
|---|----------|--------------------------------|----------|--------------------------------|
| <b>Florida Electric Utility</b>                                 |          |                                |          |                                |
| Advances on revolving credit facilities                         | \$ 1,059 | 4.01 %                         | \$ 915   | 4.77 %                         |
| <b>Canadian Electric Utilities</b>                              |          |                                |          |                                |
| Advances on non-revolving credit facilities                     | 500      | 3.35 %                         | -        | - %                            |
| Bank indebtedness   | 42       | - %                            | -        | - %                            |
| <b>Gas Utilities and Infrastructure</b>                         |          |                                |          |                                |
| PGS – Advances on revolving credit facilities                   | 199      | 4.63 %                         | 199      | 5.36 %                         |
| NMGC – Advances on revolving credit facilities                  | 20       | 4.77 %                         | 46       | 5.52 %                         |
| NMGC – Advances on non-revolving term facilities                | 96       | 4.63 %                         | -        | - %                            |
| <b>Other Electric Utilities</b>                                 |          |                                |          |                                |
| GBPC – Advances on revolving credit facilities                  | -        | - %                            | 19       | 7.20 %                         |
| <b>Other</b>  |          |                                |          |                                |
| TECO Finance – Advances on revolving credit and term facilities | 7        | 5.21 %                         | 265      | 5.53 %                         |
| Emera – Bank indebtedness                                       | -        | - %                            | 2        | - %                            |
|   | \$ 1,923 |                                | \$ 1,446 |                                |
| <b>Adjustment</b>   |          |                                |          |                                |
| Classification as liabilities held for sale (1)                 | (116)    |                                | (46)     |                                |
| <b>Short-term debt</b>  | \$ 1,807 |                                | \$ 1,400 |                                |

(1) On August 5, 2024, Emera announced an agreement to sell NMGC. As a result, NMGC's assets and liabilities were classified as held for sale beginning in Q3 2024. For further details on the pending transaction, refer to note 4.

The Company's total short-term unsecured revolving and non-revolving credit facilities, outstanding borrowings and available capacity as at December 31 were as follows:

| millions of dollars                                   | Maturity | 2025            | 2024            |
|---|----------|-----------------|-----------------|
| TEC – committed revolving credit facility             | 2030     | \$ 1,645        | \$ 1,151        |
| TECO Finance – committed revolving credit facility    | 2030     | 548             | 576             |
| NSPI – non-revolving credit facility                  | 2026     | 500             | -               |
| PGS – revolving credit facility                       | 2030     | 343             | 360             |
| NMGC – revolving credit facility (1)                  | 2027     | 171             | 180             |
| NMGC – non-revolving term facility (1)                | 2026     | 96              | -               |
| Other – committed revolving credit facilities         | Various  | 29              | 35              |
| <b>Total</b>  |          | <b>\$ 3,332</b> | <b>\$ 2,302</b> |
| Less:   |          |                 |                 |
| Advances under revolving credit and term facilities   |          | 1,881           | 1,400           |
| Letters of credit issued within the credit facilities |          | 3               | 4               |
| <b>Total advances under available facilities</b>      |          | <b>1,884</b>    | <b>1,404</b>    |
| <b>Available capacity under existing agreements</b>   |          | <b>\$ 1,448</b> | <b>\$ 898</b>   |

(1) On August 5, 2024, Emera announced an agreement to sell NMGC. As a result, NMGC's assets and liabilities were classified as held for sale beginning in Q3 2024. For further details on the pending transaction, refer to note 4.

The weighted average interest rate on outstanding short-term debt at December 31, 2025 was 4.24 per cent (2024 – 5.05 per cent).

## Recent Significant Financing Activity by Segment

### Florida Electric Utilities

On November 20, 2025, TEC amended and restated its \$800 million USD committed revolving credit facility to extend the maturity date from December 1, 2028, to November 20, 2030 and increased the amount to \$1.2 billion USD. There were no other material changes in commercial terms from the prior agreement.

### Canadian Electric Utilities

On May 21, 2025, NSPI entered into a \$500 million non-revolving facility which matures on May 21, 2026. The credit agreement contains customary representations and warranties, events of default and financial and other covenants. The non-revolving facility's interest rates are referenced to the Term CORRA or prime rate, plus a margin.

### Gas Utilities and Infrastructure

On November 20, 2025, PGS amended and restated its \$250 million USD unsecured committed revolving credit facility to extend the maturity date from December 1, 2028, to November 20, 2030. There were no other changes in commercial terms from the prior agreement.

On October 23, 2025, NMGC entered into a \$70 million USD, 364-day term loan agreement which matures on October 22, 2026. The credit agreement contains customary representations and warranties, events of default and financial and other covenants. The non-revolving facility's interest rates are referenced to the Term SOFR plus a margin.

On September 19, 2025, NMGC amended its \$125 million USD unsecured committed revolving credit facility to extend the maturity date from December 17, 2026, to December 17, 2027. There were no other changes in commercial terms from the prior agreement.

### Other

On November 20, 2025, TECO Finance amended and restated its \$400 million USD unsecured committed revolving credit facility to extend the maturity date from December 1, 2028, to November 20, 2030. There were no other changes in commercial terms from the prior agreement.

## 25. OTHER CURRENT LIABILITIES

| As at<br>millions of dollars                      | December 31<br>2025 | December 31<br>2024 |
|---|---------------------|---------------------|
| Accrued charges                                   | \$ 229              | \$ 189              |
| Accrued interest on long-term debt                | 137                 | 106                 |
| Pension and post-retirement liabilities (note 22) | 22                  | 26                  |
| Sales and other taxes payable                     | 16                  | 11                  |
| Income tax payable                                | 3                   | 4                   |
| Other   | 128                 | 153                 |
|   | <b>\$ 535</b>       | <b>\$ 489</b>       |

## 26. LONG-TERM DEBT

Bonds, notes and debentures are at fixed interest rates and are unsecured unless noted below. Included are certain bankers' acceptances and commercial paper where the Company has the intention and the unencumbered ability to refinance the obligations for a period greater than one year.

Long-term debt as at December 31 consisted of the following:

| millions of dollars                             | Weighted average interest<br>rate (1) |          | Maturity    | 2025              | 2024              |
|---|---------------------------------------|----------|-------------|-------------------|-------------------|
|   | 2025                                  | 2024     |             |                   |                   |
| <b>Florida Electric Utility</b>                 |                                       |          |             |                   |                   |
| Senior unsecured notes                          | 4.46%                                 | 4.36%    | 2029 - 2051 | \$ 6,271          | \$ 5,720          |
| <b>Canadian Electric Utilities</b>              |                                       |          |             |                   |                   |
| NSPI – Commercial paper (2)                     | Variable                              | Variable | 2029        | \$ 559            | \$ 177            |
| NSPI – Senior unsecured notes                   | 4.98%                                 | 5.12%    | 2026 - 2097 | 3,114             | 3,184             |
|   |                                       |          |             | <b>\$ 3,673</b>   | <b>\$ 3,361</b>   |
| <b>Gas Utilities and Infrastructure</b>         |                                       |          |             |                   |                   |
| PGS – Senior unsecured notes                    | 5.63%                                 | 5.63%    | 2028 - 2053 | \$ 1,268          | \$ 1,331          |
| NMGC – Senior unsecured notes                   | 3.78%                                 | 3.78%    | 2026 - 2051 | 665               | 698               |
| EBP – Secured loan notes                        | Variable                              | Variable | 2028        | 219               | 250               |
|   |                                       |          |             | <b>\$ 2,152</b>   | <b>\$ 2,279</b>   |
| <b>Other Electric Utilities</b>                 |                                       |          |             |                   |                   |
| Unsecured loan notes                            | 4.08%                                 | 4.06%    | 2026 - 2032 | \$ 142            | \$ 143            |
| Unsecured loan notes                            | Variable                              | Variable | 2027 - 2028 | 113               | 104               |
| Secured senior notes and debentures (3)         | 2.19%                                 | 2.38%    | 2026 - 2040 | 171               | 169               |
|   |                                       |          |             | <b>\$ 426</b>     | <b>\$ 416</b>     |
| <b>Other</b>                                    |                                       |          |             |                   |                   |
| Unsecured loan notes                            | Variable                              | Variable | 2026 - 2029 | \$ 723            | \$ 992            |
| Senior unsecured notes                          | 3.99%                                 | 3.99%    | 2026 - 2046 | 3,358             | 3,525             |
| Senior unsecured notes                          | 4.84%                                 | 4.84%    | 2030        | 500               | 500               |
| Fixed to floating subordinated notes (4)        | 6.75%                                 | 6.75%    | 2076        | 1,645             | 1,727             |
| Junior subordinated notes                       | 6.80%                                 | 7.63%    | 2054 - 2056 | 1,713             | 720               |
|   |                                       |          |             | <b>\$ 7,939</b>   | <b>\$ 7,464</b>   |
| <b>Adjustments</b>                              |                                       |          |             |                   |                   |
| Debt issuance costs                             |                                       |          |             | \$ (144)          | \$ (137)          |
| Classification as liabilities held for sale (5) |                                       |          |             | (663)             | (696)             |
| Amount due within one year (6)                  |                                       |          |             | (1,201)           | (234)             |
|   |                                       |          |             | <b>\$ (2,008)</b> | <b>\$ (1,067)</b> |
| <b>Long-Term Debt</b>                           |                                       |          |             | <b>\$ 18,453</b>  | <b>\$ 18,173</b>  |

(1) Weighted average interest rate of fixed rate long-term debt.

(2) Discount notes are backed by a revolving credit facility which matures in 2029.

(3) Notes are issued and payable in either USD or BBD.

(4) In 2025, the Company recognized \$113 million in interest expense (2024 – \$110 million) related to its fixed to floating subordinated notes.

(5) On August 5, 2024, Emera announced an agreement to sell NMGC. Since Q3 2024, NMGC's liabilities were classified as held for sale. For further details on the pending transaction, refer to note 4.

(6) Excludes NMGC amounts which are classified as current liabilities associated with assets held for sale.

The Company's total long-term revolving and non-revolving credit facilities, outstanding borrowings and available capacity as at December 31 were as follows:

| millions of dollars                                 | Maturity      | 2025            | 2024            |
|---|---------------|-----------------|-----------------|
| Emera – committed revolving credit facility (1)     | June 2029     | \$ 1,300        | \$ 1,300        |
| NSPI – revolving credit facility (1)                | June 2029     | 800             | 800             |
| Emera – Unsecured non-revolving credit facility     | February 2027 | 200             | 200             |
| <b>Total</b>  |               | <b>\$ 2,300</b> | <b>\$ 2,300</b> |
| Less:   |               |                 |                 |
| Borrowings under credit facilities                  |               | 1,284           | 1,169           |
| Letters of credit issued inside credit facilities   |               | 17              | 12              |
| <b>Use of available facilities</b>                  |               | <b>\$ 1,301</b> | <b>\$ 1,181</b> |
| <b>Available capacity under existing agreements</b> |               | <b>\$ 999</b>   | <b>\$ 1,119</b> |

(1) Advances on the revolving credit facility can be made by way of overdraft on accounts up to \$50 million.

## Debt Covenants

Emera and its subsidiaries have debt covenants associated with their credit facilities. Covenants are tested regularly and the Company is in compliance with covenant requirements. Emera's significant covenants are listed below:

|                              | Financial Covenant    | Requirement                     | As at<br>December 31, 2025 |
|------------------------------|-----------------------|---------------------------------|----------------------------|
| <b>Emera</b>                 |                       |                                 |                            |
| Syndicated credit facilities | Debt to capital ratio | Less than or equal to 0.70 to 1 | 0.53 : 1                   |

## Recent Significant Financing Activity by Segment

### Florida Electric Utility

On March 6, 2025, TEC issued \$600 million USD of senior unsecured notes that bear interest at 5.15 per cent with a maturity date of March 1, 2035.

### Other

On February 20, 2026, Emera amended its \$200 million unsecured non-revolving facility to extend the maturity date from February 20, 2026 to February 19, 2027. There were no other material changes to the terms from the prior agreement.

On September 25, 2025, EUSHI Finance, EUSHI, and Emera filed a shelf registration statement on Form F-10 and Form F-3 ("Registration Statement"), with the Nova Scotia Securities Commission ("NSSC") and the US Securities and Exchange Commission ("SEC") under the US/Canada Multijurisdictional Disclosure System. The Registration Statement was filed in connection with the prospective offer and issue by EUSHI Finance of one or more series of senior and/or subordinated unsecured debt securities ("Debt Securities"), in an aggregate principal amount of up to \$3 billion USD, during the 25-month period that the short form base shelf prospectus contained in the Registration Statement ("Base Shelf Prospectus"), including any further amendments thereto, remains valid. The Debt Securities may be offered in one or more transactions, at prices, with maturities and on terms to be set forth in one or more prospectus supplements to be filed with the NSSC and the SEC at the time of any such offering.

On October 3, 2025, EUSHI Finance completed an issuance of \$750 million USD fixed-to-fixed reset rate junior subordinated notes, pursuant to the prospectus supplement dated September 29, 2025, to the Base Shelf Prospectus. The notes initially bear interest at a rate of 6.25 per cent, and will reset on April 1, 2031, and every five years thereafter, to a rate per annum equal to the five-year US treasury rate plus 2.509 per cent, subject to an interest rate floor of 6.25 per cent. The notes mature on April 1, 2056. EUSHI Finance, at its option, may redeem the notes, in whole or in part, 90 days prior to the first interest reset date, and any semi-annual interest payment date thereafter, at a redemption price equal to the principal amount, plus accrued and unpaid interest on the notes to be redeemed, in accordance with the terms of the prospectus supplement; and otherwise, at the times and the redemption prices described in the prospectus supplement. The notes are fully and unconditionally guaranteed, on a joint, several and subordinated basis, by Emera, and EUSHI.

On February 20, 2025, Emera amended its \$200 million unsecured non-revolving facility to extend the maturity date from February 20, 2025 to February 20, 2026. There were no other material changes to the terms from the prior agreement.

## Long-Term Debt Maturities

As at December 31, 2025, long-term debt maturities, including capital lease obligations, for each of the next five years and in aggregate thereafter are as follows:

| millions of dollars                  | 2026            | 2027          | 2028          | 2029            | 2030          | Thereafter       | Total            |
|--------------------------------------|-----------------|---------------|---------------|-----------------|---------------|------------------|------------------|
| Florida Electric Utility             | \$ -            | \$ -          | \$ -          | \$ 685          | \$ -          | \$ 5,586         | \$ 6,271         |
| Canadian Electric Utilities          | 40              | -             | -             | 599             | -             | 3,034            | 3,673            |
| Gas Utilities and Infrastructure (1) | 127             | 31            | 637           | -               | -             | 1,357            | 2,152            |
| Other Electric Utilities             | 102             | 90            | 126           | 18              | 54            | 36               | 426              |
| Other                                | 1,028           | 200           | -             | 522             | 500           | 5,689            | 7,939            |
| <b>Total</b>                         | <b>\$ 1,297</b> | <b>\$ 321</b> | <b>\$ 763</b> | <b>\$ 1,824</b> | <b>\$ 554</b> | <b>\$ 15,702</b> | <b>\$ 20,461</b> |

(1) Includes NMGC maturities classified as held for sale.

## 27. ASSET RETIREMENT OBLIGATIONS

AROs mostly relate to reclamation of land at the thermal, hydro and combustion turbine sites; and the disposal of polychlorinated biphenyls in transmission and distribution equipment and a pipeline site. Certain hydro, transmission and distribution assets may have additional AROs that cannot be measured as these assets are expected to be used for an indefinite period and, as a result, a reasonable estimate of the FV of any related ARO cannot be made.

The change in ARO for the years ended December 31 is as follows:

| millions of dollars                        | 2025          | 2024          |
|--|---------------|---------------|
| Balance, January 1                         | \$ 217        | \$ 192        |
| Accretion included in depreciation expense | 11            | 10            |
| Additions                                  | 5             | 11            |
| Revisions in estimated cash flows          | -             | 2             |
| Classified as assets held for sale (1)     | (1)           | (1)           |
| Liabilities settled                        | (2)           | (2)           |
| Change in FX rate                          | (2)           | 5             |
| <b>Balance, December 31</b>                | <b>\$ 228</b> | <b>\$ 217</b> |

(1) On August 5, 2024, Emera announced an agreement to sell NMGC. As a result, NMGC's assets and liabilities were classified as held for sale beginning in Q3 2024. For further details on the pending transaction, refer to note 4.

## 28. COMMITMENTS AND CONTINGENCIES

### A. Commitments

As at December 31, 2025, contractual commitments (excluding pensions and other post-retirement obligations, long-term debt and asset retirement obligations) for each of the next five years and in aggregate thereafter consisted of the following:

| millions of dollars              | 2026     | 2027     | 2028     | 2029     | 2030   | Thereafter | Total     |
|----------------------------------|----------|----------|----------|----------|--------|------------|-----------|
| Purchased power (1)              | \$ 413   | \$ 422   | \$ 411   | \$ 459   | \$ 451 | \$ 5,941   | \$ 8,097  |
| Transportation (2) (3)           | 780      | 588      | 478      | 413      | 370    | 2,954      | 5,583     |
| Fuel, gas supply and storage (4) | 674      | 239      | 159      | 156      | 38     | 59         | 1,325     |
| Capital projects                 | 288      | 68       | 32       | 6        | 1      | -          | 395       |
| Other                            | 144      | 69       | 53       | 49       | 42     | 294        | 651       |
|                                  | \$ 2,299 | \$ 1,386 | \$ 1,133 | \$ 1,083 | \$ 902 | \$ 9,248   | \$ 16,051 |

As detailed below, contractual obligations at December 31, 2025 includes those related to NMGC. On completion of the sale of NMGC, all remaining future contractual obligations will be transferred to the buyer. For further details on the pending transaction, refer to note 4.

(1) Annual requirement to purchase electricity production from IPPs or other utilities over varying contract lengths.

(2) Includes \$61 million related to NMGC (2026: \$23 million, 2027: \$15 million, 2028: \$12 million, 2029: \$3 million, 2030: \$3 million, thereafter: \$5 million).

(3) Purchasing commitments for transportation of fuel and transportation capacity on various pipelines. Includes a commitment of \$121 million related to a gas transportation contract between PGS and SeaCoast through 2040.

(4) Includes \$101 million related to NMGC (2026: \$86 million, 2027: \$12 million, 2028: \$3 million).

NSPI has a contractual obligation to pay NSPML for use of the Maritime Link over approximately 38 years from its January 15, 2018 in-service date. On December 23, 2025, NSPML received an interim order from the NSEB to collect up to \$199 million from NSPI for the recovery of costs associated with the Maritime Link in 2026, subject to a monthly holdback of up to \$4 million. The timing and amounts payable to NSPML for the remainder of the 38-year commitment period are subject to NSEB approval.

Emera has committed to obtain certain transmission rights in New Brunswick during summer periods (April through October, inclusive) for NLH's use, if requested, effective August 15, 2021 and continuing for 50 years. As transmission rights are contracted, the obligations are included within "Other" in the above table.

### B. Legal Proceedings

#### Superfund and Former Manufactured Gas Plant Sites

Previously, TEC had been a potentially responsible party ("PRP") for certain superfund sites through its Tampa Electric and former PGS divisions, as well as for certain former manufactured gas plant sites through its PGS division. As a result of the separation of the PGS division into a separate legal entity, Peoples Gas System, Inc. is also now a PRP for those sites (in addition to third party PRPs for certain sites). While the aggregate joint and several liability associated with these sites has not changed as a result of the PGS legal separation, the sites continue to present the potential for significant response costs. As at December 31, 2025, the aggregate financial liability of the Florida utilities is estimated to be \$15 million (\$11 million USD), primarily at PGS. This estimate assumes that other involved PRPs are credit-worthy entities. This amount has been accrued and is primarily reflected in the long-term liability section under "Other long-term liabilities" on the Consolidated Balance Sheets. The environmental remediation costs associated with these sites are expected to be paid over many years.

The estimated amounts represent only the portion of the cleanup costs attributable to the Florida utilities. The estimates to perform the work are based on the Florida utilities' experience with similar work, adjusted for site-specific conditions and agreements with the respective governmental agencies. The estimates are made in current dollars, are not discounted and do not assume any insurance recoveries.

In instances where other PRPs are involved, most of those PRPs are believed to be currently credit-worthy and are likely to continue to be credit-worthy for the duration of the remediation work. However, in those instances that they are not, the Florida utilities could be liable for more than their actual percentage of the remediation costs. Other factors that could impact these estimates include additional testing and investigation which could expand the scope of the cleanup activities, additional liability that might arise from the cleanup activities themselves or changes in laws or regulations that could require additional remediation. Under current regulations, these costs are recoverable through customer rates established in base rate proceedings.

### **Other Legal Proceedings**

Emera and its subsidiaries may, from time to time, be involved in other legal proceedings, claims and litigation that arise in the ordinary course of business which the Company believes would not reasonably be expected to have a material adverse effect on the financial condition of the Company.

## **C. Principal Financial Risks and Uncertainties**

Emera believes the following principal financial risks could have a material adverse effect on Emera or its subsidiaries, or their business operations, liquidity or access to or cost of capital, financial position, prospects, reputation, and/or results of operations (herein considered a "Material Adverse Effect"). Risks associated with derivative instruments and FV measurements are discussed in note 16 and note 17.

Sound risk management is an essential discipline for running the business efficiently and pursuing the Company's strategy successfully. Emera has an enterprise-wide risk management process, overseen by its Enterprise Risk Management Committee ("ERMC") and monitored by the Board of Directors, to ensure risks are appropriately identified, assessed, monitored and subject to appropriate controls. The Board of Directors has a Safety and Risk Committee ("SRC") to assist in carrying out its risk and sustainability oversight responsibilities. The SRC's mandate includes oversight of the Company's Enterprise Risk Management framework, including the identification, assessment, monitoring and management of enterprise risks.

### **Regulatory and Political Risk**

The Company's rate-regulated utilities and certain investments are subject to complex legislative and regulatory frameworks that cover material aspects of their businesses. These frameworks influence key factors such as rates and cost structures, revenue requirements, allowed ROEs, capital structures, rate base and capital investments, and the recovery of purchased electricity and fuel costs and other costs. Regulators also review the prudence of costs and make other decisions that can impact customer rates and the reliability of service. Emera's rate-regulated utilities must obtain regulatory approvals for material aspects of their businesses, including changing or adding rates and/or riders. Such approvals often require public hearing proceedings involving numerous stakeholders, and there is no assurance in the outcomes or impact of any regulatory process or decision.

If Emera's rate-regulated utilities are unable to recover a material amount of costs in a timely manner, are unable to earn a return on invested capital, are disallowed the recovery of certain costs, are subject to regulatory penalties, are not permitted to make certain capital investments, or are not permitted to invest in or divest certain utility assets, it could result in a Material Adverse Effect, including valuation impairments. Regulatory lag, the time between the incurrence of costs and the granting of the rates to recover those costs by regulators, may also result in a Material Adverse Effect.

Aspects of the acquisition, ownership, operations, siting, planning, construction, and decommissioning of electric generation, storage, transmission and distribution facilities and natural gas transportation and distribution systems are also subject to regulatory processes and approvals of regulators, government departments and agencies, and other third parties. The failure to obtain, maintain, and renew such approvals or significant changes in the terms and conditions thereof could have a Material Adverse Effect.

The regulatory framework, process and regulatory decisions may also be adversely affected by changes in government, shifts in government or public policy, legislative changes, regulatory decisions, geopolitical changes, changes in the economic environment, or other factors. Government interference in the regulatory process or regulatory decisions can undermine regulatory stability, predictability, and independence. Any such changes could have a Material Adverse Effect.

### **Foreign Exchange Risk**

The Company is exposed to foreign currency exchange rate changes. Emera operates internationally, with a significant amount of the Company's net income earned outside of Canada. As such, Emera is exposed to movements in exchange rates between the CAD and, particularly, the USD, which could positively or adversely affect results.

Emera manages currency risks through matching US denominated debt to finance its US operations and may use foreign currency derivative instruments to hedge specific transactions and earnings exposure. The Company may enter FX forward and swap contracts to limit exposure on certain foreign currency transactions such as fuel purchases, revenue streams and capital expenditures, and on net income earned outside of Canada. The regulatory framework for the Company's rate-regulated utilities permits the recovery of prudently incurred costs, including FX.

The Company does not utilize derivative financial instruments for foreign currency trading or speculative purposes or to hedge the value of its investments in foreign subsidiaries. Exchange gains and losses on net investments in foreign subsidiaries do not impact net income as they are reported in AOCI.

### **Liquidity and Capital Markets Risk**

Liquidity risk relates to Emera's ability to ensure sufficient funds are available to meet its financial obligations. Emera's access to capital and cost of borrowing is subject to several risk factors, including financial market conditions, market disruptions and ratings assigned by various market analysts, including credit rating agencies. Disruptions in capital markets could prevent Emera from issuing new securities or cause the Company to issue securities with less than preferred terms and conditions. Emera's growth plan requires significant capital investments and the risk associated with changes in interest rates could have an adverse effect on the cost of financing. The Company's future access to capital and cost of borrowing may be impacted by various market disruptions. The inability to access cost-effective capital could have a Material Adverse Effect on Emera's ability to fund its growth plan.

Emera is subject to financial risk associated with changes in its credit ratings. There are a number of factors that rating agencies evaluate to determine credit ratings, including the Company's business, its regulatory framework and legislative environment, political interference in the regulatory process, the ability to recover costs and earn returns, diversification, leverage, liquidity and increased exposure to impacts related to changes in climate, including increased frequency and severity of hurricanes and other severe weather events. A decrease in a credit rating could result in higher interest rates in future financings, increased borrowing costs under certain existing credit facilities, limit access to the commercial paper market, or limit the availability of adequate credit support for subsidiary operations. For certain derivative instruments, if the credit ratings of the Company were reduced below investment grade, the full value of the net liability of these positions could be required to be posted as collateral.

The Company has exposure to its own common share price through the issuance of various forms of stock-based compensation, which affect earnings through revaluation of the outstanding units every period. The Company uses equity derivatives to reduce the earnings volatility derived from stock-based compensation.

## **General Economic Risk**

The Company has exposure to the macro-economic conditions in North America and in other geographic regions in which Emera operates. Like most utilities, economic factors such as consumer income, employment and housing affect demand for electricity and natural gas and, in turn, the Company's financial results. Adverse changes in general economic conditions and inflation may impact the ability of customers to afford rate increases arising from increases to fuel, operating, capital, environmental compliance, and other costs which could result in a Material Adverse Effect. This may also result in higher credit and counterparty risk, adverse shifts in government policy and legislation, and/or increased risk to full and timely recovery of costs and regulatory assets.

### *Interest Rate Risk:*

Emera utilizes a combination of fixed and floating rate debt financing for operations and capital expenditures, resulting in an exposure to interest rate risk.

For Emera's rate-regulated utilities, the cost of debt is a component of rates and prudently incurred debt costs are recovered from customers. Regulatory ROE will generally follow the direction of interest rates, such that regulatory ROEs are likely to fall in times of reducing interest rates and rise in times of increasing interest rates, albeit not directly and generally with a lag period reflecting the regulatory process. Rising interest rates may also negatively affect the economic viability of project development and acquisition initiatives.

Interest rates could also be impacted by changes in credit ratings. For more information, refer to "Liquidity and Capital Markets Risk".

As with most other utilities and other similar yield-returning investments, Emera's share price may be affected by changes in interest rates and could underperform the market in an environment of rising interest rates.

### *Inflation Risk:*

The Company may be exposed to changes in inflation that may result in increased operating and maintenance costs, capital investment, and fuel costs compared to the revenues provided by customer rates.

## **Commodity Price Risk**

The Company's utility fuel supply and purchase of other commodities is subject to commodity price risk. In addition, Emera Energy is subject to commodity price risk through its portfolio of commodity contracts and arrangements.

### *Regulated Utilities:*

The Company's utility fuel supply is exposed to broader global market conditions, which may include impacts on delivery reliability and price, despite contracted terms. Supply and demand dynamics in fuel markets can be affected by a wide range of factors which are difficult to predict and may change rapidly, including but not limited to, currency fluctuations, changes in global economic conditions, natural disasters, transportation or production disruptions, and geo-political risks, such as political instability, conflicts, changes to international trade agreements, tariffs, trade sanctions or embargos.

Prolonged and substantial increases in fuel prices could result in decreased rate affordability, increased risk of recovery of costs or regulatory assets, and/or negative impacts on customer consumption patterns and sales, any of which could result in a Material Adverse Effect.

#### *Emera Energy Marketing and Trading:*

The majority of Emera Energy's portfolio of electricity and gas marketing and trading contracts and, in particular, its natural gas asset management arrangements, are contracted on a back-to-back basis, avoiding any material long or short commodity positions. However, the portfolio is subject to commodity price risk, particularly with respect to basis point differentials between relevant markets in the event of an operational issue, imposition of tariffs or counterparty default. Changes in commodity prices can also result in increased collateral requirements associated with physical contracts and financial hedges, resulting in higher liquidity requirements and increased costs to the business.

#### **Income Tax Risk**

The computation of the Company's provision for income taxes is impacted by changes in tax legislation in Canada, the US and the Caribbean and any such changes could have a Material Adverse Effect. The value of Emera's existing deferred income tax assets and liabilities are determined by existing tax laws and could be negatively impacted by changes in laws.

#### **D. Guarantees and Letters of Credit**

Emera has guarantees and letters of credit on behalf of third parties outstanding. The following significant guarantees and letters of credit were not included within the Consolidated Balance Sheets as at December 31, 2025:

Emera, on behalf of Brunswick Pipeline, issued a standby letter of credit for \$22 million to secure obligations under a non-revolving loan agreement. This standby letter of credit has a one-year term, expiring on March 31, 2026, and will be renewed annually, as required.

TECO Holdings Inc. ("TECO Holdings"), issued a guarantee in connection with SeaCoast's performance of obligations under a gas transportation precedent agreement. The guarantee is for a maximum potential amount of \$45 million USD if SeaCoast fails to pay or perform under the contract. The guarantee expires five years after the gas transportation precedent agreement termination date, which was terminated on January 1, 2022. The counterparty has the right to require TECO Holdings to provide replacement credit support either in the form of a substitute guarantee from an affiliate with an investment grade credit rating or a letter of credit or cash deposit of \$27 million USD.

TECO Holdings issued a guarantee in connection with SeaCoast's performance obligations under a firm service agreement, which expires December 31, 2055, subject to two extension terms at the option of the counterparty with a final expiration date of December 31, 2071. The guarantee is for a maximum potential amount of \$13 million USD if SeaCoast fails to pay or perform under the firm service agreement. The counterparty has the right to require TECO Holdings to provide replacement credit support in the form of either a substitute guarantee from an affiliate with an investment grade credit rating or a letter of credit or cash deposit of \$13 million USD.

Emera has a guarantee of \$66 million USD relating to outstanding notes of ECI. This guarantee will automatically terminate on the date upon which the obligations have been repaid in full.

Brunswick Pipeline, jointly and severally with Emera, have an indemnity agreement in support of a \$40 million surety bond issued in Brunswick Pipeline's favour to the CER. The purpose of the surety bond is to satisfy Brunswick Pipeline's regulatory obligation to have funds set aside for the future abandonment of the pipeline.

NSPI has guarantees on behalf of its subsidiary, NS Power Energy Marketing Incorporated, in the amount of \$94 million USD (2024 – \$104 million USD) with terms of varying lengths.

The Company has standby letters of credit and surety bonds in the amount of \$271 million USD (December 31, 2024 – \$105 million USD) to third parties that have extended credit to Emera and its subsidiaries. These letters of credit and surety bonds typically have a one-year term and are renewed annually, as required.

Emera, on behalf of NSPI, has a standby letter of credit to secure obligations under a supplementary retirement plan. The expiry date of this letter of credit was extended to June 2026. The amount committed as at December 31, 2025 was \$70 million (December 31, 2024 – \$58 million).

Emera has provided an indemnity to a counterparty in relation to certain future tax amounts that could arise from specific future changes in Canadian federal law, subject to certain conditions and limitations. No such changes in law have been proposed at this time. A reasonable estimate of the potential amount of future payments that could result from future claims under this indemnity cannot be calculated, but the risk of having to make any significant payments under this indemnity is considered to be remote.

### Collaborative Arrangements

For the years ended December 31, 2025 and 2024, the Company has identified the following material collaborative arrangements:

Through NSPI, the Company is a participant in three wind energy projects in Nova Scotia. The percentage ownership of the wind project assets is based on the relative value of each party's project assets by the total project assets. NSPI has power purchase arrangements to purchase the entire net output of the projects and, therefore, NSPI's portion of the revenues are recorded net within regulated fuel for generation and purchased power. NSPI's portion of operating expenses is recorded in "OM&G" on the Consolidated Statements of Income. In 2025, NSPI recognized \$12 million net expense (2024 – \$12 million) in "Regulated fuel for generation and purchased power" and \$3 million (2024 – \$3 million) in "OM&G" on the Consolidated Statements of Income.

## 29. CUMULATIVE PREFERRED STOCK

### Authorized:

Unlimited number of First Preferred shares, issuable in series.

Unlimited number of Second Preferred shares, issuable in series.

|              | December 31, 2025         |                            |                        |                 | December 31, 2024      |                 |
|--------------|---------------------------|----------------------------|------------------------|-----------------|------------------------|-----------------|
|              | Annual Dividend Per Share | Redemption Price per share | Issued and Outstanding | Net Proceeds    | Issued and Outstanding | Net Proceeds    |
| Series A     | \$ 1.2378                 | \$ 25.00                   | 6,000,000              | \$ 147          | 4,866,814              | \$ 119          |
| Series B     | Floating                  | \$ 25.00                   | -                      | \$ -            | 1,133,186              | \$ 28           |
| Series C     | \$ 1.6085                 | \$ 25.00                   | 10,000,000             | \$ 245          | 10,000,000             | \$ 245          |
| Series E     | \$ 1.1250                 | \$ 25.00                   | 5,000,000              | \$ 122          | 5,000,000              | \$ 122          |
| Series F     | \$ 1.4372                 | \$ 25.00                   | 8,000,000              | \$ 195          | 8,000,000              | \$ 195          |
| Series H     | \$ 1.5810                 | \$ 25.00                   | 12,000,000             | \$ 295          | 12,000,000             | \$ 295          |
| Series J     | \$ 1.0625                 | \$ 25.00                   | 8,000,000              | \$ 196          | 8,000,000              | \$ 196          |
| Series L     | \$ 1.1500                 | \$ 26.00                   | 9,000,000              | \$ 222          | 9,000,000              | \$ 222          |
| <b>Total</b> |                           |                            | <b>58,000,000</b>      | <b>\$ 1,422</b> | <b>58,000,000</b>      | <b>\$ 1,422</b> |

## Characteristics of the First Preferred Shares:

| <b>First Preferred Shares (1)(2)</b> | <b>Annual Dividend Rate (%)</b> | <b>Current Annual Dividend (\$)</b> | <b>Minimum Reset Dividend Yield (%)</b> | <b>Earliest Redemption and/or Conversion Option Date</b> | <b>Redemption Value (\$)</b> | <b>Right to Convert on a one for one basis</b> |
|--------------------------------------|---------------------------------|-------------------------------------|---|--|------------------------------|--|
| <b>Fixed rate reset (3)(4)</b>       |                                 |                                     |   |  |                              |  |
| Series A (5)(6)                      | 4.951                           | 1.2378                              | 1.84                                    | August 15, 2030  | 25.00                        | Series B                                       |
| Series C                             | 6.434                           | 1.6085                              | 2.65                                    | August 15, 2028  | 25.00                        | Series D                                       |
| Series F (7)                         | 5.749                           | 1.4372                              | 2.63                                    | February 15, 2030  | 25.00                        | Series G                                       |
| <b>Minimum rate reset (3)(4)</b>     |                                 |                                     |   |  |                              |  |
| Series H                             | 6.324                           | 1.5810                              | 4.90                                    | August 15, 2028  | 25.00                        | Series I                                       |
| Series J                             | 4.250                           | 1.0625                              | 4.25                                    | May 15, 2026   | 25.00                        | Series K                                       |
| <b>Perpetual fixed rate</b>          |                                 |                                     |   |  |                              |  |
| Series E                             | 4.500                           | 1.1250                              |   |  | 25.00                        |  |
| Series L (8)                         | 4.600                           | 1.1500                              |   | November 15, 2026  | 26.00                        |  |

(1) Holders are entitled to receive fixed or floating cumulative cash dividends when declared by the Board of Directors of the Company.

(2) On or after the specified redemption dates, the Company has the option to redeem for cash the outstanding First Preferred Shares, in whole or in part, at the specified per share redemption value plus all accrued and unpaid dividends up to but excluding the dates fixed for redemption.

(3) On the redemption and/or conversion option date the reset annual dividend per share will be determined by multiplying \$25.00 per share by the annual fixed or floating dividend rate, which for Series A, C, F and H is the sum of the five-year Government of Canada

Bond Yield on the applicable reset date, plus the applicable reset dividend yield (Series H annual reset rate must be a minimum of 4.90 per cent).

(4) On each conversion option date, the holders have the option, subject to certain conditions, to convert any or all of their Shares into an equal number of Cumulative Redeemable First Preferred Shares of a specified series. The Company has the right to redeem the outstanding Preferred Shares, Series B, D, G and I shares without the consent of the holder every five years thereafter for cash, in whole or in part at a price of \$25.00 per share plus all accrued and unpaid dividends up to but excluding the date fixed for redemption and \$25.50 per share plus all accrued and unpaid dividends up to but excluding the date fixed for redemption in the case of redemptions on any other date after August 15, 2028, February 15, 2025 and August 15, 2028, respectively. The reset dividend yield for Series I equals the Government of Treasury Bill Rate on the applicable reset date, plus 2.54 per cent.

(5) On July 9, 2025, Emera announced that it would not redeem the outstanding Preferred Shares, Series A or B shares on August 15, 2025. During the conversion period between July 16, 2025 and July 31, 2025, subject to certain conditions, the holders of Series A shares had the right, at their option, to convert all or any of their Series A shares, on a one-for-one basis into Series B shares and the holders of Series B Shares had the right, at their option, to convert all or any of their Series B shares, on a one-for-one basis, into Series A Shares. On August 7, 2025, Emera announced, after having taken into account all shares tendered for conversion by holders of its Series A Shares and Series B Shares, by the end of the conversion period, the Company had determined that there would be outstanding less than 1 million Series B Shares on August 15, 2025. Therefore, in accordance with certain rights, privileges, restrictions and conditions attaching to the Series A Shares and the Series B Shares, the Company advised the Holders that no Series A Shares would be converted into Series B Shares and all remaining Series B Shares would automatically be converted into Series A Shares on a one-for-one basis on August 15, 2025.

(6) On July 16, 2025, Emera announced that the annual fixed dividend per share for Series A shares would reset from \$0.5456 to \$1.2378 for the five-year period from and including August 14, 2025.

(7) On January 16, 2025, Emera announced that the annual fixed dividend per share for Series F shares would reset from \$1.0505 to \$1.4372 for the five-year period from and including February 15, 2025.

(8) First Preferred Shares, Series L are redeemable at \$26.00 on or after November 15, 2026 to November 15, 2027, decreasing \$0.25 each year until November 15, 2030 and \$25.00 per share thereafter.

First Preferred Shares are neither redeemable at the option of the shareholder nor have a mandatory redemption date. They are classified as equity and the associated dividends are deducted on the Consolidated Statements of Income before arriving at "Net income attributable to common shareholders" and shown on the Consolidated Statement of Changes in Equity as a deduction from retained earnings.

The First Preferred Shares of each series rank on a parity with the First Preferred Shares of every other series and are entitled to a preference over the Second Preferred Shares, the Common Shares, and any other shares ranking junior to the First Preferred Shares with respect to the payment of dividends and the distribution of the remaining property and assets or return of capital of the Company in the liquidation, dissolution or wind-up, whether voluntary or involuntary.

In the event the Company fails to pay, in aggregate, eight quarterly dividends on any series of the First Preferred Shares, the holders of the First Preferred Shares, for only so long as the dividends remain in arrears, will be entitled to attend any meeting of shareholders of the Company at which directors are to be elected and to vote for the election of two directors out of the total number of directors elected at any such meeting.

### 30. NON-CONTROLLING INTEREST IN SUBSIDIARIES

| As at<br>millions of dollars | December 31<br>2025 | December 31<br>2024 |
|------------------------------|---------------------|---------------------|
| Preferred shares of GBPC     | \$ 14               | \$ 14               |

#### Preferred shares of GBPC

##### Authorized:

10,000 non-voting cumulative redeemable variable perpetual preferred shares.

|                                | 2025                | 2024                   |
|--------------------------------|---------------------|------------------------|
|                                | number of<br>shares | millions of<br>dollars |
| <b>Issued and outstanding:</b> |                     |                        |
| Outstanding as at December 31  | 10,000              | \$ 14                  |

#### GBPC Non-Voting Cumulative Variable Perpetual Preferred Stock

The preferred shares are redeemable by GBPC after June 17, 2021, at \$1,000 Bahamian per share plus accrued and unpaid dividends and are entitled to a 6.0 per cent per annum fixed cumulative preferential dividend to be paid semi-annually.

The Preferred Shares rank behind GBPC's current and future secured and unsecured debt and ahead of all of GBPC's current and future common stock.

### 31. SUPPLEMENTARY INFORMATION TO CONSOLIDATED STATEMENTS OF CASH FLOWS

| For the<br>millions of dollars             | Year ended December 31 |               |
|--|------------------------|---------------|
|  | 2025                   | 2024          |
| <b>Changes in non-cash working capital</b> |                        |               |
| Inventory                                  | \$ (63)                | \$ 38         |
| Receivables and other current assets       | (703)                  | (154)         |
| Accounts payable                           | (40)                   | 536           |
| Other current liabilities                  | 49                     | 32            |
| <b>Total non-cash working capital</b>      | <b>\$ (757)</b>        | <b>\$ 452</b> |

| For the<br>millions of dollars              | Year ended December 31 |              |
|---|------------------------|--------------|
|   | 2025                   | 2024         |
| <b>Supplemental disclosure of cash paid</b> |                        |              |
| Interest                                    | \$ 1,003               | \$ 989       |
| Income taxes                                |                        |              |
| Canada - Federal                            | \$ 32                  | \$ 27        |
| United States                               | 9                      | 7            |
| <b>Total Income taxes paid</b>              | <b>\$ 41</b>           | <b>\$ 34</b> |

#### Supplemental disclosure of non-cash activities

|   |         |        |
|---|---------|--------|
| Common share dividends reinvested   | \$ 292  | \$ 291 |
| Accrued proceeds from disposal of investment subject to significant influence | \$ 4    | \$ 25  |
| Decrease in accrued capital expenditures                                      | \$ (54) | \$ -   |

#### Supplemental disclosure of operating activities

|  |        |          |
|--|--------|----------|
| Net change in short-term regulatory assets and liabilities | \$ 277 | \$ (118) |
|--|--------|----------|

## 32. STOCK-BASED COMPENSATION

### ECSP and Common Shareholders DRIP

Eligible employees can participate in the ECSP. As of December 31, 2025, the plan allows employees to make cash contributions of a minimum of \$25 per month to a maximum of \$20,000 CAD or \$15,000 USD per year for the purpose of purchasing common shares of Emera. The Company also contributes 20 per cent of the employees' contributions to the plan.

The plan allows reinvestment of dividends for all participants except for where prohibited by law. The maximum aggregate number of Emera common shares reserved for issuance under this plan is 7 million common shares. As at December 31, 2025, Emera was in compliance with this requirement.

Compensation cost for shares issued under the ECSP for the year ended December 31, 2025 was \$3 million (2024 – \$4 million) and was included in "OM&G" on the Consolidated Statements of Income.

The Company also has a Common Shareholders DRIP, which provides an opportunity for shareholders residing in Canada to reinvest dividends and purchase common shares. This plan provides for a discount of up to 5 per cent from the average market price of Emera's common shares for common shares purchased with the reinvestment of cash dividends. The discount was 2 per cent in 2025.

### Stock-Based Compensation Plans

#### *Stock Option Plan:*

The Company has a stock option plan that grants options to senior management of the Company for a maximum term of 10 years. The exercise price of the stock options is the closing price of the Company's common shares on the Toronto Stock Exchange on the last business day on which such shares were traded before the date on which the option is granted. The maximum aggregate number of shares issuable under this plan is 14.7 million shares. As at December 31, 2025, Emera was in compliance with this requirement.

Stock options vest in 20 per cent increments on the first, second, third, fourth and fifth anniversaries of the date of the grant. If an option is not exercised within 10 years, it expires and the optionee loses all rights thereunder. The holder of the option has no rights as a shareholder until the option is exercised and shares have been issued. The total number of common stocks to be optioned to any optionee shall not exceed five per cent of the issued and outstanding common stocks on the date the option is granted.

In accordance with the Stock Option Plan, vested options may be exercised during the full term of the option following the option holders date of retirement, six months following a termination without just cause or death, and within sixty days following the date of termination for just cause or resignation. If stock options are not exercised within such time, they expire.

The Company uses the Black-Scholes valuation model to estimate the compensation expense related to its stock-based compensation and recognizes the expense over the vesting period on a straight-line basis.

The following table shows the weighted average FV per stock option along with the assumptions incorporated into the valuation models for options granted, for the year-ended December 31:

|                                | 2025 |         | 2024 |         |
|--------------------------------|------|---------|------|---------|
| Weighted average FV per option | \$   | 6.12    | \$   | 4.66    |
| Expected term (1)              |      | 5 years |      | 5 years |
| Risk-free interest rate (2)    |      | 2.71 %  |      | 3.56 %  |
| Expected dividend yield (3)    |      | 5.06 %  |      | 6.11 %  |
| Expected volatility (4)        |      | 20.90 % |      | 20.67 % |

(1) The expected term of the option awards is calculated based on historical exercise behaviour and represents the period of time that the options are expected to be outstanding.

(2) Based on the Bank of Canada five-year government bond yields.

(3) Incorporates current dividend rates and historical dividend increase patterns.

(4) Estimated using the five-year historical volatility.

The following table summarizes stock option information for 2025:

|   | Total Options     |   | Non-Vested Options(1) |  |
|---|-------------------|---|-----------------------|--|
|   | Number of Options | Weighted average exercise price per share | Number of Options     | Weighted average grant date fair-value |
| Outstanding as at December 31, 2024                 | 3,796,040         | \$ 50.53                                  | 1,607,490             | \$ 5.08                                |
| Granted   | 678,000           | 57.00                                     | 678,000               | 6.25                                   |
| Exercised   | (357,559)         | 45.57                                     | N/A                   | N/A                                    |
| Forfeited   | N/A               | N/A                                       | N/A                   | N/A                                    |
| Vested  | N/A               | N/A                                       | (496,710)             | 4.80                                   |
| <b>Options outstanding December 31, 2025</b>        | <b>4,116,481</b>  | <b>\$ 52.03</b>                           | <b>1,788,780</b>      | <b>\$ 5.60</b>                         |
| <b>Options exercisable December 31, 2025 (2)(3)</b> | <b>2,327,701</b>  | <b>\$ 51.13</b>                           |                       |  |

(1) As at December 31, 2025, there was \$8 million of unrecognized compensation related to stock options not yet vested which is expected to be recognized over a weighted average period of approximately 3 years (2024 – \$6 million, 3 years).

(2) As at December 31, 2025, the weighted average remaining term of vested options was 5 years with an aggregate intrinsic value of \$38 million (2024 – 4 years, \$11 million).

(3) As at December 31, 2025, the FV of options that vested in the year was \$2 million (2024 – \$2 million).

Compensation cost recognized for stock options for the year ended December 31, 2025 was \$3 million (2024 – \$2 million), which was included in “OM&G” on the Consolidated Statements of Income.

As at December 31, 2025, cash received from option exercises was \$16 million (2024 – \$3 million). The total intrinsic value of options exercised for the year ended December 31, 2025 was \$6 million (2024 – \$1 million). The range of exercise prices for the options outstanding as at December 31, 2025 was \$39.93 to \$60.03 (2024 – \$39.93 to \$60.03).

#### Share Unit Plans:

The Company has DSU, PSU and RSU plans. The plans and the liabilities are marked-to-market at the end of each period based on the closing common share price of the last trading day before the end of the period.

#### Deferred Share Unit Plans:

Under the Directors’ DSU plan, Directors of the Company may elect to receive all or any portion of their compensation in DSUs in lieu of cash compensation, subject to requirements to receive a minimum portion of their annual retainer in DSUs. Directors’ fees are paid on a quarterly basis and, at the time of each payment of fees, the applicable amount is converted to DSUs. A DSU has a value equal to one Emera common share. When a dividend is paid on Emera’s common shares, the Director’s DSU account is credited with additional DSUs. DSUs cannot be redeemed for cash until the Director retires, resigns or otherwise leaves the Board. The cash redemption value of a DSU equals the market value of a common share at the time of redemption, pursuant to the plan. Following retirement or resignation from the Board, the value of the DSUs credited to the participant’s account is calculated by multiplying the number of DSUs in the participant’s account by Emera’s closing common share price on the date DSUs are redeemed.

Under the executive and senior management DSU plan, each participant may elect to defer all or a percentage of their annual incentive award in the form of DSUs with the understanding, for participants who are subject to executive share ownership guidelines, a minimum of 50 per cent of the value of their actual annual incentive award (25 per cent in the first year of the program) will be payable in DSUs until the applicable guidelines are met.

When short-term incentive awards are determined, the amount elected is converted to DSUs, which have a value equal to the market price of an Emera common share. When a dividend is paid on Emera's common shares, each participant's DSU account is allocated additional DSUs equal in value to the dividends paid on an equivalent number of Emera common shares. Unless otherwise determined by the Management Resources and Compensation Committee ("MRCC"), following termination of employment or retirement, and by December 15 of the calendar year after termination or retirement, the value of the DSUs credited to the participant's account is calculated by multiplying the number of DSUs in the participant's account by the average of Emera's stock closing price for the ten trading days prior to a given calculation date. Payments are made in cash.

In addition, special DSU awards may be made from time to time by the MRCC to selected executives and senior management to recognize singular achievements or by achieving certain corporate objectives.

A summary of the activity related to employee and director DSUs for the year ended December 31, 2025 is presented in the following table:

|  | Employee<br>DSU | Weighted<br>Average<br>Grant Date<br>FV | Director<br>DSU | Weighted<br>Average<br>Grant Date<br>FV |
|--|-----------------|---|-----------------|---|
| Outstanding as at December 31, 2024                        | 789,088         | \$ 42.65                                | 828,856         | \$ 47.12                                |
| Granted including DRIP                                     | 87,985          | 50.46                                   | 120,684         | 52.04                                   |
| Exercised  | (138,189)       | 33.16                                   | (188,438)       | 42.18                                   |
| <b>Outstanding and exercisable as at December 31, 2025</b> | <b>738,884</b>  | <b>\$ 45.36</b>                         | <b>761,102</b>  | <b>\$ 49.12</b>                         |

Compensation cost recognized for employee and director DSU's for the year ended December 31, 2025 was \$29 million (2024 – \$13 million). Tax benefits related to this compensation cost for share units realized for the year ended December 31, 2025 were \$9 million (2024 – \$4 million tax expense). The aggregate intrinsic value of the outstanding shares for the year ended December 31, 2025 for employees was \$50 million (2024 – \$43 million). The aggregate intrinsic value of the outstanding shares for the year ended December 31, 2025 for directors was \$51 million (2024 – \$45 million). Cash payments made during the year ended December 31, 2025 associated with the DSU plan were \$20 million (2024 – \$2 million).

*Performance Share Unit Plan:*

Under the PSU plan, certain executive and senior employees are eligible for long-term incentives payable through the plan. PSUs are granted annually for three-year overlapping performance cycles, resulting in a cash payment. Unless otherwise determined by the MRCC, PSUs are granted based on the average of Emera's stock closing price for the fifty trading days prior to the effective grant date. Dividend equivalents are awarded and paid in the form of additional PSUs. The PSU value varies according to the Emera common share market price and corporate performance.

PSUs vest at the end of the three-year cycle and the payouts will be calculated and approved by the MRCC early in the following year. The value of the payout considers actual service over the performance cycle and may be pro-rated in certain departure scenarios. In the case of retirement, as defined in the PSU plan, grants may continue to vest in full and payout in normal course post-retirement.

A summary of the activity related to employee PSUs for the year ended December 31, 2025 is presented in the following table:

|  | Employee PSU   | Weighted Average Grant Date FV | Aggregate intrinsic value |
|--|----------------|--------------------------------|---------------------------|
| Outstanding as at December 31, 2024        | 832,093        | \$ 52.57                       | \$ 50                     |
| Granted including DRIP                     | 332,562        | 52.61                          |                           |
| Exercised                                  | (120,434)      | 59.77                          |                           |
| Forfeited                                  | (134,283)      | 58.40                          |                           |
| <b>Outstanding as at December 31, 2025</b> | <b>909,938</b> | <b>\$ 50.77</b>                | <b>\$ 68</b>              |

Compensation cost recognized for the PSU plan for the year ended December 31, 2025 was \$31 million (2024 – \$18 million). Tax benefits related to this compensation cost for share units realized for the year ended December 31, 2025 were \$8 million (2024 – \$5 million). Cash payments made during the year ended December 31, 2025 associated with the PSU plan were \$7 million (2024 – \$14 million).

*Restricted Share Unit Plan:*

Under the RSU plan, certain executive and senior employees are eligible for long-term incentives payable through the plan. RSUs are granted annually for three-year overlapping performance cycles, resulting in a cash payment. Unless otherwise determined by the MRCC, RSUs are granted based on the average of Emera’s stock closing price for the fifty trading days prior to the effective grant date. Dividend equivalents are awarded and paid in the form of additional RSUs. The RSU value varies according to the Emera common share market price.

RSUs vest at the end of the three-year cycle and the payouts will be calculated and approved by the MRCC early in the following year. The value of the payout considers actual service over the performance cycle and may be pro-rated in certain departure scenarios. In the case of retirement, as defined in the RSU plan, grants may continue to vest in full and payout in normal course post-retirement.

A summary of the activity related to employee RSUs for the year ended December 31, 2025 is presented in the following table:

|  | Employee RSU   | Weighted Average Grant Date FV | Aggregate intrinsic value |
|--|----------------|--------------------------------|---------------------------|
| Outstanding as at December 31, 2024        | 653,148        | \$ 52.36                       | \$ 41                     |
| Granted including DRIP                     | 270,800        | 52.62                          |                           |
| Exercised                                  | (171,274)      | 59.77                          |                           |
| Forfeited                                  | (24,463)       | 50.79                          |                           |
| <b>Outstanding as at December 31, 2025</b> | <b>728,211</b> | <b>\$ 50.77</b>                | <b>\$ 57</b>              |

Compensation cost recognized for the RSU plan for the year ended December 31, 2025 was \$23 million (2024 – \$15 million). Tax benefits related to this compensation cost for share units realized for the year ended December 31, 2025 were \$6 million (2024 – \$4 million). Cash payments made during the year ended December 31, 2025 associated with the RSU plan were \$11 million (2024– \$10 million).

### 33. VARIABLE INTEREST ENTITIES

Emera holds a variable interest in NSPML, a VIE for which it was determined that Emera is not the primary beneficiary since it does not have the controlling financial interest of NSPML. When the critical milestones were achieved, NLH was deemed the primary beneficiary of the asset for financial reporting purposes as it has authority over the majority of the direct activities that are expected to most significantly impact the economic performance of the Maritime Link. Thus, Emera began recording the Maritime Link as an equity investment.

BLPC has established a SIF, primarily for the purpose of building a fund to cover risk against damage and consequential loss to certain generating, transmission and distribution systems. ECI holds a variable interest in the SIF for which it was determined that ECI was the primary beneficiary and, accordingly, the SIF must be consolidated by ECI. In its determination that ECI controls the SIF, management considered that, in substance, the activities of the SIF are being conducted on behalf of ECI's subsidiary BLPC and BLPC, alone, obtains the benefits from the SIF's operations. Additionally, because ECI, through BLPC, has rights to all the benefits of the SIF, it is also exposed to the risks related to the activities of the SIF. Any withdrawal of SIF fund assets by the Company would be subject to existing regulations. Emera's consolidated VIE in the SIF is recorded as "Other long-term assets", "Restricted cash" and "Regulatory liabilities" on the Consolidated Balance Sheets. Amounts included in restricted cash represent the cash portion of funds required to be set aside for the BLPC SIF.

The Company has identified certain long-term purchase power agreements that meet the definition of variable interests as the Company has to purchase all or a majority of the electricity generation at a fixed price. However, it was determined that the Company was not the primary beneficiary since it lacked the power to direct the activities of the entity, including the ability to operate the generating facilities and make management decisions.

The following table provides information about Emera's portion of material unconsolidated VIEs:

| As at  | December 31, 2025 |                          | December 31, 2024 |                          |
|--|-------------------|--------------------------|-------------------|--------------------------|
|  | Total assets      | Maximum exposure to loss | Total assets      | Maximum exposure to loss |
| millions of dollars  |                   |                          |                   |                          |
| <b>Unconsolidated VIEs in which Emera has variable interests</b> |                   |                          |                   |                          |
| NSPML (equity accounted)   | \$ 462            | \$ 6                     | \$ 475            | \$ 6                     |

### 34. SUBSEQUENT EVENTS

These financial statements and notes reflect the Company's evaluation of events occurring subsequent to the balance sheet date through February 23, 2026, the date the financial statements were issued.