

March 12, 2026

OPG Reports 2025 Financial Results

Darlington Refurbishment ahead of schedule and under budget; progress achieved on other major clean energy projects

Oshawa, ON – Ontario Power Generation Inc. (OPG or Company) today reported its financial and operating results for 2025, with net income attributable to the Shareholder of \$1,509 million, compared to \$988 million for 2024.

Darlington Nuclear Refurbishment

With careful planning and just over nine years of execution, the final unit of the Darlington Nuclear Refurbishment Project has been synchronized to the electricity grid, with high power operation achieved during final commissioning ahead of a full and safe return to service expected in March 2026, over four months ahead of schedule and under budget. Following project closeout activities, OPG expects the project to be completed approximately \$150 million below the \$12.8 billion budget OPG publicly committed to when construction commenced in 2016.

The project ensures that the Darlington nuclear generating station (Darlington GS) will continue to reliably produce approximately 3,500 MW of clean, cost effective electricity – enough to power more than 3.5 million homes – for at least another 30 years.

Darlington Refurbishment has created thousands of jobs for Ontarians during construction and in support of the station's extended operating lifespan. It also reinvigorated Ontario's nuclear supply chain, which is now well positioned to advance the refurbishment of the Pickering nuclear generation station (Pickering GS) and the construction of the G7's first grid-scale small modular reactor (SMR) at the Darlington New Nuclear Project (DNNP) site.

“Early, safe, and under-budget completion of this clean energy mega-project clearly demonstrates OPG's ability to manage large complex projects – and that is key as we proceed with other large infrastructure work,” said Nicolle Butcher, OPG's President and CEO. “Our careful evaluation and planning of projects like these ensures long-term reliability and value for electricity consumers, while supporting the clean energy future Ontarians expect.”

Pickering Nuclear Refurbishment

In November 2025, the Province of Ontario (Province) announced its approval of OPG's plan to proceed with the refurbishment of Units 5-8 at the Pickering GS.

Refurbishing the Pickering GS will secure more than 2,000 MW of clean, reliable nuclear power for Ontario for another 30-plus years, enough to power more than two million homes. Same as for the Darlington Refurbishment, OPG has released a high-confidence overall project cost estimate, based on the detailed planning and engineering completed. The approved budget to refurbish the four units is \$26.8 billion, including interest, cost escalation, and contingency.

The project is expected to have a significant positive impact on Ontario's economy, creating thousands of jobs during construction, sustaining thousands of jobs during the station's extended operating life, and growing Ontario's nuclear supply chain.

"We have the talent and experience, honed during the Darlington Refurbishment and ready to transition to this project, to deliver Pickering Refurbishment within budget and make it as successful as Darlington's," said Butcher.

As planned, OPG expects to remove the four Pickering units from service at the end of the third quarter of 2026, followed by defueling of the reactors, with project execution expected to commence in January 2027. OPG and its project partners anticipate that the four-unit refurbishment will be completed by 2034, with the first unit scheduled to complete refurbishment, Unit 5, expected to return to service in 2031.

Initial Project Description for Potential New Nuclear at OPG's Wesleyville Site

In December 2025, OPG filed the Initial Project Description (IPD) for potential new nuclear generation development at its approximately 540-hectare Wesleyville site in Port Hope, Ontario with the Impact Assessment Agency of Canada. The IPD, a preliminary document that provides an overview of the proposed project, is the first step in the federal Impact Assessment process for assessing the project's potential impacts on the environment, health, social and economic conditions, and Indigenous rights, and to explore how adverse effects could be mitigated.

Since the Province asked OPG to explore opportunities for new nuclear generation at the site in early 2025, OPG has been actively engaging with Indigenous Rights-holders, the Municipality of Port Hope, stakeholders, and the public about the potential for such a project. OPG developed the IPD based on a range of potential nuclear technologies that could be deployed, with a total generating capacity of up to 10,000 MW. The IPD submission initiated the first of several opportunities for public comment in the multi-phased Impact Assessment process, which is expected to span several years.

"We are excited to take this first regulatory step as we continue our engagement on the potential for nuclear generation at our Wesleyville site in Port Hope," said Butcher. "OPG extends our thanks to Alderville, Curve Lake, Hiawatha, and Mississaugas of Scugog Island First Nations of the Williams Treaties First Nations for their substantive contribution to this document, as well as to the Municipality of Port Hope."

Meanwhile, OPG and the Municipality of Port Hope have signed a Memorandum of Understanding (MOU) aimed at collaboration through the assessment process. The MOU also includes an additional \$4.5 million in growth readiness funding to Port Hope to support the community's preparation for and exploration of nuclear power. OPG is committed to ensuring that the Municipality of Port Hope is able to engage fully on behalf of its residents in the multi-year process to assess and develop the site.

Federal and Provincial Support for Nuclear Projects

As announced in October 2025, OPG secured up to \$3 billion in aggregate equity financing for the four-SMR DNNP from the provincial Building Ontario Fund (BOF) and the federal Canada Growth Fund (CGF), subject to the satisfaction of certain conditions. OPG will remain the majority owner, project manager and operator of the DNNP, with the CGF and BOF acquiring minority equity interests in an OPG subsidiary formed for this purpose.

Additionally, in December 2025, the Province amended *Ontario Regulation 53/05* under the *Ontario Energy Board Act, 1998* to establish the rate-setting framework through the Ontario Energy Board (OEB) that enables OPG to enter commercial partnerships for DNNP. The amendments also permit OPG to recover, through regulated prices set for OPG's electricity generation by the OEB, interest amounts associated with expenditures on the Pickering Refurbishment and the DNNP prior to placing these assets into service.

In late 2025, the Province also committed to providing a \$5 billion equity injection over the 2025-2027 timeframe toward OPG's overall financing needs. In December 2025, the Province injected \$1 billion of such funding to OPG, in exchange for shares, per the arrangement.

"These credit-supportive financing instruments, which will lower costs to Ontario ratepayers in the longer term, underscore the Province's commitment to advancing nuclear energy development," said Butcher. "With demand for clean energy in Ontario poised to grow by as much as 65 per cent by 2050, the time to invest in new and renewed generation is now. These mechanisms help us to do so in a way that balances this critical need with affordability for Ontario ratepayers."

Filing of Rate Application to Support Ontario's Growing Energy Needs

In December 2025, OPG filed a comprehensive application for new regulated prices for electricity to be generated from its regulated hydroelectric and nuclear assets, including the first DNNP SMR, effective for the January 1, 2027 to December 31, 2031 period, with the OEB. This submission marks the start of a formal public review process by the OEB that is expected to continue through most of 2026.

The Province's Independent Electricity System Operator forecasts electricity demand in the province will rise significantly by 2050. As part of the Province's broader plan to ensure secure, reliable and affordable power to meet these growing needs, OPG has been tasked with refurbishing and expanding its clean electricity generating fleet. These investments and the work to deliver them underpin OPG's application for new regulated prices.

“The proposed rates in our application would help us deliver on critical investments needed to meet rising energy demand – driven by electrification, new industries, and a growing population – while ensuring transparency and public accountability through the OEB’s rigorous review process, with OPG being the only generator in the province to undergo such review,” said Butcher.

Frederick House Lake Dam rehabilitation

OPG has substantially completed work on the Frederick House Lake Dam rehabilitation project near Timmins, Ontario, under budget and ahead of schedule. This work will extend the dam’s operating life, while continuing to uphold industry leading standards of dam and public safety.

The Frederick House Lake Dam is one of 239 dams that OPG operates across Ontario. Constructed in the 1930s, this dam has a long history of managing and storing water for hydroelectric generation at Abitibi Canyon and Otter Rapids generating stations in northeastern Ontario.

“The Frederick House Lake Dam, which is approaching 90 years in service, is a great example of the value and durability of OPG’s hydroelectric assets,” said Butcher. “Through continued investment in our hydroelectric fleet, we are modernizing infrastructure, improving generating capacity and realizing efficiencies to extend the life of these assets for generations to come.”

Fourth quarter highlights include:

Net Income attributable to the Shareholder

Net income attributable to the Shareholder for 2025 was \$1,509 million, representing an increase of \$521 million compared to 2024. The increase was primarily attributable to higher earnings from the Regulated – Nuclear Generation business segment, reflecting lower operating, maintenance and administration expenses, mainly due to fewer planned cyclical outage activities and the cessation of commercial operation of Unit 1 and Unit 4 of the Pickering GS in the fourth quarter of 2024 as planned, and higher revenue as a result of higher nuclear electricity generation. The increase in earnings was partially offset by a non-recurring pre-tax loss recognized related to the sale of electricity generation and development business in the United States, which transaction closed in January 2026.

Generating and Operating Performance

Electricity generated in 2025 was 88.3 terawatt hours (TWh) compared to 82.1 TWh in 2024.

Regulated – Nuclear Generation Segment

Electricity generation from the Regulated – Nuclear Generation business segment increased by 5.0 TWh in 2025, compared to 2024, primarily due to electricity generation from Unit 1 of the Darlington GS following its return to service from refurbishment in November 2024 and fewer planned outage days at the Darlington GS and the Pickering GS, partially offset by reduced electricity generation resulting from the cessation of commercial operation of Unit 1 and Unit 4 of the Pickering GS in the fourth quarter of 2024.

The unit capability rate at the Darlington GS increased from 87.0 per cent for 2024 to 97.2 per cent for 2025, primarily due to fewer unplanned outage days. The unit capability rate at the Pickering GS in 2025 was comparable to 2024.

Regulated – Hydroelectric Generation Segment

Electricity generation from the Regulated – Hydroelectric Generation business segment decreased by 1.6 TWh during 2025, compared to 2024, primarily due to lower water inflow conditions across most of Ontario during the second half of 2025.

Availability at the regulated hydroelectric stations for 2025 was comparable to 2024.

Contracted Hydroelectric and Other Generation Segment

Electricity generation from the Contracted Hydroelectric and Other Generation business segment increased by 0.6 TWh during 2025, compared to 2024, primarily due to higher water flows across the contracted hydroelectric facilities in northeastern Ontario during the second and third quarters of 2025.

Availability of the hydroelectric stations in the business segment for 2025 was 84.6 per cent, compared to 80.8 per cent in 2024. The increase was primarily due to fewer planned outages at the Lower Mattagami hydroelectric generating stations.

Atura Power Segment

Electricity generation from the Atura Power business segment increased by 2.2 TWh in 2025, compared to 2024, primarily due to higher demand for electricity generation from the combined cycle plants.

Thermal Availability of the generating stations in the segment for 2025 was 84.6 per cent compared to 85.1 per cent in 2024. The decrease was primarily due to planned outages for work performed to execute the IESO-awarded capacity upgrade projects, partially offset by fewer planned and unplanned outages at the Halton Hills and Napanee generating stations.

Generation Development

The Company is undertaking a number of generation development and other projects to maximize the value of and expand its generating fleet in support of Ontario's electricity system.

Darlington Refurbishment Project

On March 7, 2026, Unit 4 of the Darlington GS was synchronized to the electricity grid, with high power operation achieved during final commissioning, and is now in the final stages of a full and safe return to service in March 2026, over four months ahead of the original schedule. The return to service of Unit 4 will mark the substantial completion of the four-unit Darlington Refurbishment project, which will continue to provide at least another 30 years of approximately 3,500 MW of cost-effective, reliable and clean baseload electricity generating capacity for Ontario.

The total project completion costs for the four units, including the impacts of the COVID-19 pandemic and inflation, are expected to be approximately \$150 million below the \$12.8 billion budget, upon completion of project closure activities.

Pickering Refurbishment Project

On November 26, 2025, the Province announced its approval of OPG's plan to proceed with the refurbishment of Units 5 to 8 of the Pickering GS. The total budget for refurbishing the four units, including interest, cost escalation and contingency, is \$26.8 billion, which represents the release-quality estimate approved by the OPG Board of Directors. The project will incorporate the benefits of experience gained through the completed refurbishment of the four units at the Darlington GS.

As planned, OPG expects to remove Units 5 to 8 of the Pickering GS from service in September 2026, followed by the defueling of the reactors, with the execution phase of the project commencing in January 2027. The first unit scheduled to complete refurbishment, Unit 5, is expected to return to service in 2031, with the overall refurbishment anticipated to be completed by 2034.

Darlington New Nuclear Project

Following the Canadian Nuclear Safety Commission's approval of the licence to construct in April 2025 and the Province's approval to proceed, OPG is advancing the execution phase of the first SMR at the DNNP site. OPG expects to complete the construction of the first SMR by the end of the decade and connect it to the electricity grid by the end of 2030. The total budget for the first SMR, including infrastructure that would be common for all four planned SMRs at the site, is \$7.7 billion, including interest, cost escalation and contingency.

During 2025, the project completed the baseline detailed design milestone as well as the construction of the pre-assembly building, which will support the final assembly of reactor building structural components. The project is progressing towards the construction of the Unit 1 basemat, which represents the foundation of the reactor building.

As supported by the Province, OPG also continues to advance planning and licensing activities for the three additional SMRs, with site grading activities completed in 2025. Pending provincial and regulatory approvals for the construction of these additional SMRs, DNNP's total generating capacity is expected to reach approximately 1,200 MW.

Further details on OPG's major projects can be found in Management's Discussion and Analysis as at and for the year ended December 31, 2025, section, *Core Business and Outlook* under the heading, *Project Excellence*.

FINANCIAL AND OPERATIONAL HIGHLIGHTS

<i>(millions of dollars – except where noted)</i>	2025	2024
Revenue	8,355	7,187
Fuel expense	1,421	1,049
Operations, maintenance and administration expenses	2,816	3,318
Depreciation and amortization expenses	1,413	1,270
Accretion on fixed asset removal and nuclear waste management liabilities	1,243	1,221
Earnings on nuclear fixed asset removal and nuclear waste management funds	(1,138)	(1,102)
Other net expenses	425	69
Earnings before interest and income taxes	2,175	1,362
Net interest expense	194	186
Income tax expense	453	170
Net Income	1,528	1,006
Net income attributable to the Shareholder	1,509	988
Net income attributable to non-controlling interest ¹	19	18
Earnings (loss) before interest and income taxes		
Electricity generating business segments	2,133	1,441
Regulated – Nuclear Sustainability Services	(94)	(108)
Other	136	29
Earnings before interest and income taxes	2,175	1,362
Cash flow provided by operating activities	3,708	2,211
Capital expenditures ²	5,860	3,725
Electricity generation (TWh)		
Regulated – Nuclear Generation	38.0	33.0
Regulated – Hydroelectric Generation	30.9	32.5
Contracted Hydroelectric and Other Generation ³	5.6	5.0
Atura Power	13.8	11.6
Total OPG electricity generation	88.3	82.1
Nuclear unit capability rate (per cent) ⁴		
Darlington GS ⁵	97.2	87.0
Pickering GS	96.7	96.4
Availability (per cent) ⁶		
Regulated – Hydroelectric Generation	85.5	85.8
Contracted Hydroelectric and Other Generation – hydroelectric stations	84.6	80.8
Atura Power	84.6	85.1

¹ Relates to the following: 25 per cent interest of Amisk-oo-Skow Finance Corporation, a corporation wholly owned by the Moose Cree First Nation, in Lower Mattagami Limited Partnership; 33 per cent interest of Coral Rapids Power Corporation, a corporation wholly owned by the Taykwa Tagamou Nation, in PSS Generating Station Limited Partnership; 15 per cent and 5 per cent interests of corporations wholly owned by Six Nations of Grand River Development Corporation and the Mississaugas of the Credit First Nation, respectively, in Nanticoke Solar LP; and non-controlling interests in certain electricity generating facilities in the United States.

² Includes net changes in accruals.

³ Includes OPG's proportionate share of electricity generation from co-owned and minority shareholdings in electricity generating facilities.

⁴ Nuclear unit capability rate measures the amount of energy that the unit(s) generated over a period of time, adjusted for externally imposed constraints such as transmission or demand limitations, as a percentage of the amount of energy that would have been produced over the same period had the unit(s) produced maximum generation, adjusted for planned energy losses.

⁵ Excludes nuclear unit(s) during the period in which they are undergoing refurbishment. Accordingly, Unit 1 of the Darlington GS was excluded from the reported planned and unplanned outage days during its refurbishment period of February 15, 2022 to November 27, 2024 and Unit 4 of the Darlington GS has been excluded from the measure since commencing refurbishment on July 19, 2023.

⁶ Hydroelectric Availability represents the percentage of time a generating unit at OPG's hydroelectric generating stations is capable of providing service, whether or not it is actually generating electricity, compared to the total time for the respective period, weighted by unit capacity. Thermal Availability represents the percentage of time a generating unit at Atura Power's combined cycle plants is capable of providing service, whether or not it is actually generating electricity, compared to the total time for the respective period, averaged by the number of facilities owned and operated through Atura Power.

About OPG

As Ontario's largest and one of North America's most diverse electricity generators, OPG invests in local economies and employs thousands of people across Ontario. OPG and its family of companies are advancing the development of new low-carbon technologies, refurbishment projects and electrification initiatives to power the growing demands of a clean economy. Learn more about how the company is delivering these initiatives while prioritizing people, partnerships and strong communities at www.opg.com.

OPG'S audited consolidated financial statements and Management's Discussion and Analysis as at and for the year ended December 31, 2025, can be accessed on OPG's web site (www.opg.com), the Canadian Securities Administrators' web site (www.sedarplus.com), or can be requested from the Company.

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ONTARIO POWER GENERATION INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2025



2025 YEAR-END REPORT

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ONTARIO POWER GENERATION INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis (MD&A) should be read in conjunction with the audited consolidated financial statements and accompanying notes of Ontario Power Generation Inc. and its subsidiaries (OPG or Company) as at and for the year ended December 31, 2025. OPG's audited consolidated financial statements are prepared in accordance with United States generally accepted accounting principles (US GAAP) and are presented in Canadian dollars, unless otherwise noted.

As required by *Ontario Regulation 395/11*, as amended, a regulation under the *Financial Administration Act* (Ontario), OPG adopted US GAAP for the presentation of its consolidated financial statements, effective January 1, 2012. Since January 1, 2012, OPG has also received exemptive relief from the Ontario Securities Commission (OSC) that allows OPG to apply US GAAP instead of International Financial Reporting Standards (IFRS). In December 2025, the OSC approved an exemption which allows the Company to continue to apply US GAAP up to January 1, 2032. The term of the exemption is subject to certain conditions, which may result in the expiry of the exemption prior to January 1, 2032. For details, refer to the section, *Significant Accounting Policies and Critical Accounting Estimates* under the heading, *Exemptive Relief for Reporting under US GAAP*. This MD&A is dated March 12, 2026.

Additional information about OPG, including the Company's Annual Information Form (AIF), is available on SEDAR+ at www.sedarplus.com and the Company's website at www.opg.com.

FORWARD-LOOKING STATEMENTS

The MD&A contains forward-looking statements that reflect OPG's current views regarding certain future events and circumstances. Any statement contained in this document that is not current or historical is a forward-looking statement. OPG generally uses words such as "anticipate", "believe", "budget", "foresee", "forecast", "estimate", "expect", "schedule", "intend", "plan", "project", "seek", "target", "goal", "strategy", "may", "will", "should", "could" and other similar words and expressions to indicate forward-looking statements. The absence of any such word or expression does not indicate that a statement is not forward-looking.

All forward-looking statements involve inherent assumptions, risks and uncertainties, including those set out in the section, *Risk Management*, and forecasts discussed in the section, *Core Business and Outlook*. All forward-looking statements could be inaccurate to a material degree. In particular, forward-looking statements may contain assumptions such as those relating to OPG's generating station (GS) performance, availability and operating lives, fuel costs, surplus baseload generation (SBG), fixed asset removal and nuclear waste management obligations and costs, availability of facilities for the permanent disposal of used nuclear fuel and other nuclear waste, performance and earnings of segregated nuclear and OPG pension funds, refurbishment of existing facilities, development and construction of new facilities, acquisition transactions including timing and satisfaction of closing conditions and other business expansion opportunities, performance of acquired businesses, divestiture transactions including timing and satisfaction of closing conditions, defined benefit pension and other post-employment benefit (OPEB) obligations and costs, income taxes, proposed new legislation, government policy including tariffs and the trade environment, the ongoing evolution and growth of electricity industries and markets in Ontario, Canada and the United States of America (United States or US), the continued application and renewal of energy supply agreements (ESAs) with the Independent Electricity System Operator (IESO) and other contracts for non-regulated facilities, inflation, interest rates, foreign currency exchange rates, commodity prices, wholesale electricity market prices, environmental and other regulatory requirements, operating licence applications to the Canadian Nuclear Safety Commission (CNSC), health, safety and environmental developments, changes in the Company's workforce, renewal of union collective agreements, business continuity events, the weather, climate change, technological change, geopolitical events, financing requirements and liquidity, funding sources and transactions, applications to the Ontario Energy Board (OEB) for regulated prices, the impact of regulatory decisions by the OEB and other regulatory bodies, clean energy investment government programs, forecasts of earnings, cash flow, earnings before interest, income taxes, depreciation and amortization, gross margin, operations, maintenance and administration (OM&A) expenses and project and other expenditures, retention of critical talent, supply chain availability and capacity, and supplier and third party performance. Accordingly, undue reliance should not be placed on any forward-looking statement. The forward-looking statements included in this MD&A are made only as of the date of this MD&A. Except as required by applicable securities laws, OPG does not undertake to publicly update these forward-looking statements to reflect new information, future events or otherwise.

Use of Non-GAAP Financial Measures

The Company uses the following non-GAAP financial performance measures in the MD&A:

- "Earnings before Interest, Income Taxes, Depreciation and Amortization"; and
- "Gross Margin".

For a detailed description of each of the non-GAAP measures used in this MD&A, refer to the section, *Key Operating Performance Indicators and Non-GAAP Financial Measures*. The non-GAAP financial performance measures set out in this MD&A are intended to provide additional information to investors and do not have any standardized meaning under US GAAP, and therefore may not be comparable to similar measures presented by other issuers, and should not be considered in isolation or as a substitute for measures of performance prepared under US GAAP.

THE COMPANY

OPG is an Ontario-based electricity generation company whose principal business is the generation and sale of electricity. OPG was established under the *Business Corporations Act* (Ontario) and is wholly owned by the Province of Ontario (Province or Shareholder). OPG's electricity generation portfolio had an in-service generating capacity of 18,096 megawatts (MW) as at December 31, 2025.

As at December 31, 2025, OPG owned and operated two nuclear generating stations, 66 hydroelectric generating stations, two thermal generating stations, one solar facility and four combined-cycle gas turbine (combined cycle) plants in Ontario, Canada. The combined cycle plants are owned and operated through the Company's subsidiary operating as Atura Power. Through the Company's subsidiary, DNNP LP, OPG is also constructing the first grid-scale small modular reactor (SMR) at the Darlington New Nuclear Project (DNNP) site in Ontario, Canada. In December 2025, DNNP LP entered into a lease arrangement with Ontario Power Generation Inc. with respect to the DNNP site and reimbursed it for capital expenditures on the DNNP incurred to date.

As at December 31, 2025, through a US-based subsidiary, OPG wholly or jointly owned and operated, and held minority interests in, hydroelectric and solar electricity generation and development assets in the United States (Eagle Creek). In October 2025, OPG entered into an agreement to sell Eagle Creek. The transaction closed on January 9, 2026, resulting in the Company no longer having electricity generation operations or facilities in the United States. The Eagle Creek portfolio had an in-service generating capacity of 701 MW as at December 31, 2025. Further details on the transaction can be found in the section, *Significant Developments* under the heading, *Sale of US Electricity Generation Operations*.

Income from co-owned and minority-held facilities is accounted for using the equity method of accounting. OPG's proportionate share of in-service generating capacity and electricity generation volume from co-owned and minority-held facilities are included in the Company's generation portfolio statistics set out in this MD&A.

In addition, as at December 31, 2025, OPG owned two nuclear generating stations in Ontario, Canada, the Bruce A GS and the Bruce B GS (Bruce nuclear generating stations), which are leased on a long-term basis to, and operated by, Bruce Power L.P. (Bruce Power). These leased stations are not included in the Company's electricity generation and other operating statistics set out in this MD&A.

Corporate Vision and Strategy

OPG's vision is to electrify life in one generation, with a mission to build a sustainable future powered by the Company's electricity, ideas and people.

OPG's corporate strategy sets out the Company's direction for the future, guiding how it will help meet the province's rising demand for electricity, while delivering value to the Shareholder and supporting growth, reliability and energy security for Ontario. The strategy supports Ontario's Integrated Energy Plan and establishes the following long-term areas of focus for OPG: build new energy infrastructure, modernize its business and deliver customer value, and enable electrification and demand growth. Additional information about OPG's Corporate Strategy can be found in the section, *Description of the Business* under the heading, *Corporate Strategy* in the Company's 2025 AIF. Additional information regarding Ontario's Integrated Energy Plan can be found in the section, *Significant Developments* under the heading, *Ontario's Integrated Energy Plan*.

Reporting Structure and Business Segments

The composition of OPG's reportable business segments effective as at December 31, 2025 was as follows:

- Regulated – Nuclear Generation;
- Regulated – Nuclear Sustainability Services;
- Regulated – Hydroelectric Generation;
- Contracted Hydroelectric and Other Generation; and
- Atura Power.

OPG earns regulated prices for electricity generated from most of its Ontario-based hydroelectric facilities and all of the nuclear facilities that it operates (collectively, prescribed facilities or regulated facilities). These Ontario-based regulated facilities comprise 54 hydroelectric generating stations across several major river systems in the province, the Pickering nuclear GS (Pickering GS) and the Darlington nuclear GS (Darlington GS) and are prescribed as regulated facilities by the OEB by *Ontario Regulation 53/05* under the *Ontario Energy Board Act, 1998 (Ontario Regulation 53/05)*. The operating results related to these facilities are described in the Regulated – Hydroelectric Generation and Regulated – Nuclear Generation business segments, respectively. *Ontario Regulation 53/05* also prescribes any SMRs located on the DNNP as regulated facilities by the OEB, with the associated project expenditures and operating results of DNNP LP included in the Regulated – Nuclear Generation business segment. The Regulated – Nuclear Generation business segment also includes revenue from the lease of the generating stations to Bruce Power.

The Regulated – Nuclear Sustainability Services business segment reports the results of the Company's operations associated with the management of used nuclear fuel and low and intermediate level irradiated waste (known as low and intermediate level waste or L&ILW), the decommissioning of OPG's nuclear generating facilities, the management of nuclear fixed asset removal and nuclear waste management segregated funds (Nuclear Segregated Funds) and related activities including the inspection and maintenance of used nuclear fuel and L&ILW storage facilities.

OPG's non-regulated generating facilities reported in the Contracted Hydroelectric and Other Generation business segment include 12 hydroelectric generating stations, two thermal generating stations and one solar facility located in Ontario that are operated under ESAs with the IESO. As at December 31, 2025, through Eagle Creek, the business segment also included 85 wholly or jointly owned and operated hydroelectric generating stations and one solar facility located in the United States.

The Atura Power business segment reports the results of Atura Power's operations, which include a fleet of combined cycle plants in Ontario. The fleet comprises the Napanee GS, the Halton Hills GS, the Portlands Energy Centre and the Brighton Beach GS. The facilities operate under ESAs with the IESO. Additionally, the segment includes Atura Power's expenditures on business development projects, including a battery energy storage system at the Napanee GS site (Napanee BESS), an expansion of the combined cycle plant at the Napanee GS (Napanee Combined Cycle GS Expansion Project), and the Niagara Hydrogen Centre (NHC), all of which are under construction.

A detailed description of OPG's business segments is provided in the section, *Discussion of Operating Results by Business Segment*.

Trends

OPG's quarterly electricity generation and the financial results of the Regulated – Nuclear Generation business segment are primarily impacted by maintenance outage cycles, unplanned outage activities and timing of refurbishment activities at the nuclear generating stations, which may result in period-over-period variability in OPG's financial results. The maintenance outage cycle at each of OPG's nuclear generating stations determines the number of planned outages in a particular year. Outage cycles are designed to ensure continued safe and reliable long-term operations of the stations and their compliance with the CNSC's regulatory requirements.

The Darlington and Pickering nuclear generating stations have been designed to operate at full power as baseload generating facilities and therefore their electricity production does not vary with changes in grid-supplied electricity demand. The Pickering GS is expected to be taken offline in September 2026 in preparation for the refurbishment of the station's Units 5 to 8. Units 1 to 4 of the Pickering GS have been permanently shut down and have been or are being placed in a safe storage state. Further details on OPG's plan for continued operation of Units 5 to 8 of the Pickering GS can be found in the section, *Significant Developments* under the heading, *Pickering Refurbishment and Core Business and Outlook* under the heading, *Operational Excellence – Electricity Generation Production and Reliability*.

OPG's quarterly electricity generation from the Regulated – Hydroelectric Generation, Contracted Hydroelectric and Other Generation, and Atura Power business segments is affected by changes in grid-supplied electricity demand. Changes in grid-supplied electricity demand are primarily caused by variations in seasonal weather conditions, changes in economic conditions, the impact of small-scale generation embedded in distribution networks, and the impact of conservation efforts. Historically, there has been greater electricity demand in Ontario during the winter and summer months due to heating and air conditioning demands. The financial impact of forgone hydroelectric electricity generation from the Regulated – Hydroelectric Generation business segment due to SBG conditions is mitigated by a regulatory variance account authorized by the OEB.

OPG's quarterly electricity generation from hydroelectric facilities is impacted by weather conditions that affect water flows. Historically, there have been higher water flows in the second quarter as a result of snow and ice melt entering the river systems. The financial impact of variability in water flows on the Regulated – Hydroelectric Generation business segment is mitigated by a regulatory variance account authorized by the OEB.

The financial impact of variability in electricity generation from the Contracted Hydroelectric and Other Generation business segment and the Atura Power business segment is mitigated by the terms of the applicable ESAs with the IESO for the contracted generating facilities in Ontario.

In-Service Generating Capacity

OPG's in-service generating capacity by business segment as at December 31 was as follows:

<i>(MW)</i>	2025	2024
Regulated – Nuclear Generation ¹	4,698	4,698
Regulated – Hydroelectric Generation ²	6,572	6,566
Contracted Hydroelectric and Other Generation ^{2, 3}	4,083	4,080
Atura Power	2,743	2,715
Total ⁴	18,096	18,059

¹ The in-service generating capacity as at December 31, 2025 and December 31, 2024 excluded Unit 4 of the Darlington GS. Unit 4 was taken offline for refurbishment in July 2023 and has a generating capacity of 878 MW. As at December 31, 2025 and December 31, 2024, the Darlington GS had three units in service and the Pickering GS had four units in service.

² In-service generating capacity is initially based on estimates at the time of asset in-service. The final generating capacity may differ once required engineering assessments have been completed and verified.

³ Includes OPG's proportionate share of in-service generating capacity from co-owned and minority shareholdings in electricity generating facilities held through Eagle Creek. As at December 31, 2025, Eagle Creek's in-service generating capacity included 698 MW from hydroelectric generating stations and 3 MW from an owned and operated solar facility placed in service in December 2025. Effective January 9, 2026, OPG completed the sale of Eagle Creek.

⁴ In-service generating capacity represents the portion of installed capacity (the highest level of MW output which a generating unit can maintain indefinitely under reference conditions, without damage to the unit) that has not been removed from service. The Bruce Power leased generating stations are excluded from electricity generation and operating statistics set out in this MD&A.

The total in-service generating capacity as at December 31, 2025 increased by 37 MW compared to December 31, 2024. The increase was primarily due to the completion of the contractual generating capacity upgrades at the Halton Hills GS in the first quarter of 2025, as previously awarded by the IESO.

REVENUE MECHANISMS FOR REGULATED AND NON-REGULATED GENERATION

Regulated Generation

The majority of OPG's electricity generation is from the Regulated – Nuclear Generation and Regulated – Hydroelectric Generation business segments. The OEB sets volumetric prices for electricity generated from these Ontario-based nuclear and regulated hydroelectric facilities. The OEB is an independent, quasi-judicial tribunal that reports to the Legislature of the Province through the Ontario Ministry of Energy and Mines and regulated market participants in Ontario's electricity and natural gas industries. The OEB's mandate and authority come from the *Ontario Energy Board Act, 1998*, the *Electricity Act, 1998* and other provincial statutes.

OPG's regulated prices are generally designed to permit the recovery, over a forecasted generation volume, of an allowed level of operating costs and capital investment and to earn a prescribed rate of return on the deemed equity portion (ROE) of the capital invested in the regulated assets, known as rate base. Rate base for OPG's regulated facilities represents the average net level of investment in the associated fixed and intangible assets in service and an allowance for working capital. *Ontario Regulation 53/05* sets out certain requirements the OEB must follow in setting regulated prices for OPG's prescribed facilities. The outcomes of OPG's applications for regulated prices to the OEB determine a large portion of the Company's revenues and can have a significant impact on the Company's financial performance.

In December 2025, the Province amended *Ontario Regulation 53/05* to prescribe DNNP LP as a new OEB rate regulated electricity generator, subject to the OEB's satisfaction that DNNP LP has met certain conditions, and to set out certain additional requirements the OEB must follow in setting regulated prices for the DNNP SMR facilities and OPG's existing nuclear facilities. Among these new requirements, *Ontario Regulation 53/05* established a mechanism for OPG's regulated prices to recover interest amounts in respect of the capital expenditures on the Pickering Refurbishment project and the capital expenditures on the DNNP prior to such assets being placed in service, effective January 1, 2026. Ontario Power Generation Inc. and DNNP LP are Ontario's only electricity generators subject to rate regulation by the OEB. Further details regarding the December 2025 amendments to *Ontario Regulation 53/05* can be found in the section, *Significant Developments* under the heading, *Regulation Enabling Interest Cost Recovery During Construction of OPG's Major Nuclear Projects* and in the section, *Core Business and Outlook* under the heading, *Financial Strength – Achieving Appropriate Return*.

The following table presents the OEB-authorized regulated prices for electricity generated from the regulated facilities in Ontario for the period from January 1, 2024 to December 31, 2026 in effect as of the date of this MD&A:

(\$/MWh)	2024	2025	2026
Regulated – Nuclear Generation			
Base regulated price ¹	103.48	102.85	111.33
Deferral and variance account rate riders ²	4.28	8.76	12.43
Total regulated price	107.76	111.61	123.76
Regulated – Hydroelectric Generation			
Base regulated price	43.88	43.88	43.88
Deferral and variance account rate riders ²	3.64	3.30	3.30
Total regulated price	47.52	47.18	47.18

¹ Base regulated prices for the nuclear facilities for the 2022-2026 period were established using a rate smoothing approach that deferred, in certain years, a portion of approved annual nuclear revenue requirements for future collection in the Rate Smoothing Deferral Account. Base regulated prices for the nuclear facilities do not include amounts deferred in the Rate Smoothing Deferral Account.

² Deferral and variance account riders reflect the OEB's January 2022 payment amounts order that authorized recovery and repayment of balances recorded in regulatory deferral and variance accounts as at December 31, 2019, and, effective July 2024, the OEB's June 2024 decision and order that authorized recovery and repayment of balances recorded in regulatory deferral and variance accounts as at December 31, 2022.

Base Regulated Prices

The base regulated prices in effect beginning January 1, 2022 were established by the payment amounts order issued by the OEB in January 2022, reflecting the OEB's decisions on OPG's 2022-2026 application for new regulated prices issued during the second half of 2021. These decisions included approval of a proposed settlement between OPG and intervenors on most of the issues in the application (2021 Settlement Agreement), while the base regulated price for OPG's regulated hydroelectric electricity generation (hydroelectric base regulated price) for the period from January 1, 2022 to December 31, 2026 was set equal to the 2021 hydroelectric base regulated price pursuant to *Ontario Regulation 53/05*. The regulated prices set for the 2022-2026 period have supported the remainder of the Darlington Refurbishment project, the continued operation of the Pickering GS to the then-planned shutdown dates, and the ongoing operation of OPG's regulated hydroelectric facilities. The OEB's decisions on the application also supported the advancement of SMRs at the DNNP site.

Since 2017, the base regulated prices for OPG's nuclear electricity generation (nuclear base regulated price) have been set under a custom incentive regulation framework, based on an OEB-approved nuclear revenue requirement and production forecast for each year. The OEB-approved nuclear revenue requirement for each year is based on the OEB-allowed level of operating costs and a return of and on rate base, as reduced by a stretch factor. In accordance with *Ontario Regulation 53/05*, OPG's nuclear revenue requirement is adjusted by the amount of OPG's revenues, net of costs, from leasing the Bruce nuclear generating stations to Bruce Power, such that OPG's resulting revenues reduce the nuclear revenue requirement and OPG's resulting costs increase it. Consistent with the requirements of *Ontario Regulation 53/05* applicable to the Darlington Refurbishment project period, in setting the nuclear base regulated prices effective January 1, 2022, the OEB deferred, in certain years of the 2022-2026 period, a portion of the approved annual nuclear revenue requirements for future collection in the Rate Smoothing Deferral Account.

Prior to being set equal to the 2021 hydroelectric base regulated price pursuant to *Ontario Regulation 53/05* effective January 1, 2022, the hydroelectric base regulated prices since 2017 were determined using an incentive ratemaking methodology, by annually escalating the hydroelectric base regulated prices that had been previously established using a forecast cost-of-service approach, with some adjustments, using an OEB-approved formula equal to an inflation factor based on indices published annually by the OEB, less a stretch factor adjustment.

Further details regarding the regulated prices in effect as of January 1, 2022 can be found in the section *Core Business and Outlook* under the heading, *Financial Strength – Achieving Appropriate Return*.

In December 2025, OPG filed a five-year application with the OEB for new regulated prices for electricity generated from OPG's regulated hydroelectric and nuclear facilities, including for the DNNP SMR facilities on behalf of DNNP LP, with a proposed effective date of January 1, 2027. The application reflects the December 2025 amendments to *Ontario Regulation 53/05*. For the nuclear facilities, the application proposes base regulated prices determined under a custom incentive regulation framework consistent with prior OPG applications for regulated prices, based on a revenue requirement and production forecast for each of the five years. As required by *Ontario Regulation 53/05* with respect to any period until the effective date of the OEB's first order setting regulated prices for the DNNP SMR facilities after the DNNP has been completed, the application requests blended nuclear base regulated prices for OPG's existing nuclear facilities and the DNNP SMR facilities, by combining the respective annual revenue requirements and production forecasts. For the regulated hydroelectric facilities, the application proposes base regulated prices determined under a custom incentive regulation framework that would rebase the base regulated price using a forecast cost-of-service approach for the 2027 year, based on the corresponding revenue requirement and production forecast, and, for the four subsequent years, escalate the price annually using a formula that includes an inflation factor based on indices published annually by the OEB, as increased by an incremental capital funding adjustment to support forecasted investment levels and as reduced by a stretch factor adjustment. The proposed regulated prices would enable OPG's investments in its nuclear and hydroelectric assets that will help meet Ontario's growing electricity demand in alignment with Ontario's Integrated Energy Plan. The OEB has processed OPG's application and the public proceeding is underway.

Deferral and Variance Account Rate Riders

Regulatory deferral and variance accounts (regulatory accounts) are typically established by the OEB to capture, for subsequent review and approval, differences between actual costs and revenues and the corresponding forecast amounts approved by the OEB in setting base regulated prices, or to record the impact of items not reflected in the approved base regulated prices. Such accounts generally help to mitigate risks and uncertainties to the regulated entity and its customers. Certain of OPG's regulatory accounts, including those in respect of DNNP LP, are established pursuant to *Ontario Regulation 53/05*. Revenue received, or reduced, from the recovery, or repayment, of regulatory account balances is largely offset by the amortization expense of the associated regulatory assets and regulatory liabilities recorded on the consolidated balance sheet. Descriptions of OPG's regulatory accounts can be found in Note 6 of OPG's 2025 audited consolidated financial statements.

The OEB's January 2022 payment amounts order on OPG's 2022-2026 application for new regulated prices approved new rate riders on nuclear and regulated hydroelectric electricity generation, effective January 1, 2022, for disposition of regulatory account balances as at December 31, 2019, less amounts previously approved for recovery of repayment of any such balances through existing rate riders. In June 2024, the OEB issued a decision and order approving a proposed complete settlement on OPG's 2023 application requesting the disposition of regulatory account balances as at December 31, 2022, less amounts previously approved for recovery or repayment of any such balances through existing rate riders, and establishing incremental rate riders on nuclear and regulated hydroelectric electricity generation for such disposition.

OPG's December 2025 application for new regulated prices with the OEB requests new rate riders, effective January 1, 2027, to recover or repay the December 31, 2024 balances in most of the Company's regulatory accounts, including the Rate Smoothing Deferral Account, less amounts previously approved for recovery or repayment of any such balances through existing rate riders in effect to December 31, 2026. The application also requests continuation of most existing deferral and variance accounts and proposes certain new deferral and variance accounts, including in respect of DNNP LP.

Non-Regulated Generation

All of OPG's non-regulated generating assets in Ontario are subject to ESAs with the IESO. As of December 31, 2025, the contracts for Ontario-based generating assets had the following expiration dates:

Generating Facility	Generation Type	Term	Contract Expiry Date
Contracted Hydroelectric and Other Generation			
Atikokan GS	Biomass	5 years	July 2029
Lennox GS ¹	Oil or Natural Gas	7 + 5 years	April 2034
Nanticoke solar facility	Solar	20 years	March 2039
Lac Seul and Ear Falls generating stations	Hydroelectric	50 years	February 2059
Healey Falls GS	Hydroelectric	50 years	April 2060
Sandy Falls, Wawaitin, Lower Sturgeon and Hound Chute generating stations	Hydroelectric	50 years	December 2060
Little Long, Harmon, Smoky Falls and Kipling generating stations ²	Hydroelectric	50 years	January 2064
Peter Sutherland Sr. GS	Hydroelectric	50 years	March 2067
Atura Power			
Portlands Energy Centre ³	Natural Gas	20 years	April 2029
Brighton Beach GS	Natural Gas	10 years	July 2034
Halton Hills GS	Natural Gas	25 years	April 2035
Napanee GS	Natural Gas	20 years	March 2040

¹ In May 2025, OPG secured a new five-year agreement for the facility. The existing ESA will remain in place until April 2029, at which time the new ESA expiring in April 2034 will take effect.

² These facilities are also known as the Lower Mattagami generating stations.

³ The ESA includes an option for Atura Power or the IESO to exercise, in 2028, an extension of the contract expiry by five years under certain conditions.

HIGHLIGHTS

Overview of Results

This section provides an overview of OPG's operating results for the years ended December 31, 2025 and December 31, 2024. A discussion of OPG's performance by business segment can be found in the section, *Discussion of Operating Results by Business Segment*.

<i>(millions of dollars – except where noted)</i>	2025	2024
Revenue	8,355	7,187
Fuel expense	1,421	1,049
Operations, maintenance and administration expenses	2,816	3,318
Depreciation and amortization expenses	1,413	1,270
Accretion on fixed asset removal and nuclear waste management liabilities	1,243	1,221
Earnings on nuclear fixed asset removal and nuclear waste management funds	(1,138)	(1,102)
Other net expenses	425	69
Earnings before interest and income taxes	2,175	1,362
Net interest expense	194	186
Income tax expense	453	170
Net income	1,528	1,006
Net income attributable to the Shareholder	1,509	988
Net income attributable to non-controlling interest ¹	19	18
<i>Electricity generation (TWh) ²</i>	88.3	82.1
<i>Cash flow provided by operating activities</i>	3,708	2,211
<i>Capital expenditures ³</i>	5,860	3,725
<i>Earnings (loss) before interest and income taxes by segment</i>		
Regulated – Nuclear Generation	1,399	342
Regulated – Hydroelectric Generation	574	581
Contracted Hydroelectric and Other Generation	(110)	242
Atura Power	270	276
Total electricity generating business segments	2,133	1,441
Regulated – Nuclear Sustainability Services	(94)	(108)
Other	136	29
Earnings before interest and income taxes	2,175	1,362

¹ Relates to the following: 25 percent interest of Amisk-oo-Skow Finance Corporation, a corporation wholly owned by the Moose Cree First Nation, in Lower Mattagami Limited Partnership; 33 percent interest of Coral Rapids Power Corporation, a corporation wholly owned by the Taykwa Tagamou Nation, in PSS Generating Station Limited Partnership; 15 percent interest and 5 percent interest of corporations wholly owned by Six Nations of Grand River Development Corporation and the Mississaugas of the Credit First Nation, respectively, in Nanticoke Solar LP; and non-controlling interests in certain electricity generating facilities in the United States.

² Includes OPG's proportionate share of electricity generation from co-owned and minority-held facilities.

³ Includes net changes in accruals.

Net income attributable to the Shareholder was \$1,509 million for 2025, representing an increase of \$521 million compared to 2024. Earnings before interest and income taxes (EBIT) were \$2,175 million for 2025, representing an increase of \$813 million compared to 2024.

Significant factors that increased EBIT:

- Lower OM&A expenses of \$507 million from the Regulated – Nuclear Generation business segment, largely due to lower expenditures related to the cyclical maintenance activities as a result of fewer planned outage days at both the Darlington GS and Pickering GS, and the cessation of commercial operation of Unit 1 and Unit 4 of the Pickering GS in the fourth quarter of 2024; and
- Increase in revenue of \$500 million from the Regulated – Nuclear Generation business segment due to higher electricity generation of 5.0 terawatt hours (TWh). The higher electricity generation was primarily driven by the return to service of Unit 1 of the Darlington GS following refurbishment in November 2024 and fewer planned outage days at both the Darlington GS and the Pickering GS, partially offset by the cessation of commercial operation of Unit 1 and Unit 4 of the Pickering GS in the fourth quarter of 2024.

Significant factor that decreased EBIT:

- Higher other net expenses of \$356 million from the Contracted Hydroelectric and Other Generation business segment, primarily due to a non-recurring pre-tax loss of \$477 million recognized in the fourth quarter of 2025 related to the sale of Eagle Creek, partially offset by a gain of \$83 million recorded in the fourth quarter of 2025 within the Other category related to changes in the fair market value of non-core equity holdings in a private nuclear technology company. Further details on the Eagle Creek transaction can be found in the section, *Significant Developments* under the heading, *Sale of US Electricity Generation Operations*.

Net interest expense increased by \$8 million in 2025, compared to 2024, primarily due to higher interest expense on the Company's long-term debt due to bond issuances during 2024 and the first quarter of 2025, largely offset by a higher amount of interest costs capitalized related to increased project expenditures, including the Pickering Refurbishment project and the DNNP, and a higher amount of interest recorded as recoverable from customers through regulatory accounts.

Income tax expense increased by \$283 million in 2025, compared to 2024. The increase was mainly due to the impact of higher earnings before income taxes.

Electricity Generation

Electricity generation for the years ended December 31 was as follows:

<i>(TWh)</i>	2025	2024
Regulated – Nuclear Generation	38.0	33.0
Regulated – Hydroelectric Generation	30.9	32.5
Contracted Hydroelectric and Other Generation ¹	5.6	5.0
Atura Power	13.8	11.6
Total OPG electricity generation	88.3	82.1

¹ Includes OPG's proportionate share of electricity generation from co-owned and minority shareholdings in electricity generating facilities.

Total OPG electricity generation increased by 6.2 TWh in 2025, compared to 2024.

Year-over-year changes in electricity generation:

- Higher electricity generation of 5.0 TWh from the Regulated – Nuclear Generation business segment, primarily due to electricity generation from Unit 1 of the Darlington GS following its return to service from refurbishment in November 2024 and fewer planned outage days at both the Darlington GS and the Pickering GS. The increase was partially offset by reduced electricity generation resulting from the cessation of commercial operation of Unit 1 and Unit 4 of the Pickering GS in the fourth quarter of 2024;
- Lower electricity generation of 1.6 TWh from the Regulated – Hydroelectric Generation business segment, primarily due to lower water inflow conditions across most of Ontario during the second half of 2025;
- Higher electricity generation of 0.6 TWh from the Contracted Hydroelectric and Other Generation business segment, primarily due to higher water flows across the contracted hydroelectric facilities in northeastern Ontario during the second and third quarters of 2025; and
- Higher electricity generation of 2.2 TWh from the Atura Power business segment primarily due to higher demand for electricity generation from the combined cycle plants.

Ontario's electricity demand as reported by the IESO was 145.6 TWh in 2025, compared to 140.4 TWh in 2024, excluding electricity exports out of the province.

Power that is surplus to the Ontario market is managed by the IESO, mainly through generation reductions at hydroelectric and certain nuclear generating stations, and other grid-connected renewable resources. Baseload generation surplus in Ontario was higher in 2025, compared to 2024. Production forgone at OPG's regulated hydroelectric stations due to SBG conditions was 0.7 TWh in 2025 and 0.4 TWh in 2024. The gross margin impact of production forgone at OPG's regulated hydroelectric stations due to SBG conditions was offset by the impact of a regulatory account authorized by the OEB. OPG did not forgo any electricity production at its nuclear generating stations due to SBG conditions.

Cash Flow from Operations

Cash flow provided by operating activities during 2025 was \$3,708 million, compared to \$2,211 million for 2024. The increase was primarily due to higher revenue receipts from the Regulated – Nuclear Generation business segment and lower income tax installment payments.

Capital Expenditures

Capital expenditures for the years ended December 31 were as follows:

<i>(millions of dollars)</i>	2025	2024
Regulated – Nuclear Generation – Darlington Refurbishment Project	711	988
Regulated – Nuclear Generation – Pickering Refurbishment	1,523	372
Regulated – Nuclear Generation – DNNP	978	571
Regulated – Nuclear Generation – Excluding Darlington Refurbishment, Pickering Refurbishment and DNNP	569	604
Regulated – Hydroelectric Generation	755	434
Contracted Hydroelectric and Other Generation	150	220
Atura Power	850	382
Other	324	154
Total capital expenditures ¹	5,860	3,725

¹ Includes net changes in accruals.

Total capital expenditures were \$5,860 million in 2025, representing an increase of \$2,135 million, compared to 2024.

Year-over-year changes in capital expenditures:

- Decrease of \$277 million for the Darlington Refurbishment project, primarily due to the return to service of Unit 1 of the Darlington GS from refurbishment in November 2024, partially offset by higher expenditures on refurbishment activities at Unit 4 of the Darlington GS;
- Increase of \$1,151 million for the Pickering Refurbishment project due to higher expenditures on pre-execution refurbishment activities for Units 5 to 8 of the Pickering GS reflecting the project's transition to the definition phase in January 2025;
- Increase of \$407 million for the DNNP due to the commencement of construction activities for the first SMR, Unit 1, and infrastructure that would be common for all four planned SMRs at the DNNP site in 2025;
- Decrease of \$35 million related to other projects for the Regulated – Nuclear Generation business segment. The decrease was primarily due to the completion of the water treatment facility and the replacement of primary moisture separators at the Darlington GS in 2024, largely offset by capital expenditures on other sustaining projects in 2025. Further details on the primary moisture separators at the Darlington GS can be found in the section, *Core Business and Outlook* under the heading, *Operational Excellence – Electricity Generation Production and Reliability*;
- Increase of \$321 million for the Regulated – Hydroelectric Generation business segment, primarily due to higher expenditures on the redevelopment of the Kakabeka Falls and other hydroelectric generating stations as well as the ongoing refurbishment program across the regulated hydroelectric fleet;
- Decrease of \$70 million for the Contracted Hydroelectric and Other Generation business segment, primarily due to lower expenditures on the Smoky Falls Dam Safety project and the Little Long Dam Safety project;
- Increase of \$468 million for the Atura Power business segment, primarily due to higher expenditures on the development of the Napanee BESS, Napanee Combined Cycle GS Expansion Project and the NHC, as well as higher expenditures at existing combined cycle plant facilities; and
- Increase of \$170 million for the Other category, primarily due to higher expenditures related to the retrofitting and renovation of OPG's new corporate headquarters building in Oshawa, Ontario prior to occupancy in August 2025 and higher expenditures on information technology improvements.

Capital Placed in Service

During 2025, the Company placed \$1,478 million of capital in service, compared to \$3,237 million in 2024. The decrease was primarily due to capital placed in service in 2024 related to the return to service of Unit 1 of the Darlington GS following refurbishment in November 2024. Further details on the Company's major projects can be found in the sections, *Core Business and Outlook* under the heading, *Project Excellence*, and *Significant Developments*.

SIGNIFICANT DEVELOPMENTS

Darlington Refurbishment

On March 7, 2026, Unit 4 of the Darlington GS was synchronized to the electricity grid, with high power operation achieved during final commissioning, and is now in the final stages of a full and safe return to service in March 2026, over four months ahead of the original schedule. The return to service of Unit 4 will mark the substantial completion of the four-unit Darlington Refurbishment project, which will continue to provide at least another 30 years of approximately 3,500 MW of cost effective, reliable and clean baseload electricity generating capacity for Ontario. The total project completion costs for the four units, including the impacts of the COVID-19 pandemic, are expected to be approximately \$150 million below the \$12.8 billion budget, upon completion of project closure activities.

The Darlington Refurbishment project is discussed further in the section, *Core Business and Outlook* under the heading, *Project Excellence*.

Pickering Refurbishment

On November 26, 2025, the Province announced its approval of OPG's plan to proceed with the refurbishment of Units 5 to 8 of the Pickering GS. The total budget for refurbishing the four units, including interest, cost escalation, and contingency, is \$26.8 billion, which represents the release-quality estimate approved by the OPG Board of Directors (Board). The project will incorporate the benefits of experience gained through the completed refurbishment of the four units at the Darlington GS. As planned, OPG expects to remove Units 5 to 8 of the Pickering GS from service in September 2026, followed by the defueling of the reactors, with the execution phase of the project commencing in January 2027. The first unit scheduled to complete refurbishment, Unit 5, is expected to return to service in 2031, with the overall refurbishment anticipated to be completed by 2034. The Province had previously announced its approval for OPG to proceed with the definition phase of the refurbishment in January 2025. Once refurbished, the Pickering GS will continue to provide over 2,000 MW of baseload generating capacity, helping to meet Ontario's demand for electricity for over 30 years.

Further details on the continued operation plan for the Pickering GS can be found in the section, *Core Business and Outlook* under the heading, *Operational Excellence – Electricity Generation Production and Reliability*.

Darlington New Nuclear Project

Through its DNNP LP subsidiary, OPG continues to advance the DNNP and plans to complete the construction of Canada's first grid-scale SMR by the end of the decade and connect it to the electricity grid by the end of 2030, using the BWRX-300 reactor plant technology.

In April 2025, the CNSC announced its decision to issue a power reactor construction licence to OPG, authorizing the construction of one SMR at the DNNP site. The licence is valid until March 31, 2035 and includes standard licence conditions as well as three Regulatory Hold Points (RHPs) at key project milestones during the licence to construct phase. The removal of the RHPs is tied to completion of design and safety analysis and will allow for the progression of the detailed design and phased construction. Overall, the licence conditions and hold points will enable effective regulatory oversight of the licensed activities.

In May 2025, the Province announced its approval of OPG's plan to proceed with the execution phase of the first SMR at the DNNP site (Unit 1). Unit 1 is expected to cost \$6.1 billion along with systems and services that would be common to all four SMRs planned as part of the project of \$1.6 billion. This total budget of \$7.7 billion represents the release-quality estimate for Unit 1 and such shared infrastructure, inclusive of interest, cost escalation and contingency, and was approved by the Board. The total cost of the four-unit DNNP, including interest, cost escalation and contingency, has been currently estimated at approximately \$20.9 billion. OPG and its project partners will continue to refine the total estimated project cost during the definition phase of the three additional units, incorporating lessons learned from the construction of Unit 1 and the Darlington Refurbishment project.

As supported by the Province, OPG continues to advance planning and licensing activities for the three additional SMRs at the DNNP site. In March 2025, the Ministry of Environment and Climate Change announced \$55 million in funding from the Environment and Climate Change Canada's Future Electricity Fund to support the development of these SMRs. Pending the Province and regulatory approvals for the construction of the three additional units, the DNNP's total generating capacity is expected to reach approximately 1,200 MW.

Initial Project Description for Potential New Nuclear Generation at OPG's Wesleyville Site

In December 2025, OPG submitted the *New Nuclear at Wesleyville in Port Hope* Initial Project Description (IPD) to the Impact Assessment Agency of Canada. The IPD is a preliminary document that provides an overview of the proposed project in Port Hope, where OPG is exploring the potential for new nuclear energy generation at its Wesleyville site. As requested by the Province, OPG has been working with local communities, First Nations, stakeholders and the public to determine their support for such a project. OPG developed the IPD based on a range of potential nuclear technologies that could be deployed at the site, which is already zoned for electricity generation and is proximate to transmission infrastructure, with generating capacity of up to 10,000 MW.

The IPD submission begins a multi-year federal Impact Assessment process to assess the impact of a project and to apply to the CNSC for a Licence to Prepare Site. The Impact Assessment will include an assessment of potential impacts on the environment, health, social and economic conditions, and Indigenous rights, and explore how adverse effects could be mitigated. Participation of Indigenous and local communities is essential to this process. In recognition of this, OPG has received substantial input from the Alderville, Curve Lake, Hiawatha, and Mississaugas of Scugog Island First Nations of the Williams Treaties First Nations in preparing the IPD.

Northern Ontario Hydroelectric Opportunities

In April 2025, the Province announced that it is working in partnership with the Taykwa Tagamou Nation (TTN) and Moose Cree First Nation (MCFN) to explore and advance opportunities for two new hydroelectric generating stations in northeast Ontario, which, if approved, would have a combined generating capacity of up to 430 MW. This includes the proposed Nine Mile Rapids generating station on the Abitibi River and the proposed Grand Rapids generating station on the Mattagami River. The TTN and MCFN, having named OPG as the partner-in-principle, have signed letters of intent with OPG and are jointly leading a co-planning process to determine a potential path forward for the development of these sites, contingent on community support. To support the co-planning process and the Indigenous communities' ratification vote for these proposed projects, OPG has undertaken a series of early-stage studies at the Abitibi and Mattagami Rivers and engaged an Owner's Engineer to develop conceptual design options. The Indigenous communities' ratification vote is planned for the fourth quarter of 2026.

Ontario's Integrated Energy Plan

In June 2025, the Ontario Ministry of Energy and Mines released its first-ever integrated energy plan, *Energy for Generations*, which provides a roadmap for addressing the province's future energy needs. The plan highlights that Ontario's demand for energy is projected to grow significantly leading up to 2050, driven by anticipated population growth, industrial expansion, and greater electrification across the province. During the same month, the Province introduced the *Protect Ontario by Securing Affordable Energy Act, 2025* (Bill 40) to support the implementation of the integrated energy plan.

OPG's major approved and proposed investments to develop new or refurbish existing generating assets are in alignment with the Province's integrated energy plan. This includes the Pickering Refurbishment project, the DNNP, the refurbishment and redevelopment of hydroelectric assets, and the potential for new generation at the Company's existing sites in southern Ontario, including new nuclear energy generation at the Wesleyville site, and for new hydroelectric generation in northern Ontario, including the proposed Nine Mile Rapids and Grand Rapids generating stations.

World Association of Nuclear Operators Recognition

In 2025, OPG hosted World Association of Nuclear Operators (WANO) peer reviews at both the Darlington GS and Pickering GS. The reviews focused on the progress made in safety, equipment reliability, performance and continuous improvement at the stations since the last review. Through these visits, the Darlington GS and the Pickering GS were recognized as performing at the highest levels of operational safety and reliability.

Collective Agreement with Society of United Professionals

The governing two-year collective agreement between the Society of United Professionals (Society) and OPG expired on December 31, 2025. On January 26, 2026, the Society and OPG received the final arbitration award for a three-year collective agreement, covering the period from January 1, 2026 to December 31, 2028.

Equity Injection from Province

In December 2025, the Province committed to providing \$5 billion in equity injections to OPG over the 2025-2027 period. As part of this arrangement, in December 2025, OPG issued its first 1,000,000 non-voting Class B preferred shares to the Province at \$1,000 per share, generating \$1 billion in proceeds.

Green Bonds

In March 2025, OPG issued \$1 billion of green bonds under its Sustainable Finance Framework, through its Medium Term Note Program. The issuance consisted of \$500 million of senior notes maturing in March 2035, with a coupon interest rate of 4.32 percent, and \$500 million of senior notes maturing in March 2055, with a coupon interest rate of 4.87 percent. The net proceeds from the issuance were used to finance or re-finance Eligible Green Projects as defined under OPG's Sustainable Finance Framework.

Equity Commitment Agreements for Darlington New Nuclear Project

In October 2025, it was announced that OPG has secured up to \$3 billion in equity financing for the four-SMR DNNP, up to \$1 billion from the provincial Building Ontario Fund (BOF) and up to \$2 billion through the federal Canada Growth Fund (CGF), subject to the satisfaction of certain conditions. OPG will remain the majority owner, project manager and operator of the DNNP, with the CGF and BOF acquiring minority equity interests of up to 15 percent and 7.5 percent ownership, respectively, in DNNP LP. The CGF and BOF's capital will be made available to OPG as required by the project, in two tranches – capital funding for Unit 1 and additional capital for the construction of three additional SMRs once the project meets certain milestones. The initial equity investment from CGF and BOF to DNNP LP is expected to be completed by the second quarter of 2026.

Regulation Enabling Interest Cost Recovery During Construction of OPG's Major Nuclear Projects

In December 2025, the Province amended *Ontario Regulation 53/05* to establish a mechanism for recovery through regulated prices of interest amounts in respect of the capital expenditures on the Pickering Refurbishment project and the capital expenditures on the DNNP prior to such assets being placed in service, effective January 1, 2026. Under the mechanism, the OEB-approved revenue requirement used to set regulated prices for OPG's existing nuclear facilities and the DNNP SMR facilities must include an amount equal to the product of the forecast cumulative capital expenditures to be incurred in respect of the Pickering Refurbishment project and the DNNP, respectively, other than any such amounts that have been placed in service, and OPG's cost of long-term borrowing approved by the OEB. Effective January 1, 2026, the amendments also established variance accounts for OPG to record, as applicable and including in respect of DNNP LP, the differences between such forecast interest amounts included in the respective revenue requirements and the amounts determined by multiplying such actual cumulative capital expenditures by OPG's cost of long-term borrowing approved by the OEB. The regulation requires the OEB to authorize disposition of the balances in these accounts, together with interest at OPG's cost of long-term borrowing approved by the OEB, on an annual basis in the year following the year in which the amounts are recorded in the account.

As a result of providing for recovery of interest amounts concurrent with the associated capital expenditures, in addition to helping support the Company's financing requirements, the above mechanism will reduce the corresponding rate base values for the Pickering Refurbishment project and the DNNP, all of which is expected to ultimately lower the total amounts recoverable from customers over the life of these assets. OPG's December 2025 application for new regulated prices with the OEB reflects the requirements of the above mechanism and seeks recovery of the respective forecast interest amounts for each of the five years covered by the application. For the 2026 year, such interest amounts will be recorded in the respective variance accounts, for recovery during the 2027 year pursuant to the regulation. For all other capital assets, OPG's December 2025 application seeks to maintain the historical practice of recovering capitalized interest costs through the return of and on the associated rate base upon the assets being placed in service.

Sale of US Electricity Generation Operations

In October 2025, OPG entered into an agreement to sell Eagle Creek. On January 9, 2026, OPG completed the sale of Eagle Creek for consideration of USD \$1.48 billion (C\$2.05 billion) inclusive of debt to be assumed by the buyer and other closing adjustments.

As a result of the execution of the purchase and sale agreement, Eagle Creek met the requirements to be presented as held for sale in accordance with US GAAP in the fourth quarter of 2025. Accordingly, a pre-tax loss of \$477 million was recognized during the fourth quarter of 2025.

Federal Clean Electricity Investment Tax Credits

In November 2025, the Government of Canada reintroduced draft legislation to implement the Clean Electricity Investment Tax Credit (CEITC), which would be available to both federally taxable entities and federal tax-exempt entities including OPG. In February 2026, the draft legislation passed the House of Commons of the Parliament of Canada, requiring approval from the Senate of the Parliament of Canada before achieving Royal Assent.

For eligible projects commencing after March 2023, the CEITC would provide a 15 percent refundable tax credit on eligible clean electricity investments made after April 16, 2024. If certain labour conditions are not met, these refundable credits would be reduced to five percent. The CEITC would be available for certain clean energy projects for the period up to and including 2034. If the draft legislation is enacted as proposed, eligible investments in new projects including SMRs and large-scale nuclear reactors, hydroelectric electricity generation, certain stationary electricity storage systems including battery and pumped hydroelectric storage projects, and refurbishment of certain existing facilities would qualify for the CEITC. OPG's December 2025 application for new regulated prices with the OEB proposes regulatory account mechanisms to record the revenue requirement impact of the CEITCs for OPG's regulated facilities for repayment to customers, if the legislation is enacted, which would lower the total amounts ultimately recoverable from customers.

CORE BUSINESS AND OUTLOOK

OPG maintains four business imperatives that represent the areas in which OPG aims to demonstrate excellence in order to enable its corporate strategy. These business imperatives are operational excellence, project excellence, financial strength and social licence.



Operational Excellence

Operational excellence at OPG is demonstrated through the safe, reliable and cost-effective generation of electricity from the Company's assets, by a highly trained and future ready workforce. As part of its commitment to operational excellence, OPG continues to optimize the business through an ongoing focus on strong execution, a continuous improvement culture and advancing innovation. Workplace health and safety and public safety are overriding priorities in all activities performed at OPG.

Electricity Generation Production and Reliability

Key strategic initiatives and developments in support of operational excellence, specific to each of OPG's core generating operations, are discussed below. Generation and reliability performance for 2025 is discussed by business segment in the section, *Discussion of Operating Results by Business Segment*.

Nuclear Operations

OPG is pursuing initiatives aimed at maximizing the safe and reliable operating life of the Pickering GS and targeting sustained high levels of performance at the Darlington GS over its post-refurbishment life. OPG is also focused on maximizing electricity generation output from these nuclear generating stations by continuing to invest in projects and upgrades to improve plant reliability, maintaining existing assets and optimizing the planning and execution of outage and project work. OPG seeks to prioritize and optimize maintenance and project activities across the nuclear generating fleet by leveraging advancements in monitoring and diagnostic tools to enhance asset condition assessments. Establishing challenging performance targets based on comprehensive benchmarking and taking into account the operating environment of the stations continues to be a vital part of OPG's strategy to support these goals and ensure consistently strong financial performance of the Regulated – Nuclear Generation business segment.

The CNSC issues an annual report on the regulatory oversight and safety performance for nuclear power generating sites. The report assesses how well licensees are meeting regulatory requirements and program expectations in areas such as human performance, radiation and environmental protection, and emergency management and fire protection at Canada's nuclear power plants and waste management facilities. Based on such most recent assessment, conducted for the 2024 year, the CNSC staff determined that all 14 Safety and Control Areas for the Darlington GS, Pickering GS, and the Darlington, Pickering and Western waste management facilities met CNSC staff's expectations.

On June 6, 2023, the Federal Court of Canada (Federal Court) endorsed the CNSC's move to require pre-placement and random alcohol and drug testing of workers in safety-critical positions, as mandated by the CNSC's approved regulatory document REGDOC 2.2.4 – Fitness for Duty, Vol. II: Managing Alcohol and Drug Use (version 3) (REGDOC 2.2.4) for use at Canadian high-security nuclear sites in November 2020. The requirements outlined in REGDOC 2.2.4 ensure that Canada is in line with the international best practices for the operation of high-security nuclear facilities. On July 11, 2023, the Power Workers' Union (PWU) and the Society filed a motion to appeal the Federal Court's June 6, 2023 decision, and a motion to stay the implementation of the pre-placement and random alcohol and drug testing regimes, pending the outcome of the appeal. On October 27, 2023, the stay motion was granted, and all licensees were restricted from implementing such testing pending the final disposition of the appeal, which was heard in January 2024. On November 6, 2024, the Federal Court of Appeal upheld the Federal Court's June 6, 2023 ruling. On May 29, 2025, after the unions sought to appeal the matter before the Supreme Court of Canada, a decision was received dismissing the unions' application for leave, ending the legal review process regarding the validity of pre-placement and random alcohol and drug testing provisions of REGDOC 2.2.4. Effective November 1, 2025, OPG has implemented these provisions in accordance with the CNSC's direction.

Pickering GS

OPG's plan to maximize the safe and reliable operating life of the Pickering GS includes operating Units 5 to 8 until the end of September 2026, prior to taking these units offline for refurbishment. In 2024, the CNSC amended the existing power reactor operating licence for the Pickering GS, authorizing the operation of Units 5 to 8 until the end of 2026. This licence is valid until August 31, 2028. In June 2025, OPG submitted an application to the CNSC to renew the power reactor operating licence for the Pickering GS for a period of 10 years, inclusive of the planned refurbishment activities for Units 5 to 8. The two-part public hearing on the application is scheduled to be held by the CNSC in June 2026 and October 2026.

With the Province's approval announced in January 2025, the Pickering Refurbishment project has been advancing through the definition phase. During the fourth quarter of 2025, OPG completed the development of the release-quality estimate and schedule for the project, and associated project execution plan and project scope optimization. The project continues to progress prerequisite facilities and infrastructure scope, detailed engineering, and procurement and contracting work. The definition phase is expected to last through 2026. With the Province's approval announced in November 2025, the execution phase of the project is expected to commence in January 2027. Further details on the Pickering Refurbishment project can be found in the section, *Significant Developments* under the heading, *Pickering Refurbishment*.

The approved base nuclear regulated prices for the 2022-2026 period were set on the assumption of the continued operation of Units 5 to 8 of the Pickering GS until the end of 2025. Following its announcement of support in 2022 for the continued safe operation of these units until the end of September 2026, the Province amended *Ontario Regulation 53/05* to require OPG to establish a variance account to record the additional revenues and costs associated with operating these units between January 1, 2026 and September 30, 2026. Subsequently, effective July 1, 2025, the Province amended *Ontario Regulation 53/05* to clarify the scope of the account such that OPG can record costs, incurred on or after January 1, 2024, to preserve the ability to operate Units 5 to 8 of the Pickering GS upon refurbishment, for future recovery. These costs can be recorded in the account until the effective date of the OEB's first order setting nuclear base regulated prices that comes into effect on or after January 1, 2027. The disposition of the account balance will be subject to the OEB's review in a future proceeding.

As planned, Unit 1 and Unit 4 of the Pickering GS ceased commercial operation and were permanently taken offline in the fourth quarter of 2024, after over 50 years of service. Following the end of commercial operation, both units are being placed in a safe storage state under the existing operating licence for the Pickering GS. This involves defueling the reactors, removing all heavy water, and reconfiguring the station to isolate the shut down units from the operating units. These activities must be conducted while meeting nuclear, radiological, industrial safety, and environmental protection standards. The defueling of Unit 1 and Unit 4 was completed safely in February 2025 and June 2025, respectively, and the de-watering of Unit 1 and Unit 4 was completed safely in March 2025 and December 2025, respectively. Work is progressing on isolating the units and placing various sub-systems in a safe state. Unit 2 and Unit 3 were previously permanently shut down and remain in a safe storage state. The costs associated with placing and subsequently monitoring the units in a safe storage state are charged against the nuclear fixed asset removal and nuclear waste management liabilities (Nuclear Liabilities) and reimbursed from the Nuclear Segregated Funds.

Darlington GS

OPG continues to make investments in the Darlington GS in order to ensure its ongoing safe and reliable post-refurbishment operations, maintain existing assets and position the station for industry-leading operating and cost performance in the longer term. This includes investments in life cycle and aging management projects, facility upgrades, and required investments in support of regulatory commitments. OPG continued to progress a number of such projects at the Darlington GS during 2025, including the main power output protection system replacement, revenue metering transformer replacement and main power output transformer fire containment system upgrade to meet compliance commitments and ensure continued reliable operation.

Based on the results of planned inspections of the units of the Darlington GS, OPG identified that the primary moisture separators, a component of steam generators (SG), require replacement on all units to ensure ongoing safe, reliable and efficient operations throughout the station's extended lifespan. The function of the primary moisture separators is to provide high quality dry steam to the downstream turbine equipment. There are four SGs in each Darlington GS unit and each SG has 104 primary moisture separators. Following the replacement of the primary moisture separators in the first two SGs in Unit 3, completed in 2023, and in the four SGs in Unit 1 and Unit 4, completed in 2024, in May 2025, the Board approved the scope of the project to replace the primary moisture separators in Unit 2 and those in the remaining two SGs of Unit 3. The project is progressing with ongoing execution planning activities.

In September 2025, following public hearings held in March 2025 and June 2025, the CNSC announced the renewal of OPG's power reactor operating licence for the Darlington GS for a 20-year period, valid until November 30, 2045, marking the longest operating licence term ever granted to a Canadian nuclear generating station.

Renewable Generation Operations

The objectives of OPG's hydroelectric operations include operating and maintaining the generating facilities in a safe, reliable, efficient and cost-effective manner, while addressing aging conditions and pursuing opportunities to increase the output and generating capacity of the fleet. OPG aims to increase the hydroelectric facilities' output by improving operational flexibility, enhancing reliability, optimizing outage planning and, subject to water conditions, increasing availability to meet electricity system demand.

Given the very long-term nature of the Company's hydroelectric fleet, OPG's plans to address asset aging conditions and maximize the fleet's value are often accomplished through multi-year capital investment and other programs, including replacements and upgrades of turbine runners, refurbishment or replacement of existing generators, transformers and control systems, and redevelopment of the facilities. OPG also pursues opportunities to expand generating capacity at its existing hydroelectric stations. To support effective operations and ensure continued high levels of safety, OPG has comprehensive programs in place to identify, prioritize and execute necessary repair, rehabilitation or replacement work for civil hydroelectric structures. OPG seeks to enhance equipment reliability monitoring, reporting and management to support asset maintenance programs based on the condition of the facilities.

The Company continues to progress on an ongoing turbine-generator refurbishment program for its hydroelectric generating units across Ontario. During 2025, activities related to this program included the following:

- Initiated the execution of refurbishment for Unit 19 and Unit 20 at the Sir Adam Beck II GS and Unit 6 and Unit 8 at the Sir Adam Beck I GS, located in Niagara Falls, Ontario. OPG is also continuing the execution of the refurbishment of Unit 4 at the Sir Adam Beck I GS, the first of the 19 units planned to undergo refurbishment at the Sir Adam Beck I and II generating stations. As of December 31, 2025, life-to-date capital expenditures for the refurbishment of both Sir Adam Beck I and II generating stations were \$92 million;
- Completed the refurbishment of Unit 9 and continued execution of the refurbishment of Unit 12 at the R.H. Saunders GS, located on the St. Lawrence River in eastern Ontario, marking the completion of the first of 16 units at the station scheduled for refurbishment. As of December 31, 2025, life-to-date capital expenditures for the refurbishment of the R.H. Saunders GS were \$76 million;
- Completed the refurbishment of Unit 2 at the Barrett Chute GS, located on the Madawaska River in eastern Ontario, marking the completion of the refurbishment of all four units at the generating station. As of December 31, 2025, life-to-date capital expenditures for the station's refurbishment were \$47 million; and
- Completed the refurbishment of Unit 2 and continued execution of the refurbishment of Unit 1 at the Otter Rapids GS, located on the Abitibi River in northeastern Ontario. As of December 31, 2025, life-to-date capital expenditures for the station's refurbishment were \$101 million.

In December 2025, the Frederick House Lake Dam, located in northeastern Ontario, was returned to service ahead of schedule and under its approved budget. Project closure activities are expected to be completed during 2026. The dam was built in the 1930s and provides water storage to the Abitibi Canyon GS. The project rehabilitated the structures in alignment with provincial dam safety requirements.

Construction activities continue to progress on the rehabilitation of the concrete infrastructure at the R.H. Saunders GS, Abitibi Canyon Dam and other hydroelectric facilities across Ontario.

OPG coordinates and collaborates with various government agencies, municipalities, Indigenous Nations and communities and community stakeholders to ensure the river systems on which the Company operates are managed safely and effectively, while meeting electricity generation needs. Ontario's watersheds experienced a relatively wet spring in 2025, followed by an extremely dry fall season across the province. OPG managed these conditions safely and effectively by maintaining a strong focus on dam and public safety and coordinating with municipalities, Indigenous communities and community stakeholders in the affected watersheds during both high and low water flow conditions.

Thermal Operations

OPG's thermal generation fleet comprises the Lennox oil/gas dual-fueled generating station, the Atikokan biomass-fueled generating station, and four combined cycle plants operated through Atura Power.

These stations, which typically operate as peaking or cycling dispatchable facilities under their respective ESAs with the IESO, are an important component of maintaining the current and future reliability of Ontario's electricity system. They provide the system with the flexibility to meet changing daily system demand and capacity requirements, and enable variable sources of renewable generation such as wind and solar.

In May 2025, OPG secured a new five-year ESA for the Lennox GS under the IESO's Medium-Term 2 (MT2) Request for Proposal process. Together with its existing ESA, this will support ongoing operation of the Lennox GS until 2034, enabling it to continue providing 2,100 MW of electricity generating capacity to Ontario's electricity system. The existing ESA will remain in place until April 2029, at which time the new ESA will take effect.

In 2023, the IESO awarded 42.5 MW and 50.0 MW in average generating capacity upgrades to the Brighton Beach GS and Portlands Energy Centre, respectively. In January 2026, this contractual capacity upgrade at the Brighton Beach GS was placed in service. The capacity upgrade at the Portlands Energy Centre is expected to be in service in 2026.

OPG's strategy in operating thermal generating stations is to ensure availability to meet electricity system requirements over the assets' expected remaining service lives, through station reinvestment within technical, regulatory and contractual constraints, and with an expectation of achieving an appropriate return on investment. In support of these objectives, thermal outage planning leverages agile asset management programs to prioritize equipment risks and optimize work program timing.

Improving Operational Efficiency

As part of a commitment to operational excellence, OPG pursues productivity improvements and efficiencies in operating costs across the organization, while ensuring no adverse impact on the safety, reliability and environmental sustainability of the Company's operations. Strategies to improve cost performance and organizational capability are implemented at the enterprise and business unit level. The identification and continued pursuit of operational efficiencies is driven by enterprise-wide targets, set with a view to ensure the cost effectiveness of ongoing operations while supporting the advancement of major projects and growth strategies and managing risks. This includes preparing for a period of parallel execution of the Pickering Refurbishment project and the DNNP, during which the Company's operating cost structures will support activities at the Pickering GS to preserve readiness to return Units 5 to 8 to service and to maintain the site during the four-unit refurbishment outage, and to ensure readiness to operate DNNP's Unit 1 upon its completion. Accomplishing these objectives is anchored in leveraging a highly skilled, high-performing and diverse workforce, and continuous investment in technology and innovation.

OPG is continuing to advance an enterprise-wide strategy to align the Company's digital infrastructure with its strategic objectives, drive value from investments in technology and address areas of risk. The strategy is focused on implementing scalable information technology infrastructure, enhancing mobility, connectivity and collaboration, streamlining information technology service support, embedding increased automation and artificial intelligence technologies, protecting digital assets, and improving data management and analytics capability. The goals of the strategy include enabling an adaptive technology ecosystem, supporting operational and project requirements, enhancing process effectiveness, and strengthening cybersecurity.



Project Excellence

OPG is undertaking a number of generation development and other projects to maximize the value of and expand its generating fleet in support of Ontario's electricity system, striving for excellence in the planning and delivery of all capital and maintenance projects across the organization.

As part of its commitment to project excellence, OPG continues to enhance and streamline its approach to project planning and execution, with the goal of delivering all projects safely, on time, on budget and with high quality. Achieving project excellence across the enterprise is facilitated by a centralized enterprise projects organization and involves, among others: leveraging a common, scalable project delivery model based on industry best practices, optimizing contracting strategies, and engaging qualified and experienced engineering, procurement and construction vendors.

Generation Development Projects in Execution Phase

OPG's major projects in the execution phase as at December 31, 2025 are outlined below.

Project <i>(millions of dollars)</i>	Life-to-Date Expenditures ¹	Approved Budget ¹	Expected In-service Date
Darlington Refurbishment Project	12,177	12,800 ²	2026 – Unit 4
Darlington New Nuclear Project	1,885	7,700 ³	2030 – Unit 1
Redevelopment of Kakabeka Falls Hydroelectric GS	188	519	2028
Atura Power Development Projects	937	1,500 ⁴	2026 – Napanee BESS and Niagara Hydrogen Centre ⁵ 2028 – Napanee Combined Cycle GS Expansion Project

¹ Represents capital expenditures and, where approved in the budget, associated project OM&A expenses.

² The total project budget of \$12.8 billion is for the refurbishment of all four units at the Darlington GS.

³ The approved budget of \$7.7 billion includes \$6.1 million allocated to Unit 1 and \$1.6 billion allocated for systems and services that would be common to all four SMRs planned as part of the project. Project cost performance will be measured inclusive of interest amounts recoverable through regulated prices concurrent with the associated capital expenditures.

⁴ The total project budget of approximately \$1.5 billion is for the Napanee BESS, the Niagara Hydrogen Centre and the Napanee Combined Cycle GS Expansion projects.

⁵ The expected in-service date of the Niagara Hydrogen Centre was previously updated from 2025 to 2026.

Darlington Refurbishment

The Darlington Refurbishment project execution commenced in 2016 as the four Darlington GS units were approaching their originally designed end-of-life. Refurbishment of the four generating units is expected to extend the operating life of the station by at least 30 years. The Darlington Refurbishment project is a multi-phase program comprising five major sub-projects. The major sub-projects are executed over four major segments for each unit:

- Shut Down, which involves removing fuel from the reactor and islanding the unit;
- Disassembly, which involves removing the required reactor components including feeder tubes, fuel channels and calandria tubes;
- Reassembly, which involves procuring, installing and inspecting new reactor components; and
- Power Up, which involves loading new fuel into the reactor, restoring the reactor vault, reconnecting the unit to the rest of the station, and returning the unit to service.

The refurbishment of the first unit, Unit 2, was completed in June 2020. The refurbishment of the second unit, Unit 3, was completed in July 2023 and the refurbishment of the third unit, Unit 1, was completed in November 2024, both ahead of their original schedule. The refurbishment of the last unit, Unit 4, commenced in July 2023, after Unit 3 was returned to service and is currently in the fourth and final major segment, Power Up. On March 7, 2026, Unit 4 was synchronized to the electricity grid, with higher power operation achieved during final commissioning, and is now in the final stages of a full and safe return to service in March 2026, over four months ahead of its original schedule. The total project completion costs for the four units, including the impacts of the COVID-19 pandemic, are expected to be approximately \$150 million below the \$12.8 billion budget, upon completion of project closure activities.

Darlington New Nuclear Project

Through its DNNP LP subsidiary, OPG continues to advance the construction of Canada's first grid-scale SMR, at the DNNP site, and plans to connect it to electricity grid by the end of 2030. The DNNP is a multi-phase program organized by major work bundles, with the majority of the execution phase scope for Unit 1 comprising the following:

- Design Engineering, which represents substantially all engineering and design work necessary to deliver the SMR;
- Nuclear Island, which includes the procurement, construction, installation, and testing of components within the nuclear island, comprised of the reactor building, control building, radiation waste building and plant services building;
- Conventional Island, which includes the procurement, construction, installation, and testing of components within the conventional island, defined primarily as the turbine building as well as work associated with the electricity grid connection, transmission tie-ins and security building; and
- Balance of Plant, which involves the procurement, construction, installation, and testing of components across general facilities and site infrastructure, condenser cooling water system and power block and yard construction.

During 2025, the project completed the baseline detailed design milestone as well as the construction of the pre-assembly building, which will support the final assembly of reactor building structural components. The project is progressing towards the construction of the Unit 1 basemat, which represents the foundation of the reactor building. OPG also continues to advance planning and licensing activities for the three additional SMRs, with site grading activities completed in 2025.

Redevelopment of Hydroelectric Generating Stations

OPG is redeveloping several existing hydroelectric generating stations in Ontario that are approaching the end of their operational lives. The redevelopments generally involve construction of new powerhouses or powerhouse extensions, replacement of turbine and generator units and supporting systems, and replacement or rehabilitation of other structures at the stations. The redevelopments are expected to ensure continued safe and reliable operations of the assets for an additional 80 to 90 years. The facilities currently undergoing redevelopment include the Kakabeka Falls GS, Coniston GS, Stinson GS and Matabitchuan GS, which are all reported in the Regulated – Hydroelectric Generation business segment.

The Kakabeka Falls GS is OPG's second oldest hydroelectric generating station, located along the Kaministiquia River in northwestern Ontario. Its redevelopment project is currently in the execution phase. In 2025, the project completed site demolition work, and the mud slab was poured for the new surge building. The project's expected in-service date is 2028, with an approved budget of \$519 million. The project is tracking within the approved budget and schedule. The redeveloped station is expected to have a generating capacity of approximately 27 MW.

OPG initiated the execution phase of a project to redevelop the 114-year-old Matabitchuan GS, located along the Matabitchuan River in northeastern Ontario, in March 2025. During 2025, the construction team mobilized to site, demolished the existing powerhouse superstructure, and began excavation in support of the new powerhouse construction. The project's expected in-service date is in 2028, with an approved budget of \$190 million. The project is tracking within the approved budget and schedule. The redeveloped station is expected to have a generating capacity of approximately 12 MW.

The Coniston and Stinson hydroelectric generating stations are located along the Wanapitei River east of Sudbury, Ontario, and are being redeveloped through a single project due to their close proximity and other synergies. During 2025, both powerhouses have been demolished and the primary concrete for the Coniston GS intake structure has been completed. The project's expected in-service date is 2027, with a combined approved budget of \$178 million. The project is tracking within the approved budget and schedule. The redeveloped stations are expected to have a combined generating capacity of approximately 12 MW.

Atura Power Development Projects

Atura Power is executing a project to build a 250 MW four-hour battery energy storage system at the Napanee GS site. The Napanee BESS will support Ontario's energy grid by drawing and storing electricity off-peak when power demand is low and returning it to the system at times of higher electricity demand. Construction activities were substantially completed in 2025 and the project has advanced into the early stages of commissioning. The project is expected to be completed in 2026 and will operate under a 21-year capacity agreement with the IESO. The project is tracking within the approved budget and schedule.

Atura Power is also advancing a project to construct the NHC in Niagara Falls, Ontario as its first site for large-scale hydrogen production. The facility will use a 20 MW electrolyzer to produce low-carbon hydrogen by utilizing water and hydroelectricity as inputs. The project has substantially completed construction activities and has entered the system integration and commissioning phase during the fourth quarter of 2025. The NHC is expected to be completed in 2026 and is tracking within the approved budget.

Atura Power is also executing a project to add an additional combustion turbine generator unit at the Napanee GS site, which will provide up to 405 MW of generating capacity to Ontario's electricity grid. Engineering and design activities and the procurement of critical equipment were completed during 2025, with permitting activities progressing on schedule. Construction activities commenced during 2025. The project is expected to be completed in 2028 and will operate under a 12-year capacity agreement with the IESO. The project is tracking within the approved budget and schedule.



Financial Strength

As a commercial enterprise, OPG's financial priority is to ensure a consistent level of strong financial performance that delivers an appropriate level of return on the Shareholder's investment, ensures availability of cost-effective funding for operational and project needs, and supports expansion of the business.

Achieving Appropriate Return

In line with its commercial mandate, OPG is focused on increasing revenue and net income, and achieving an appropriate return on the Shareholder's investment, while seeking to minimize the impact on electricity consumers through continuous improvement in the Company's cost structure.

For regulated operations, achievement of the above objectives is largely dependent on outcomes of OPG's applications for regulated prices to the OEB and prudent growth of rate base earning a return. OPG is focused on demonstrating in its applications for regulated prices that the costs required to operate and invest in the Company's regulated assets, including major projects, are reasonable, being prudently incurred and should be fully recovered, and that the Shareholder's investment in these assets should earn an appropriate return.

For the Regulated – Nuclear Generation business segment, the following rate base levels, OPG-specific deemed capital structure, and prescribed ROE established by the OEB on a generic basis are reflected in OPG's approved base regulated prices:

	ROE	Equity ¹	Rate Base		
	(millions of dollars - except where noted)		2024	2025	2026
	2022 - 2026				
Regulated – Nuclear Generation ²	8.66%	45%	11,033	12,189	12,992

¹ The remaining 55 percent of rate base is deemed to be financed by debt, with an average approved cost rate of 3.6 percent per annum reflected in the nuclear base regulated prices for the 2022-2026 period.

² Excludes differences between approved forecast rate base additions and actual rate base additions for qualifying investments, where the revenue requirement impact of such differences is trued up through regulatory accounts, subject to the OEB's review and approval. These differences are included in rate base values shown in the table once reflected in OEB-approved base regulated prices.

For the regulated hydroelectric facilities, there is a separately approved rate base, deemed capital structure and prescribed ROE. The most recent OEB-approved hydroelectric rate base value was \$7,490 million, with an ROE of 9.33 percent and a deemed equity of 45 percent, all of which was reflected in the hydroelectric base regulated prices in effect prior to June 1, 2017 that had been established using a forecast cost-of-service approach. Further information on hydroelectric base regulated prices can be found in the section, *Revenue Mechanisms for Regulated and Non-Regulated Generation* under the heading *Regulated Generation*.

OPG continues to invest in the nuclear and hydroelectric rate base, including through the completion of the Darlington Refurbishment project. In establishing the 2022-2026 nuclear base regulated prices, the OEB approved the full amount of the Darlington Refurbishment forecast in-service capital additions to rate base based on the project budget of \$12.8 billion, including the then forecasted return to service from the refurbishment of Units 3, 1 and 4.

OPG's December 2025 application for new regulated prices with the OEB seeks approval of forecast in-service capital additions to rate base over the 2027-2031 period in respect of the Pickering Refurbishment project and the DNNP.

As discussed in the section, *Core Business and Outlook* under the headings, *Operational Excellence – Electricity Generation Production and Reliability* and *Project Excellence – Redevelopment of Hydroelectric Generating Stations*, OPG continues to undertake a turbine-generator refurbishment program, redevelopment projects and other capital investments across its regulated hydroelectric facilities to ensure their continued safe and reliable operations. These

renewable assets can have very long service lives and, with maintenance efforts or rebuilding, can continue to supply electricity and be reflected in rate base for the foreseeable future. OPG's December 2025 application for new regulated prices with the OEB seeks approval of an incremental capital funding mechanism to support these investments over the five years covered by the application.

The revenue requirement impact of differences between the OEB-approved forecast capital and non-capital costs incurred by OPG to increase the output of, refurbish or add generating capacity to one or more of its nuclear facilities or regulated hydroelectric facilities, including in respect of the Darlington Refurbishment project and the Pickering Refurbishment project, and such actual costs is recorded in a variance account authorized by the OEB pursuant to *Ontario Regulation 53/05*. The regulation provides for a separate variance account to record the revenue requirement impact of differences between the OEB-approved forecast capital and non-capital costs incurred by OPG for new nuclear generation facilities and such actual costs. The December 2025 amendments to *Ontario Regulation 53/05* established a variance account for DNNP LP to record the revenue requirement impact of differences between the OEB-approved forecast capital and non-capital costs incurred by DNNP LP for the DNNP and such actual costs, as well as differences in net revenue earned by DNNP LP as a result of any difference between the OEB-approved forecast in-service date of a DNNP SMR and such actual date. The disposition of balances recorded in these accounts is subject to the OEB's review.

Consistent with the requirements of *Ontario Regulation 53/05* applicable to the Darlington Refurbishment project period, in setting the nuclear base regulated prices effective January 1, 2022, the OEB deferred, in certain years of the 2022-2026 period, a portion of the approved annual nuclear revenue requirements for future collection in the Rate Smoothing Deferral Account. Pursuant to the OEB's January 2022 payment amounts order, no portion of the approved nuclear revenue requirement was deferred in 2024 or 2025 and none is to be deferred in 2026. Amounts deferred in the Rate Smoothing Deferral Account are recorded as revenue in the Regulated – Nuclear Generation business segment in the period to which the underlying approved revenue requirement related. *Ontario Regulation 53/05* requires the OEB to authorize the recovery of the deferred amounts, together with interest at OPG's cost of long-term borrowing approved by the OEB, on a straight-line basis over a period not to exceed ten years following the end of the Darlington Refurbishment project. OPG's December 2025 application for new regulated prices with the OEB seeks recovery of the balance in the Rate Smoothing Deferral Account over a period of ten years ending December 31, 2036.

As part of OPG's 2022-2026 application for new regulated prices, the OEB approved a mechanism for customers to share, on a 50 percent basis, in the regulatory earnings achieved by OPG's regulated operations that are more than 100 basis points over the approved ROE levels, assessed on a five-year cumulative basis over the 2022-2026 period. Any such amounts shared with customers will be recorded in a separate deferral account for disposition following the five-year period. Additionally, the regulatory frameworks in effect for the 2022-2026 period include a symmetrical 300 basis points trigger around the approved ROE, based on achieved regulatory earnings, where the OEB may initiate a regulatory review.

In 2024, the OEB initiated a generic cost of capital proceeding to review the methodology for determining the cost of capital parameters and deemed capital structure used for setting utility rates. As part of its decision issued in March 2025, the OEB updated the cost of capital parameters including the prescribed ROE applicable to all electricity transmitters, electricity distributors, natural gas utilities, and rate-regulated electricity generators. As a result, the prescribed ROE decreased by 0.25 percent. On October 31, 2025, the OEB published a prescribed ROE of 9.11 percent applicable to 2026 cost-based rate applications, effective January 1, 2026. The prescribed ROE will continue to be updated annually through the OEB's ROE adjustment formula. The above changes did not affect the prescribed ROE or other cost of capital parameters reflected in OPG's previously authorized regulated prices for the period through December 31, 2026. While the OEB did not make changes to deemed capital structures in the generic cost of capital proceeding, it stated that it would consider, on its merits, a proposal by OPG to modify its deemed capital structure, should OPG submit one in its subsequent application for new regulated prices. OPG's December 2025 application for new regulated prices with the OEB includes a proposal to increase the equity component of the deemed capital structure applicable to the Company's rate base.

The December 2025 amendments to *Ontario Regulation 53/05* established a variance account for DNNP LP to record, for future disposition and until the effective date of the OEB's first order setting regulated prices for the DNNP SMR facilities after the DNNP has been completed, the revenue requirement impact of the differences between DNNP LP's actual capital structure and cost of debt, and such capital structure and cost of debt parameters approved by the OEB in setting regulated prices for the DNNP SMRs. The disposition of the balance in the account is subject to the OEB's review of the borrowing costs incurred by DNNP LP.

In April 2025, the Province released a proposal for potential amendments to *Ontario Regulation 53/05* to allow for the creation of a new variance account to record pre-development expenses for proposed hydroelectric projects by OPG for future recovery, subject to review by the OEB. The comment period for the proposal ended on June 13, 2025.

For generation assets that do not form part of the rate regulated operations, OPG generally seeks to secure long-term revenue arrangements that support an appropriate return on the investment. In line with this strategy, all of OPG's non-regulated facilities in Ontario are subject to ESAs with the IESO. These contracts are generally designed to provide for recovery of operating costs and capital investment in the underlying facilities and a return on invested capital, subject to the facilities continuing to meet their contractual obligations.

Ensuring Availability of Cost-Effective Funding

OPG actively monitors its funding requirements and forecasts availability of funds to ensure that it can meet the Company's operational needs, project and other commitments, and long-term obligations. In addition to funds generated from operations, OPG currently utilizes the following primary funding sources: commercial paper; letters of credit; credit facilities; public debt offerings; debt sourced from the Ontario Electricity Financial Corporation (OEFC) and Ontario Financing Authority (OFA); Shareholder equity injections; agencies of the provincial and federal governments; and private placement and other project debt and equity financing arrangements.

Credit Ratings

Maintaining an investment grade credit rating supports OPG's ability to access cost effective financing. As at December 31, 2025, the Company's credit ratings were as follows:

Type of Rating	DBRS Limited (DBRS) ¹	S&P Global Ratings (S&P) ²	Moody's Investors Service (Moody's) ³
Issuer rating	A (low)	BBB+	A3
Senior unsecured debt	A (low)	BBB+	A3
Trend/Outlook	Stable	Stable	Stable
Commercial paper program – Canada	R-1 (low)	A-1 (low)	NR ⁴
Commercial paper program – US	NR ⁴	A-2	P-2

¹ In April 2025, DBRS confirmed OPG's A (low) issuer rating, A (low) senior unsecured debt rating and R-1 (low) Canadian commercial paper rating, all with Stable trends.

² In August 2024, S&P confirmed OPG's ratings including BBB+ issuer rating with stable outlook, BBB+ senior unsecured debt rating and A-1 (low) Canada commercial paper rating.

³ In May 2025, Moody's confirmed OPG's A3 issuer rating with stable outlook, A3 senior unsecured debt rating and P-2 US commercial paper rating.

⁴ NR indicates no rating assigned.

Additional discussion of the Company's credit facilities and liquidity can be found in the section, *Liquidity and Capital Resources*.

Growth and Transformation

As Ontario's largest, and one of North America's most diverse electricity generators, the Company's growth strategy is focused on meeting the forecasted increase in provincial electricity demand, while enhancing reliability and energy security in alignment with Ontario's Integrated Energy Plan. Opportunities are evaluated using financial, risk-based analyses and strategic considerations, including the evaluation of partnership opportunities with other entities where aligned with OPG's business objectives.

OPG's growth strategy includes the investment in new generation development and the renewal and expansion of existing assets to meet Ontario's evolving electricity needs. The strategy is anchored in OPG's operational and project expertise across a diversified and growing generation portfolio.

OPG also seeks to expand beyond its core generation business, either directly or through its subsidiaries and partnerships, with investments in innovative technologies and new lines of business in the electricity sector, such as nuclear innovation, transport electrification, low-carbon hydrogen production, battery energy storage systems, hydroelectric pumped storage, and other opportunities.

New Nuclear Generation Development

OPG is preparing for possible development of new large nuclear reactors in Ontario. This includes preparing information for the Wesleyville site Impact Assessment process, as well as continuing to evaluate the suitability of the Company's other existing sites for potential new nuclear energy generation. OPG has also begun preliminary evaluations of available large nuclear reactor technologies. The costs for these activities are recorded, for future recovery, in an existing regulatory account established pursuant to *Ontario Regulation 53/05*, with disposition subject to review by the OEB.

In October 2025, OPG announced the opening of the Port Hope Nuclear Discovery Centre, a new hub that aims to provide learning opportunities, foster community engagement, and serve as a venue for residents, stakeholders, and First Nations to access information, participate in activities, and share feedback related to a potential new nuclear development project at the Wesleyville site.

Further details on activities being undertaken related to a potential new nuclear development project at the Wesleyville site can be found in the section, *Significant Developments* under the heading, *Initial Project Description for Potential New Nuclear Generation at OPG's Wesleyville Site*.

Nuclear Services Collaboration

In December 2025, Laurentis Energy Partners (LEP), a subsidiary of OPG, together with its subsidiary, Canadian Nuclear Partners S.A., and BWXT Canada Ltd., entered into a long-term owner's engineer contract with Kozloduy NPP-New Builds PLC, a Bulgaria-based nuclear energy company. Pursuant to the contract, the consortium will support the construction of two Westinghouse AP1000 reactor units at Bulgaria's Kozloduy Nuclear Power Plant, including project planning, specialized engineering and project management services.

Medical Isotopes

In May 2025, the CNSC announced its decision to amend OPG's power reactor operating licence for the Darlington GS to authorize production of lutetium-177 (Lu-177) and yttrium-90 (Y-90) isotopes using the existing target delivery system at Unit 2 of the Darlington GS. LEP will produce Lu-177 and Y-90, which are used to deliver targeted radionuclide therapy for treating certain cancers and tumors. Lutetium-177 is used to treat rare tumors and prostate cancer, while Y-90 is primarily used for the treatment of liver cancer and other large inoperable tumors.



Social Licence

OPG is committed to maintaining high standards of public health and safety and corporate citizenship, including environmental stewardship, transparency, community engagement and Indigenous relations. The Company also strives to be a leader in climate change action, equity, diversity and inclusion (ED&I) practices, and advancing reconciliation with Indigenous Peoples.

Further details on social licence activities and initiatives can be found in the section, *Environmental, Social, Governance and Sustainability*.

Outlook

The Company's outlook on operating performance, capital expenditure, and financing and liquidity is outlined below. The outlook may be impacted by a number of factors including finalization of project budgets and timing of project approvals, as well as macro-economic factors and geopolitical events, including tariffs and other trade restrictions, as discussed further in the section, *Risk Management*.

Operating Performance

OPG expects net income for the 2026 year to be lower than the 2025 year, primarily due to the impact of recording the benefit of revenue net of costs from the electricity generated from operating the Pickering GS during the first nine months of 2026 in a regulatory account established by Ontario Regulation 53/05 in order to subsequently return these amounts to customers, an additional three months of electricity generation from the Pickering GS during 2025 and a higher number of planned outage days in the cyclical maintenance schedule for the Darlington GS in 2026. These factors are partially offset by the non-recurring loss recognized in the fourth quarter of 2025 related to the sale of Eagle Creek, the impact of a higher previously approved nuclear base regulated price for 2026 and higher electricity generation from the expected return to service of Unit 4 of Darlington GS from refurbishment in March 2026.

Further details on OPG's plan for continued operation of Units 5 to 8 of the Pickering GS and the associated regulatory account can be found in the section, *Core Business and Outlook* under the heading, *Operational Excellence – Electricity Generation Production and Reliability*.

The established OEB-approved regulated prices are expected to continue to provide regulatory certainty for 2026. Additionally, regulatory accounts are expected to continue to reduce the relative variability of the regulated business segments' contribution to the Company's net income, particularly for the Regulated – Hydroelectric Generation business segment. This includes accounts that capture the gross margin impact of variability in water flows and forgone production due to SBG conditions at the regulated hydroelectric stations. There are no regulatory accounts in place related to the impact of variability in OPG's nuclear stations' generation performance on revenue from base regulated prices.

The ESAs in place for the Ontario-based non-regulated assets reported in the Contracted Hydroelectric and Other Generation and Atura Power business segments are expected to contribute a generally stable level of earnings in 2026, consistent with 2025.

Capital Expenditures

OPG's forecasted capital expenditures for the years 2026 to 2028 are expected to range between \$7 billion to \$8 billion annually. The 2026 to 2028 forecast is higher than the capital expenditures in 2025, primarily reflecting the advancement of the Pickering Refurbishment project into the execution phase following the Province's approval announced in November 2025 and the continued definition and execution phase activities for the DNNP planned over the next three years. These increases are partly offset by lower capital expenditures resulting from the expected substantial completion of the Darlington Refurbishment project in 2026, the expected completion of the Atura Power's NHC and Napanee BESS development projects in 2026 and the Napanee Combined Cycle GS Expansion Project in 2028.

Financing and Liquidity

The Company expects to generate a lower level of cash flow from operating activities in 2026 compared to 2025, in line with the expected lower net income and reflecting nine months of expected operation of Units 5 to 8 of the Pickering GS compared to a full year in 2025. The level of cash flow from operating activities in 2026 will also be affected by electricity generation volumes at the hydroelectric generating stations across Ontario, depending on water conditions. Taking into account the planned capital expenditure program, OPG expects existing funding sources to continue to be sufficient to meet financing requirements and support ongoing liquidity during 2026, inclusive of the impact of equity injections from the Province and the proceeds from the sale of Eagle Creek. Further details of OPG's credit facilities can be found in the section, *Liquidity and Capital Resources* under the heading, *Financing Activities*.

Nuclear Segregated Funds

OPG's operating results can be affected by earnings on the Nuclear Segregated Funds as part of the Regulated – Nuclear Sustainability Services business segment. As at December 31, 2025, both the Decommissioning Segregated Fund and the Used Fuel Fund are in an overfunded position based on the current approved Ontario Nuclear Funds Agreement (ONFA) reference plan in effect for the years 2022 to 2026 (2022 ONFA Reference Plan). As a result of the overfunded position, volatility of market returns, or changes in the Ontario consumer price index (CPI) that otherwise determine the rate of return for the portion of the Used Fuel Segregated Fund guaranteed by the Province are not expected to cause fluctuations in the earnings on the Nuclear Segregated Funds in the short term. Any volatility is also reduced by the impact of an OEB-authorized regulatory account.

The next ONFA reference plan update is scheduled to be completed at the end of 2026. Changes in funding liability estimates upon an ONFA reference plan update can result in adjustments to the values of Nuclear Segregated Funds assets reported on the consolidated balance sheet, as these values are limited to the cost estimate of the funding liability based on the most recently approved ONFA reference plan, plus a portion of the Decommissioning Segregated Fund surplus that may be directed to the Used Fuel Segregated Fund in certain circumstances. On the consolidated statements of income, these adjustments are recorded as increases or decreases to earnings on the Nuclear Segregated Funds, such that an increase in the funding liability would increase earnings on the Nuclear Segregated Funds and a decrease in the funding liability would decrease earnings on the Nuclear Segregated Funds.

Further details on the Nuclear Segregated Funds can be found in the section, *Significant Accounting Policies and Critical Accounting Estimates* under the heading, *Nuclear Fixed Asset Removal and Nuclear Waste Management Funds*.

ENVIRONMENTAL, SOCIAL, GOVERNANCE AND SUSTAINABILITY

OPG recognizes that operating in a manner consistent with environmental, social and governance (ESG) principles is directly connected to business success and is expected by the Company's customers, stakeholders, Rightsholders and Shareholder. In addition to its focus on high standards of workplace health and safety and public safety, as Ontario's largest energy provider, the Company strives to be a leader in sustainability, climate change action, and Indigenous relations. This is accomplished through the implementation of operational and growth strategies that minimize the Company's environmental impacts, support reductions in greenhouse gas (GHG) emissions, increase operations' resilience to climate change impacts, and advance Indigenous reconciliation, all while taking into account impacts on electricity consumers. A central part of OPG's ESG and sustainability focus is its goal of becoming a global equity, diversity and inclusion (ED&I) best practice leader by 2030.

Health and Safety

OPG's employees and contractors are expected to work in alignment with the Company's health and safety culture, Employee Health and Safety Policy and Safe Operations Policy. OPG's integrated health and safety management systems, operational risk control procedures and contractor management processes ensure continued monitoring of health and safety performance across the Company's facilities and support continuous learning and improvement. OPG has consistently ranked in the top quartile of its comparator Canadian electrical utilities in various safety performance metrics. OPG uses Total Recordable Injury Frequency (TRIF) as a performance measure to benchmark OPG's performance against other Electricity Canada utilities. OPG also uses Serious Injury Incidence Rate (SIIR) as a key corporate safety metric. SIIR captures a more serious sub-set of injuries than the TRIF metric and helps OPG maintain a focus on high consequence hazards as part of its health and safety culture.

OPG's employee workplace safety performance as measured by the TRIF and SIIR indicators was as follows:

Safety data ¹	2025	2024
TRIF (<i>injuries per 200,000 hours</i>)	0.09	0.23
SIIR (<i>serious injuries per 200,000 hours</i>)	0.00	0.02

¹ Performance is inclusive of OPG and its subsidiaries.

OPG's TRIF and SIIR improved in 2025 compared to 2024. To further strengthen safety performance, the Company continues to implement initiatives to target injury and high-energy incident trends based on the analysis of safety events and the use of human performance tools including increased field supervisory oversight and monitoring the presence of safety defences.

OPG continues to maintain a strong focus on the nuclear safety program and to invest in nuclear safety systems. To ensure continued public safety, radiation exposure to members of the public resulting from the operation of OPG's nuclear generating stations is estimated on an annual basis for individuals living or working near the stations. The annual dose to the public resulting from operations of each nuclear facility is expressed in microsieverts (μSv), which is an international unit of radiation dose measurement.

The estimated doses to the public resulting from OPG's nuclear operations were as follows:

Annual public dose estimate	2024		2023	
	μSv	% of annual legal limit ¹	μSv	% of annual legal limit ¹
Darlington GS	0.9	<0.1%	0.7	<0.1%
Pickering GS	1.4	0.1%	1.5	0.2%

¹ The annual legal limit is 1,000 μSv for each nuclear generating station.

While the estimated public doses from OPG's nuclear operations for the 2025 operating year will not be finalized until the second quarter of 2026, they are not expected to differ significantly from the 2024 levels.

OPG continues to make investments in waterway public safety and dam safety upgrades around its hydroelectric generating stations and dams. OPG's dam safety program encompasses dam safety, emergency management and public safety around dams in compliance with the Company's Safe Operations Policy. The Company's practices in these areas for Ontario-based operations are routinely reviewed by an independent panel comprised of internationally recognized experts, who have consistently concluded that many aspects of OPG's dam safety program are industry leading, and a strong culture of continuous improvement exists.

Environmental

OPG is committed to meeting and, where appropriate, exceeding the Company's environmental obligations and commitments. Specifically, OPG's Environmental Policy commits the Company to:

- Maintain an environmental management system (EMS), and registration for this system to the ISO 14001 Environmental Management System standard for OPG, excluding subsidiaries;
- Work to prevent or mitigate adverse impacts on the environment with a long-term objective of continual improvement;
- Execute its Climate Change Plan and strive to achieve the milestones and goals therein; and
- Manage sites in a manner that strives to maintain or, where it makes business sense, enhance significant natural areas and associated species of concern.

Within the EMS, OPG sets environmental objectives and maintains planning, operational control and monitoring programs to manage its negative and positive impacts on the environment. The most significant environmental aspects of OPG's operations include spills, water flow and level changes, radiological emissions, non-radiological emissions, L&ILW, non-radiological waste, wildlife habitat, and fish impingement, entrainment and spawning disruption.

The EMS is reviewed annually to ensure it remains appropriate to the purpose and context of the Company's operations. Environmental performance targets are set as part of the annual business planning process and are based on past performance and external benchmarking to promote continual improvement. OPG met or outperformed its 2025 targets for spills, environmental infractions, carbon-14 emissions to air, volume of L&ILW produced, and tritium emissions to air and water.

OPG has developed biodiversity conservation plans that identify significant natural areas, conservation goals, threats and proposed actions to sustain biodiversity at the Company's operating sites and across Ontario. To maximize benefits and manage impacts, conservation initiatives include biodiversity monitoring, site naturalization, habitat creation and control of invasive species. During 2025, OPG continued to work with community and Indigenous partners to support regional ecosystems and biodiversity, including nature-based solutions to protect and restore habitat, and to promote biodiversity education and awareness to help restore Ontario's natural landscapes. In 2025, OPG and its conservation partners planted approximately 486,000 native trees and shrubs were planted in 2025. Since 2000, this brings OPG's total tree planting contribution to over 10 million trees, fulfilling the target outlined in the Climate Change Plan.

In December 2024, the Government of Canada released final *Clean Electricity Regulations* (CER). Beginning in 2035, the CER will set limits on carbon dioxide emissions from fossil fuel-burning electricity generation units with a generating capacity of 25 MW or greater connected to an electricity system that is subject to North American Electric Reliability Corporation (NERC) standards. OPG's Lennox GS and Atikokan GS and Atura Power's combined cycle plants registered under the CER in 2025. OPG continues to assess the impact of this regulation on its thermal generating facilities and to monitor CER-related developments.

Climate

OPG continues to monitor the development of voluntary sustainability and climate-related financial information disclosures that are measurable and relevant to investors and other stakeholders, including those of the International Sustainability Standards Board, the Canadian Sustainability Standards Board and the Canadian Securities Administrators' proposed mandatory climate-related disclosure requirements.

Additional information about OPG's climate strategy and associated oversight mechanisms can be found in the section, *Description of the Business* under the heading *Environmental, Social, Governance and Sustainability – Environment*, in the AIF. A discussion of climate-related risk management is found in the section, *Risk Management* under the heading, *Risks to Achieving Operational Excellence*.

Carbon Prices

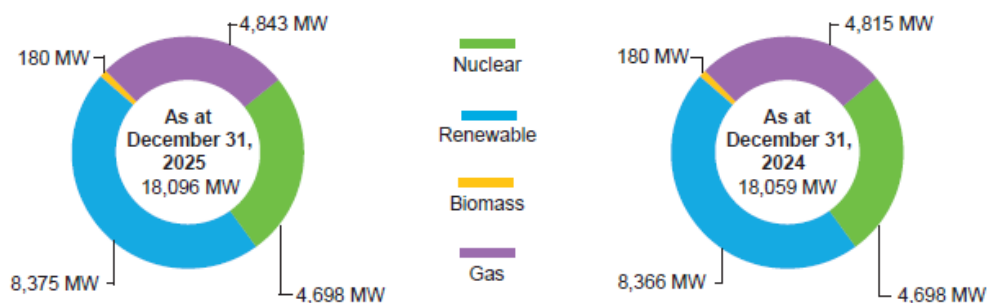
The Canadian federal *Greenhouse Gas Pollution Pricing Act* provides for a price of carbon through an Output-Based Pricing System for industrial facilities and a fuel charge for non-exempt fossil fuel purchases, with the federal carbon price per tonne of carbon dioxide equivalent (CO₂e) emissions increasing by \$15 per year, from \$65 in 2023 to \$170 in 2030. Ontario's Emissions Performance Standard program aligns with the federal carbon pricing. For OPG, compliance obligations for carbon pricing apply to the Lennox GS and Atura Power's combined cycle plants. OPG has implemented processes to recover carbon costs to the extent possible under the current revenue arrangements for these assets. As a result, the carbon pricing program is not expected to have a material financial impact on the Company.

Climate-Related Performance and Key Metrics

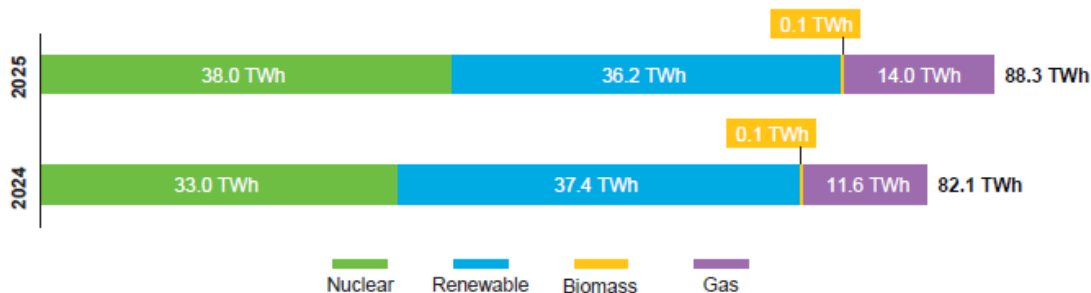
OPG continues to determine the most relevant climate-related impacts for the business in the context of its ESG and Sustainability framework and is engaged in aligning with industry metrics. OPG is in the process of developing such quantitative metrics and targets for climate change as part of an effort to integrate climate considerations into business processes. OPG has identified certain initial metrics that it considers relevant to stakeholders, which are as follows as at and for the years ended December 31:

Climate Change Metrics

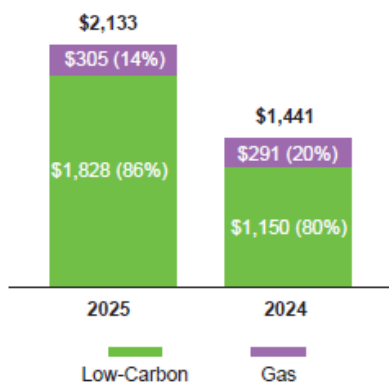
In-service generating capacity by generation type (MW)¹



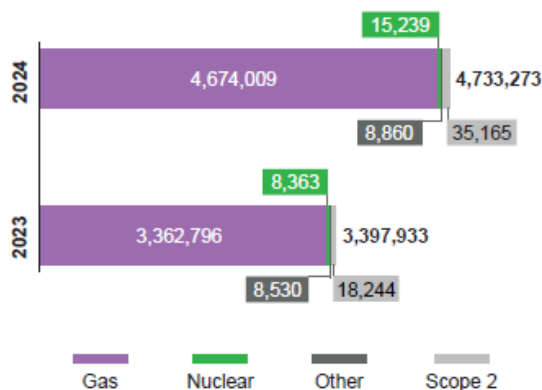
Electricity generation by generation type (TWh)¹



EBIT from generating stations by facility category (millions of dollars); Climate-related transition risk¹



Scope 1 and Scope 2 GHG emissions (tonnes CO₂e)²



¹ Includes OPG's proportionate share of in-service generating capacity and electricity generation from co-owned and minority-held facilities. Nuclear generating units undergoing refurbishment are excluded. Renewable category includes the Company's hydroelectric and solar generating facilities. Biomass category includes the Atikokan GS, which uses wood pellets from sustainably managed forests. Gas category includes the dual-fueled Lennox GS and the Company's combined cycle plants operated through Atura Power.

² OPG continues to evaluate and enhance its Scope 1 and 2 GHG emission sources and quantification processes.

<i>In-service generating capacity by generation type</i> ¹	In-service generating capacity from gas generation sources increased as at December 31, 2025, compared to December 31, 2024, due to the completion of the contractual generating capacity upgrades at the Halton Hills GS in the first quarter of 2025. Low-carbon sources continue to account for the majority of OPG's total in-service generating capacity.
<i>Electricity generation by generation type</i> ²	Low-carbon sources accounted for approximately 84 percent of OPG's total electricity generation during 2025, compared to approximately 86 percent in 2024. The percentage decrease was primarily due to an increase in electricity generation from the Atura Power business segment, due to higher demand for electricity generation from the combined cycle plants. For further details, refer to the section, <i>Highlights</i> under the heading, <i>Electricity Generation</i> .
<i>EBIT from generating stations by facility category; Climate-related transition risk</i> ³	The portion of EBIT from low-carbon generation increased in 2025, compared to 2024, primarily due to higher electricity generation and lower OM&A expenses from the Regulated – Nuclear Generation business segment. For further details, refer to the section, <i>Discussion of Operating Results by Business Segment</i> under the heading, <i>Regulated – Nuclear Generation Segment</i> .
<i>Scope 1 GHG emissions – Direct and Emission Rate</i> ⁴	<p>The Scope 1 GHG emissions metric identifies direct carbon dioxide equivalent (CO₂e) emissions from OPG's thermal and nuclear operations and other facilities. For the year ended December 31, 2024, 4,674,009 tonnes of CO₂e (2023 – 3,362,796 tonnes of CO₂e) were emitted by thermal operations, representing over 99 percent of OPG's total CO₂e emissions, with the remainder emitted by nuclear operations and other facilities. The increase in CO₂e emissions in 2024 was primarily due to increased electricity generation from Atura Power's combined cycle plants.</p> <p>For the year ended December 31, 2024, OPG emitted CO₂e at an average rate of 57.2 grams per kilowatt-hour (kWh) of its total electricity generation (2023 – 41.7 grams per kWh).</p>
<i>Scope 2 GHG emissions – Indirect</i> ⁴	The Scope 2 GHG emissions metric identifies indirect CO ₂ e emissions from the purchase of energy from utility providers. For the year ended December 31, 2024, an estimated 35,165 tonnes of CO ₂ e (2023 – 18,244 tonnes of CO ₂ e) were emitted based on purchases of energy. The increase in CO ₂ e emissions in 2024 was primarily due to ongoing efforts to improve the GHG emissions inventory for this category and as a result of increased emissions from the electricity grid.

¹ Identifies capacity available from OPG's different electricity generation sources and tracks low-carbon energy capacity relative to other sources. Nuclear, Renewable and Biomass generating facilities are considered to be low-carbon emitting generation sources.

² Identifies electricity generated from OPG's different generation sources and tracks low-carbon energy generation sources (Nuclear, Renewable and Biomass) relative to other sources.

³ Identifies the portion of OPG's EBIT from electricity generating stations derived from low-carbon energy generation sources (Nuclear, Renewable and Biomass) relative to other sources.

⁴ Scope 1 GHG emissions, Emission Rate and Scope 2 GHG emissions are based on the most recently available estimates.

Indigenous Relations

OPG owns and operates electricity generation assets within the treaty and traditional territories of Indigenous Peoples across Ontario. OPG's Indigenous Relations Policy and Reconciliation Action Plan formalize the Company's commitment to working with Indigenous communities to foster positive and mutually beneficial relationships to create social and economic benefits through partnership and collaboration. This includes, where appropriate, pursuing electricity generation-related development partnerships on the basis of long-term commercial arrangements and other joint projects proximate to the Company's present and future operations. OPG maintains a certified Gold Designation under the Canadian Council for Indigenous Business' Partnership Accreditation in Indigenous Relations program, which recognizes OPG as a national best-practices organization with a demonstrated commitment in the area of Indigenous relations.

The Company has partnered successfully with Indigenous communities in Ontario on the construction of the Peter Sutherland Sr. hydroelectric GS project, the Lower Mattagami River hydroelectric project, the Lac Seul hydroelectric GS and the Nanticoke solar facility. The following table provides aggregate statistics related to these electricity generation-related development partnerships for the years ended December 31:

Indigenous partnerships data	2025	2024
In-service generating capacity constructed in partnership with Indigenous communities (<i>MW</i>)	574	574
Electricity generation revenues earned in partnership with Indigenous Communities (<i>millions of dollars</i>)	290	263

OPG continues to undertake proactive and ongoing engagement with Indigenous communities in relation to the Company's operations and projects, including early consultation, integration of Indigenous knowledge and perspectives, responsive issue resolution, and long-term relationship building. OPG is actively engaged with multiple Indigenous Nations and communities that hold Aboriginal, Treaty, and Inherent rights or interests in the lands and territories. Throughout 2025, monthly meetings were held to ensure that Indigenous Nations and communities had access to information and opportunities to influence project outcomes where OPG project sites are located, including the DNNP, the Pickering Refurbishment project, and potential new nuclear generation development at the Wesleyville site. In late 2025, OPG signed amended memorandums of understanding with local First Nations to advance potential new nuclear generation development at the Wesleyville site, acknowledging Indigenous territories and emphasizing collaboration.

Increasing access to employment and procurement opportunities for Indigenous Peoples remains a key commitment in OPG's Reconciliation Action Plan. Central to this effort is OPG's Indigenous Opportunities Network (ION) program, a collaboration between OPG, the Electrical Power Systems Construction Association (EPSCA), Kagita Mikam Aboriginal Employment and Training, building trades unions, and vendor and industry partners, which places Indigenous participants into employment roles in the energy sector. As of December 31, 2025, the ION program exceeded its annual target by 4 placements, with 74 ION participants placed into employment roles. Since the program was launched in 2018, a total of 256 ION participants have been placed into employment roles.

OPG continues to focus on increasing economic impact for Indigenous communities and businesses through its operations, projects and initiatives, including competitive procurement processes. Over the course of 2025, OPG awarded approximately \$347 million in contracts to Indigenous businesses and distributed approximately \$18 million through equity partnerships with First Nations in Ontario. Since the launch of OPG's Reconciliation Action Plan in 2021, OPG has provided a total of approximately \$793 million in such contract awards and equity partnership distributions, representing approximately 79 percent of the Company's goal to commit \$1 billion in economic impact to Indigenous communities and businesses over a 10-year period.

Equity, Diversity and Inclusion

OPG is committed to workplace ED&I, at the enterprise and site levels of the organization, as part of a culture in which all employees, contractors and business partners are treated with fairness and respect. OPG recognizes that ED&I is integral to having a high-performing, diverse and committed workforce and is fundamental to achieving the Company's strategic goals. With the support of its employees, host communities and business partners, the Company continues to advance its ED&I Strategy and priorities with a view to building a workforce that represents its communities and ensuring a culture of inclusion.

The Company's commitment to ED&I underpins its 10-year ED&I Strategy and is reinforced through the Company's Code of Business Conduct and related governance. In May 2025, OPG updated its ED&I Strategy actions, building on the prior commitments and introducing new tools and training for leaders, including enhanced interview guides to support inclusive and equitable hiring decisions.

OPG is committed to proactive employment practices to increase representation of the four designated groups under the *Employment Equity Act*. OPG uses metrics provided by Employment and Social Development Canada to assess progress and identify gaps between external availability and internal representation of the four designated groups. Labour market availability (LMA) calculations are based on data from Statistics Canada and the Canadian Survey on Disability, and are specific to OPG's industry, geographic locations and occupational categories. Under the *Employment Equity Act*, a workforce achieves employment equity when the internal representation of designated groups is equal to the relevant LMA.

OPG's workforce representation of these groups as at December 31 was as follows, compared to LMA:

Designated Group ¹	Labour Market Availability ²	2025 ³	2024 ³
Women	29.1%	24.8%	24.6%
Indigenous Peoples	2.4%	2.5%	2.5%
Racialized People	33.3%	23.4%	22.9%
Persons with Disabilities	11.4%	6.8%	7.2%

¹ OPG's workforce representation values depend on employees voluntarily self-identifying.

² The LMA values shown are from 2024, being the most currently available data.

³ Workforce representation values include all employment types, including regular and temporary employees.

OPG applies ED&I principles to succession planning and metrics with the goal of ensuring candidate pools for management positions are diverse and equitable. Representation of the four designated groups defined under the *Employment Equity Act* at the Board and senior management level as of December 31, 2025 was as follows:

	Women	Diversity Representation ¹	Total
Directors	6 54.5%	54.5%	11
Corporate Officers ²	6 60.0%	90.0%	10
Enterprise Leadership Team ³	7 63.6%	72.7%	11
Senior Leadership Team ⁴	27 34.2%	53.2%	79

¹ Includes individuals who are members of more than one of the four designated groups; Women, Racialized Persons, Indigenous Peoples, and Persons with Disabilities.

² OPG management designated as corporate officers as defined by the *Business Corporations Act* (Ontario).

³ Enterprise Leadership Team (ELT) comprises the OPG President and Chief Executive Officer (CEO), C-Suite Officers and Senior Vice Presidents who report directly to the CEO or who may be named to the ELT.

⁴ Senior Leadership Team (SLT) generally comprises individuals at the vice president level or equivalent and is exclusive of members from the other reported groups.

DISCUSSION OF OPERATING RESULTS BY BUSINESS SEGMENT

Regulated – Nuclear Generation Segment

The Regulated – Nuclear Generation business segment operates in Ontario, generating and selling electricity from the Darlington and Pickering nuclear generating stations, and also includes revenue under the terms of a long-term lease arrangement and associated agreements with Bruce Power related to the Bruce nuclear generating stations. This includes lease revenue, fees for nuclear waste management services, and revenue from heavy water sales and detritiation services. The segment also earns revenue from regulated isotope sales contracts and from supplying ancillary services to the electricity system from the nuclear generating stations operated by OPG. Additionally, the segment includes project expenditures for the DNNP and the operating results of DNNP LP.

<i>(millions of dollars – except where noted)</i>	2025	2024
<i>Electricity generation (TWh)</i>	38.0	33.0
Revenue	4,527	3,798
Fuel expense	343	288
Gross margin	4,184	3,510
Operations, maintenance and administration expenses	1,962	2,469
Property taxes	27	25
Other losses	14	9
Earnings before interest, income taxes, depreciation and amortization	2,181	1,007
Depreciation and amortization expenses	782	665
Earnings before interest and income taxes	1,399	342

Earnings before interest and income taxes from the segment increased by \$1,057 million in 2025, compared to 2024.

The increase in segment earnings was largely driven by lower OM&A expenses of \$507 million, and higher revenue of \$500 million as a result of higher electricity generation of 5.0 TWh. The decrease in OM&A expenses was mainly due to lower expenditures related to the cyclical maintenance activities as a result of fewer planned outage days at both the Darlington GS and Pickering GS, and the full year impact in 2025 of the cessation of commercial operation of Unit 1 and Unit 4 of the Pickering GS in the fourth quarter of 2024.

The lower depreciation and amortization expenses of \$63 million in 2025, compared to 2024, excluding amortization expense related to the recovery and repayment of OEB-authorized regulatory account balances, was primarily due to the cessation of commercial operation of Unit 1 and 4 of the Pickering GS in the fourth quarter of 2024, partially offset by higher depreciation expense recognized from placing capital in service.

An increase in revenue in 2025 reflecting the impact of the new rate riders for the disposition of regulatory accounts under the OEB's June 2024 decision and order on OPG's application for such disposition, effective July 1, 2024, was largely offset by a corresponding increase in the amortization expense of regulatory assets and regulatory liabilities recorded for these balances.

The planned and unplanned outage days at the Darlington and Pickering nuclear generating stations were as follows:

	2025	2024
Planned Outage Days		
Darlington GS ¹	25.7	118.3
Pickering GS	83.4	295.6
Unplanned Outage Days		
Darlington GS ¹	31.0	88.3
Pickering GS	48.0	76.6

¹ The planned and unplanned outage days exclude unit(s) during the period in which they are undergoing refurbishment. Accordingly, Unit 1 of the Darlington GS was excluded from the reported planned and unplanned outage days during its refurbishment period of February 15, 2022 to November 27, 2024 and Unit 4 of the Darlington GS has been excluded from the measure since commencing refurbishment on July 19, 2023.

The lower planned outage days at the Darlington GS during 2025, compared to 2024, were driven by the impact of the station's cyclical maintenance outage on the station's Unit 2 during the first half of 2024.

The lower planned outage days at the Pickering GS during 2025, compared to 2024, were driven by the impact of the station's cyclical maintenance schedule and other planned maintenance, inspection and repair work executed at the station in 2024.

The lower unplanned outage days at the Darlington GS during 2025, compared to 2024, were primarily driven by steam generator repair activities on the station's Unit 3 in the first half of 2024.

The lower unplanned outage days at the Pickering GS during 2025, compared to 2024, were primarily due to fuelling machine recovery activities executed at the station in the first half of 2024.

The Unit Capability Rates for the Darlington and Pickering nuclear generating stations were as follows:

	2025	2024
Unit Capability Rate (%) ^{1,2}		
Darlington GS	97.2	87.0
Pickering GS	96.7	96.4

¹ Nuclear Unit Capability Rate excludes unit(s) during the period in which they are undergoing refurbishment.

² Effective in the fourth quarter of 2025, the Company replaced the Unit Capability Factor with the Unit Capability Rate as an operating performance measure. For additional details on Unit Capability Rate, refer to the section, *Key Operating Performance Indicators and Non-GAAP Financial Measures*.

The Unit Capability Rate at the Darlington GS increased in 2025, compared to 2024, primarily due to fewer unplanned outage days. The Unit Capability Rate at the Pickering GS in 2025 was comparable to 2024.

Regulated – Nuclear Sustainability Services Segment

OPG's Regulated – Nuclear Sustainability Services business segment reports the results of the Company's operations associated with the management of used nuclear fuel and L&ILW, the decommissioning of OPG's nuclear generating stations including the stations on lease to Bruce Power and other facilities, the management of the Nuclear Segregated Funds, and related activities including the inspection and maintenance of the used nuclear fuel and L&ILW storage facilities. Accordingly, accretion expense, which is the increase in the Nuclear Liabilities carried on the consolidated balance sheets in present value terms due to the passage of time, and earnings from the Nuclear Segregated Funds are reported under this segment.

As the nuclear generating stations operate over time, OPG incurs incremental costs related to used nuclear fuel and L&ILW that is generated, which increase the Nuclear Liabilities. OPG charges these incremental costs to current operations in the Regulated – Nuclear Generation business segment to reflect the cost of producing energy from the Darlington and Pickering nuclear generating stations and earning revenue under the Bruce Power lease arrangement and related agreements. Since the incremental costs increase the Nuclear Liabilities reported in the Regulated – Nuclear Sustainability Services business segment, OPG records an inter-segment charge between the Regulated – Nuclear Generation and the Regulated – Nuclear Sustainability Services business segments. The impact of the inter-segment charge is eliminated in the consolidated statements of income and balance sheets.

The Regulated – Nuclear Sustainability Services business segment is considered regulated because OPG's costs associated with the Nuclear Liabilities are included in the OEB's determination of regulated prices for electricity produced from the Darlington and Pickering nuclear generating stations.

<i>(millions of dollars – except where noted)</i>	2025	2024
Revenue	153	185
Operations, maintenance and administration expenses	153	185
Accretion on nuclear fixed asset removal and nuclear waste management liabilities	1,232	1,210
Earnings on nuclear fixed asset removal and nuclear waste management funds	(1,138)	(1,102)
Loss before interest and income taxes	(94)	(108)

The segment loss before interest and income taxes decreased by \$14 million in 2025 compared to 2024. The decrease was primarily due to higher earnings on the Nuclear Segregated Funds, largely offset by higher accretion expense on the Nuclear Liabilities. The higher accretion expense on the Nuclear Liabilities was due to the increase in the present value of the underlying obligations to reflect the passage of time.

The higher earnings from the Nuclear Segregated Funds were due to the growth in the present value of the underlying funding liabilities per the approved ONFA reference plan in effect. As both the Decommissioning Segregated Fund and the Used Fuel Segregated Fund were in an overfunded position during both 2025 and 2024, they were not impacted by market returns or the rate of return guarantee provided by the Province for a portion of the Used Fuel Segregated Fund. When both funds are in an overfunded position, OPG limits the amount of Nuclear Segregated Funds assets reported on the consolidated balance sheet to the present value of the underlying funding liabilities per the approved ONFA reference plan in effect.

As at December 31, 2025, the Decommissioning Segregated Fund was overfunded by approximately 55 percent and, after taking into account the rate of return guarantee provided by the Province, the Used Fuel Segregated Fund was overfunded by approximately 11 percent based on the 2022 ONFA Reference Plan.

Further details on the Nuclear Segregated Funds can be found in the section, *Significant Accounting Policies and Critical Accounting Estimates* under the heading, *Nuclear Fixed Asset Removal and Nuclear Waste Management Funds*.

Regulated – Hydroelectric Generation Segment

OPG's Regulated – Hydroelectric Generation business segment operates in Ontario, generating and selling electricity from most of the Company's hydroelectric generating stations. The business segment comprises the results of the 54 regulated hydroelectric generating stations located across a number of major river systems in the province. Additionally, the business segment includes revenues from supplying ancillary services to the electricity system and other revenues from OPG's regulated hydroelectric stations.

<i>(millions of dollars – except where noted)</i>	2025	2024
<i>Electricity generation (TWh)</i>	30.9	32.5
Revenue ¹	1,621	1,571
Fuel expense	347	335
Gross margin	1,274	1,236
Operations, maintenance and administration expenses	412	416
Property tax	1	1
Other losses	20	11
Earnings before interest, income taxes, depreciation and amortization	841	808
Depreciation and amortization expenses	267	227
Earnings before interest and income taxes	574	581

¹ During 2025 and 2024, the Regulated – Hydroelectric Generation business segment revenue included incentive payments of \$53 million and \$28 million, respectively, related to the OEB-approved hydroelectric incentive mechanism. The mechanism provides a pricing incentive to OPG to shift hydroelectric production from lower market price periods to higher market price periods, reducing the overall costs to customers. The incentive payments are reduced to remove incentive revenues arising in connection with SBG conditions.

Earnings before interest and income taxes from the segment decreased by \$7 million in 2025, compared to 2024. The decrease in segment earnings was primarily due to higher depreciation and amortization expenses, excluding amortization expenses related to the recovery and repayment of OEB-authorized regulatory account balances, mainly from capital placed in service.

An increase in revenue in 2025 reflecting the impact of the new rate riders for the disposition of regulatory accounts under the OEB's June 2024 decision and order on OPG's application for such disposition, effective July 1, 2024, was largely offset by a corresponding increase in the amortization expense of regulatory assets and regulatory liabilities recorded for these balances.

The Hydroelectric Availability for the generating stations reported in the Regulated – Hydroelectric Generation business segment was as follows:

	2025	2024
Hydroelectric Availability (%) ¹	85.5	85.8

¹ Hydroelectric Availability is defined in the section, *Key Operating Performance Indicators and Non-GAAP Financial Measures*.

The Hydroelectric Availability in 2025 was comparable to 2024.

Contracted Hydroelectric and Other Generation Segment

The Contracted Hydroelectric and Other Generation business segment operates in Ontario and in the US, generating and selling electricity from the Company's non-regulated generating stations. The segment primarily includes generating facilities that operate under ESAs with the IESO.

The Contracted Hydroelectric and Other Generation business segment includes OPG's share of equity income from co-owned and minority-held non-regulated electricity generating facilities, and revenues from supplying ancillary services to the electricity system and other revenues from the stations included in the segment.

Effective January 9, 2026, upon the sale of Eagle Creek, the Company no longer has electricity generation operations or facilities in the United States. The Contracted Hydroelectric and Other Generation business segment comprises only contracted generating facilities in Ontario from that date.

<i>(millions of dollars – except where noted)</i>	2025	2024
<i>Electricity generation (TWh)</i>	5.6	5.0
Revenue	922	815
Fuel expense	112	59
Gross margin	810	756
Operations, maintenance and administration expenses	288	307
Accretion on fixed asset removal liabilities	9	9
Property taxes	18	18
Other losses	457	6
Earnings before interest, income taxes, depreciation and amortization	38	416
Depreciation and amortization expenses	148	174
(Loss) earnings before interest and income taxes	(110)	242

Earnings before interest and income taxes from the segment decreased by \$352 million in 2025, compared to 2024. The decrease was primarily due to a non-recurring pre-tax loss of \$477 million recognized related to the sale of the Eagle Creek business in the United States. The decrease in earnings was partially offset by higher earnings from the Ontario-based facilities, reflecting higher revenue from the Lower Mattagami hydroelectric generating stations and the Lennox GS.

The Hydroelectric Availability and the Thermal Equivalent Forced Outage Rate (EFOR) within the Contracted Hydroelectric and Other Generation business segment were as follows:

	2025	2024
Hydroelectric Availability (%) ^{1,2}	84.6	80.8
Thermal EFOR (%) ²	12.8	3.8

¹ Hydroelectric Availability reflects hydroelectric generating stations in Ontario and the United States.

² Hydroelectric Availability and Thermal EFOR are defined in the section, *Key Operating Performance Indicators and Non-GAAP Financial Measures*.

The Hydroelectric Availability increased in 2025, compared to 2024, primarily due to fewer planned outages at the Lower Mattagami hydroelectric generating stations.

Thermal EFOR increased in 2025, compared to 2024, primarily due to higher unplanned outage days from forced extension outage events at the Lennox GS.

Atura Power Segment

The Atura Power business segment operates in Ontario, generating and selling electricity from the Company's fleet of combined cycle plants. All of the generating facilities included in the segment operate under ESAs with the IESO. The segment also includes revenues from participation in the IESO's operating reserve markets and generation cost guarantee programs. Additionally, the segment includes Atura Power's expenditures on business development projects.

<i>(millions of dollars – except where noted)</i>	2025	2024
<i>Electricity Generation (TWh)</i>	13.8	11.6
Revenue	1,143	871
Fuel expense	619	367
Gross margin	524	504
Operations, maintenance and administration expenses	113	98
Accretion on fixed asset removal liabilities	2	2
Property taxes	2	2
Other losses	2	1
Earnings before interest, income taxes, depreciation and amortization	405	401
Depreciation and amortization expenses	135	125
Earnings before interest and income taxes	270	276

Earnings before interest and income taxes from the segment decreased by \$6 million in 2025, compared to 2024. The decrease in earnings was primarily due to higher OM&A expenses, mainly driven by increased business development activities and maintenance activities, and higher depreciation and amortization expenses, mainly from capital placed in service. The decrease was partially offset by a higher gross margin as a result of higher demand for electricity generation from the combined cycle plants.

The Thermal Availability for the assets within the Atura Power business segment was as follows:

	2025	2024
Thermal Availability (%) ¹	84.6	85.1

¹ Thermal Availability is defined in the section, *Key Operating Performance Indicators and Non-GAAP Financial Measures*. The measure reflects the availability of the combined cycle plants as at the period end date, calculated on a one-year basis.

The Thermal Availability for the combined cycle plants decreased in 2025, compared to 2024, primarily due to planned outages for work performed to execute the IESO-awarded capacity upgrade projects, partially offset by fewer planned and unplanned outages at the Halton Hills and Napanee generating stations.

LIQUIDITY AND CAPITAL RESOURCES

OPG maintains a range of funding sources to ensure sufficient liquidity and meet financing requirements. These sources are used for multiple purposes including: to invest in plants and technologies, undertake major projects, fund long-term obligations such as contributions to the pension fund, make payments under the OPEB plans, fund expenditures on Nuclear Liabilities not eligible for reimbursement from the Nuclear Segregated Funds, service and repay long-term debt, and provide general working capital. Highlights of OPG's consolidated cash flow position are noted below.

Changes in cash and cash equivalents for 2025 and 2024 were as follows:

<i>(millions of dollars)</i>	2025	2024
Cash, cash equivalents and restricted cash, beginning of period	1,363	1,481
Cash flow provided by operating activities	3,708	2,211
Cash flow used in investing activities	(5,540)	(3,668)
Cash flow provided by financing activities	1,800	1,326
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(5)	13
Net increase (decrease) in cash, cash equivalents and restricted cash, including cash classified within current assets held for sale	(37)	(118)
Less: cash, cash equivalents and restricted cash classified within current current assets held for sale	(77)	-
Cash and cash equivalents and restricted cash, end of period	1,249	1,363

For a discussion of cash flow provided by operating activities, refer to the details in the section, *Highlights* under the heading, *Overview of Results*.

Investing Activities

Electricity generation is a capital-intensive business. It requires continued investment in plants and technologies to maintain and improve operating performance including asset reliability, safety and environmental performance, to increase the generating capacity and extend the operating life of existing stations, and to invest in the development of new generating facilities, emerging technologies and other business opportunities.

Cash flow used in investing activities increased by \$1,872 million in 2025, compared to 2024, primarily due to higher capital expenditures within the Regulated – Nuclear Generation, Regulated – Hydroelectric Generation and Atura Power business segments.

Financing Activities

As at December 31, 2025, long-term debt outstanding was \$11,739 million, with \$673 million representing amounts due within one year. Short-term debt outstanding as at December 31, 2025 was \$673 million.

Cash flow provided by financing activities increased by \$474 million in 2025, compared to 2024, primarily due the issuance of \$1 billion of Class B preferred shares to the Province and net issuance of short-term notes during 2025. The increase was partially offset by lower issuance and higher repayments of long-term debt during 2025.

Committed credit facilities and maturity dates as at December 31, 2025 were as follows:

<i>(millions of dollars)</i>	Amount
Bank facilities:	
Corporate ^{1,2}	1,000
Corporate ¹	750
Lower Mattagami Energy Limited Partnership ³	460
OPG Eagle Creek Holdings LLC and subsidiaries ⁴	20
Ontario Financing Authority facility ²	1,250
Ontario Electricity Financial Corporation facility ²	750

¹ Certain corporate credit facilities contain a sustainability-linked feature that allows reduced pricing if the Company meets certain sustainability targets.

² Represents amounts available under the facility net of debt issuances.

³ Letter of credit of \$65 million was outstanding under this facility as at December 31, 2025.

⁴ Subsequent to December 31, 2025, the facility was transferred to the buyer following the closing of the transaction to sell Eagle Creek on January 9, 2026.

Short-term debt, letters of credit and guarantees as at December 31 were as follows:

<i>(millions of dollars)</i>	2025	2024
Lower Mattagami Energy Limited Partnership	170	215
Corporate commercial paper	503	-
Total short-term debt	673	215
Letters of credit	799	504

As at December 31, 2025, a total of \$799 million of letters of credit had been issued (2024 – \$504 million). As at December 31, 2025, this included \$345 million for the supplementary pension plans, \$270 million for general corporate purposes, \$76 million for Atura Power, \$65 million for Lower Mattagami Energy Limited Partnership, \$15 million for OPG Eagle Creek Holdings LLC and its subsidiaries, \$14 million for UMH Energy Partnership, \$10 million for LEP and its subsidiaries, \$3 million for PowerON Energy Solutions LP and \$1 million for PSS Generating Station Limited Partnership.

Long-term debt balances as at December 31 were as follows:

<i>(millions of dollars)</i>	2025	2024
Medium Term Notes payable	6,550	5,950
Senior notes payable under OEFC and corporate credit facilities	2,811	2,859
Project financing	2,397	2,916
Other	25	25
Total Long-term debt ^{1,2}	11,783	11,750

¹ Excludes the impact of fair value premium and unamortized bond issuance fees.

² Following the agreement to sell Eagle Creek in October 2025, the carrying value of Eagle Creek's long-term debt was reclassified as liabilities associated with assets held for sale. The outstanding balance as at December 31, 2025 was \$296 million, which was transferred to the buyer upon closing of the transaction to sell Eagle Creek on January 9, 2026.

Further details on financing activities during the year can be found in the section *Significant Developments*.

Share Capital

As at December 31, 2025 and 2024, OPG had 256,300,010 common shares issued and outstanding at a stated value of \$5,126 million. OPG is authorized to issue an unlimited number of common shares without nominal or par value.

As at December 31, 2025 and 2024, OPG had 18,343,815 Class A shares issued and outstanding at a stated value of \$787 million. OPG is entitled to redeem outstanding Class A shares as may be approved by OPG's Board.

As at December 31, 2025, OPG had 1,000,000 Class B preferred shares, series 1 issued and outstanding at a stated value of \$1,002 million (nil as at December 31, 2024). OPG is authorized to issue an unlimited number of Class B preferred shares, issuable in series, of which an unlimited number of Class B preferred shares, series 1, has been authorized.

Any issue of new shares is subject to the consent of OPG's shareholder, the Province.

Guarantees and Indemnifications

As part of normal business, OPG and certain of its subsidiaries enter into various agreements to provide financial or performance assurance to third parties. Such agreements include guarantees, indemnifications, standby Letters of Credit and surety bonds.

The Company has entered into certain guarantees and indemnifications, which in aggregate have a maximum potential of future payments totalling \$454 million (2024 – \$30 million). As at December 31, 2025, in relation to the events covered by these agreements, the Company had recognized \$69 million (2024 – nil) in liabilities on the consolidated balance sheets. As current estimates change, additional losses related to guarantees, indemnifications, standby Letters of Credit and surety bonds to third parties, which could be material, may be recorded by the Company in the future.

Contractual Obligations

OPG's contractual obligations as at December 31, 2025 were as follows:

<i>(millions of dollars)</i>	2026	2027	2028	2029	2030	Thereafter	Total
Fuel supply agreements	237	273	199	250	273	1,501	2,733
Contributions to the OPG registered pension plan ¹	131	134	-	-	-	-	265
Long-term debt repayment	674	530	5	505	805	9,264	11,783
Interest on long-term debt	453	443	425	425	397	5,520	7,663
Commitments related to Darlington Refurbishment project ²	65	-	-	-	-	-	65
Commitments related to Atura Power development projects ²	205	19	8	1	-	-	233
Commitments related to Pickering Refurbishment project ²	527	-	-	-	-	-	527
Commitments related to Darlington New Nuclear Project ²	367	-	-	-	-	-	367
Operating licensees	61	63	61	62	59	120	426
Operating lease obligations	22	18	13	13	9	42	117
Other	54	49	44	33	21	360	561
Total	2,796	1,529	755	1,289	1,564	16,807	24,740

¹ Represents the estimated pension contributions consistent with the period covered by the actuarial valuation of the OPG registered pension plan as at January 1, 2025. The next actuarial valuation of the OPG registered pension plan must have an effective date no later than January 1, 2028. Funding requirements after January 1, 2028 are excluded due to significant variability in the assumptions required to project the timing of future cash flows.

² Represents estimated currently committed costs to close the projects, including accruals for completed work, demobilization of project staff and cancellation of existing contracts and material orders.

Ontario Nuclear Funds Agreement

Pursuant to the ONFA, OPG may be required to make contributions to the Nuclear Segregated Funds, based on life cycle cost estimates and resulting funding liabilities for nuclear facilities decommissioning and nuclear waste management, determined under periodically updated reference plans as approved by the Province. Based on the 2022 ONFA Reference Plan approved by the Province, OPG is currently not required to make overall contributions to the Nuclear Segregated Funds. Contributions may be required in the future should the Nuclear Segregated Funds be in an underfunded position at the time of the next ONFA reference plan update, which is scheduled to be completed at the end of 2026. This may be the case as a result of variability in fund asset performance due to volatility inherent in financial markets and, for the portion of the Used Fuel Segregated Fund guaranteed by the Province, changes in the Ontario CPI, as well as changes in funding liability estimates.

Further details on the Nuclear Segregated Funds can be found in the section, *Significant Accounting Policies and Critical Accounting Estimates* under the heading, *Nuclear Fixed Asset Removal and Nuclear Waste Management Funds*.

Collective Agreements

As at December 31, 2025, OPG and its subsidiaries had approximately 11,360 regular and term-based employees (regular workforce), mostly in Ontario. Most of OPG's regular workforce in Ontario is represented by two unions:

- PWU – As at December 31, 2025, this union represented approximately 5,100 regular and term-based employees, or 45 percent of OPG and its subsidiaries' regular workforce. Union membership includes station operators, technicians, skilled trades, clerical staff and security personnel. The current three-year collective agreement between the PWU and OPG expires on March 31, 2027.

There are two collective agreements between the PWU and Atura Power, and a collective agreement between the PWU and LEP. On October 28, 2025, a two-year renewal collective agreement expiring on November 16, 2027 was ratified by the PWU-represented employees at the Brighton Beach GS. On May 29, 2025, a three-year renewal collective agreement expiring on December 31, 2027 was ratified by the PWU-represented employees at Atura Power's other facilities. On July 7, 2025, a three-year renewal collective agreement expiring on February 29, 2028 was ratified by the PWU-represented employees of LEP.

- Society – As at December 31, 2025, this union represented approximately 4,300 regular and term-based employees, or 38 percent of OPG and its subsidiaries' regular workforce. Union membership includes supervisors, professional engineers, scientists and other professionals. Following the expiry of the governing collective agreement on December 31, 2025, the Society and OPG received the final arbitration award for a three-year collective agreement on January 26, 2026, covering the period from January 1, 2026 to December 31, 2028.

In June 2023, the Society filed a related employer application with the Ontario Labour Relations Board. The application identified OPG and Atura Power as responding parties and asserted that they constitute a single employer for purposes of the *Ontario Labour Relations Act, 1995*, or in the alternative that a sale of business has occurred. Both OPG and Atura Power are opposing the application. Discussions are ongoing between the parties.

Additionally, bargaining rights with the craft unions that perform construction work at OPG's generating facilities are established either through the EPSCA or directly with OPG and its subsidiaries. All such renewal agreements have five-year terms covering the period from May 1, 2025 to April 30, 2030. EPSCA is a voluntary association of owners and contractors who perform work in Ontario's electrical power systems sector.

BALANCE SHEET HIGHLIGHTS

The following section provides other highlights of OPG's 2025 audited consolidated financial position using selected balance sheet data as at December 31:

<i>(millions of dollars)</i>	2025	2024
<p>Property, plant and equipment – net The increase was primarily due to capital expenditures, partially offset by the reclassification of Eagle Creek's property, plant and equipment (PP&E) to assets held for sale and depreciation expense. Further details on capital expenditures can be found in the section, <i>Highlights</i> under the heading, <i>Capital Expenditures</i>.</p>	38,680	36,131
<p>Nuclear fixed asset removal and nuclear waste management funds <i>(current and non-current portions)</i> The increase was primarily due to earnings recognized on the Nuclear Segregated Funds, partially offset by reimbursement of eligible expenditures on nuclear fixed asset removal and nuclear waste management activities from the Nuclear Segregated Funds.</p>	22,817	22,412
<p>Short-term debt The increase was primarily due to net issuances of corporate commercial paper.</p>	673	215
<p>Long-term debt <i>(current and non-current portions)</i> The increase was due to net issuances under the Company's Medium Term Note Program and corporate credit facilities.</p>	11,739	11,707
<p>Fixed asset removal and nuclear waste management liabilities The increase was primarily a result of accretion expense, partially offset by expenditures on fixed asset removal and nuclear waste management activities.</p>	26,665	26,042
<p>Pension assets The increase was primarily due to the excess of actual returns on pension plan assets over interest costs on the liabilities during 2025 and the remeasurement of the liabilities at the end of 2025 reflecting higher discount rates.</p>	1,096	337

Off-Balance Sheet Arrangements

In the normal course of operations, OPG engages in a variety of transactions that, under US GAAP, are either not recorded in the Company's consolidated financial statements or are recorded in the Company's consolidated financial statements using amounts that differ from the full contract amounts. Principal off-balance sheet activities for OPG include certain guarantees and long-term contracts.

SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES

OPG's significant accounting policies, including the impact of major recent accounting pronouncements adopted and not yet adopted, are outlined in Note 3 of OPG's 2025 audited consolidated financial statements.

Exemptive Relief for Reporting under US GAAP

In December 2025, OPG received an extension to its exemptive relief from the OSC requirements of section 3.2 of National Instrument 52-107 – *Acceptable Accounting Policies and Auditing Standards*. The exemption allows OPG to file consolidated financial statements in accordance with US GAAP, rather than IFRS, without becoming a US Securities and Exchange Commission registrant. This exemption replaced the previous exemptive relief received by OPG from the OSC in September 2022. The exemption will terminate on the earliest of the following:

- January 1, 2032;
- The financial year that commences after OPG ceases to have activities subject to rate regulation; and
- The financial year that commences on or following the later of:
 - I. The effective date prescribed by the International Accounting Standards Board (IASB) for the mandatory application of a standard within IFRS specific to entities with rate regulated activities (Mandatory Rate-regulated Standard); and
 - II. Four years after the IASB publishes the final version of a Mandatory Rate-regulated Standard.

The IASB's current standard-setting project related to entities with rate-regulated activities is ongoing.

Critical Accounting Estimates

Certain estimates and judgments are recognized as critical accounting estimates by virtue of the subjective and complex judgments and estimates required around matters that are inherently uncertain and could result in materially different amounts being reported under different conditions or assumptions. The critical estimates that affect OPG's consolidated financial statements are highlighted below.

Rate Regulated Accounting

US GAAP recognizes that rate regulation can create economic benefits and obligations that are required by the regulator to be obtained from, or settled with, the customers. When the Company assesses that there is sufficient assurance that costs incurred in respect of the regulated facilities will be recovered in the future, those costs are deferred and reported as a regulatory asset. When the Company is required to refund amounts to customers in the future in respect of the regulated facilities, including amounts related to costs that have not been incurred and for which the OEB has provided recovery through regulated prices, the Company records a regulatory liability.

Certain regulatory assets and regulatory liabilities recognized by the Company relate to regulatory accounts authorized by the OEB, or *Ontario Regulation 53/05*. The measurement of these regulatory assets and regulatory liabilities is subject to certain estimates and assumptions, including assumptions made in the interpretation of *Ontario Regulation 53/05* and the OEB's decisions. The estimates and assumptions made in the interpretation of the regulation and the OEB's decisions are reviewed as part of the OEB's regulatory process.

Regulatory assets and regulatory liabilities for regulatory account balances approved by the OEB for inclusion in regulated prices are amortized based on approved recovery or repayment periods.

In addition to regulatory assets and regulatory liabilities for regulatory accounts, OPG recognizes regulatory assets and regulatory liabilities for unamortized amounts recorded in accumulated other comprehensive income or loss (AOCI) in respect of pension and OPEB obligations, deferred income taxes, and, as applicable, differences between interim regulated prices charged to customers during an interim rate period, as authorized by the OEB, and final regulated prices authorized or to be authorized by the OEB for that period, to reflect the expected recovery or repayment of these amounts through future regulated prices to be charged to customers. There are measurement uncertainties related to

these balances due to the assumptions made in the determination of pension and OPEB obligations and deferred income taxes that are attributed to the regulated business segments, and assumptions made with respect to final regulated prices to be authorized by the OEB for an interim rate period.

It is the Company's position that, based on the OEB's policy for recovery mechanisms for pension and OPEB costs of rate regulated utilities and the outcomes of OPG's previous applications with the OEB, there is sufficient likelihood that unamortized pension and OPEB amounts that have not yet been reclassified from AOCI will be included in future regulated prices.

Useful Lives of Long-Lived Assets

The accounting estimates related to end-of-life assumptions for PP&E and intangible assets require significant management judgment, including consideration of various operating, technological and economic factors. OPG reviews the estimated useful lives for its PP&E and intangible assets, including end-of-life assumptions for major generating assets, on a regular basis. Major nuclear station components are depreciated over the lesser of the generating station life and the life of the components.

For nuclear generating stations operated by OPG, establishing station end-of-life assumptions primarily involves an assessment of the condition and expected remaining operating lives of major life-limiting components such as fuel channel assemblies, taking into account expectations of future ability to economically operate and as appropriate refurbish the station for continued use. Expected remaining operating lives of major life-limiting components are established through technical assessments of their fitness-for-service. Expectations of future ability to operate the station may be affected by operating licence requirements, ability to recover capital, operating and decommissioning costs and government policy, among other factors.

Although there is a link between the age of a hydroelectric generating facility and the capital investment required to maintain that facility, age does not generally establish an overall upper limit on the expected useful life of a hydroelectric generating station. Regular maintenance, overhaul, refurbishment or replacement of components typically allow hydroelectric stations to operate for very long periods. An estimated useful life not exceeding 100 years is used by OPG to depreciate dams and other major hydroelectric station structures.

Station end-of-life assumptions for thermal and solar generating assets are established based on operating life expectations of major components and expectations of future ability to economically operate the facility taking into consideration available revenue mechanisms.

Nuclear Fixed Asset Removal and Nuclear Waste Management Funds

In accordance with the ONFA, OPG sets aside and invests funds in the Nuclear Segregated Funds that are held in segregated custodian and trustee accounts specifically for discharging its life cycle obligation for nuclear decommissioning and long-term nuclear waste management in connection with the existing facilities. The Decommissioning Segregated Fund was established to fund the future costs of nuclear fixed asset removal and long-term L&ILW management and certain costs of used nuclear fuel storage incurred after the nuclear generating stations are shut down. The Used Fuel Segregated Fund was established to fund future costs of long-term used nuclear fuel management and certain costs of used nuclear fuel storage incurred after the nuclear generating stations are shut down. Costs for interim management of L&ILW and used nuclear fuel storage incurred during respective station operation are not generally reimbursed from the Nuclear Segregated Funds. Such costs are funded through the Company's operating cash flow or other sources of liquidity. The Ontario NFWA Trust (NFWA Trust), a trust fund established by OPG as an owner of used nuclear fuel to fund certain long-term used nuclear fuel management costs pursuant to the *Nuclear Fuel Waste Act (Canada)*, forms part of the Used Fuel Segregated Fund, with any portion of the fund not in the NFWA Trust being able to be applied towards the NFWA Trust's annual contribution requirements.

Decommissioning Segregated Fund

Upon termination of the ONFA, the Province has the sole right to any excess funds in the Decommissioning Segregated Fund. Accordingly, when the Decommissioning Segregated Fund is overfunded, OPG limits the fund earnings it recognizes in the consolidated financial statements by recording an amount due to the Province, such that the fund asset recognized on the consolidated balance sheet is equal to the cost estimate of the liability based on the most recently approved ONFA reference plan. Additionally, OPG recognizes the portion of the surplus that it may direct to the Used Fuel Segregated Fund, which is possible when the surplus is such that the underlying liabilities, as defined by the most recently approved ONFA reference plan, are at least 120 percent funded. In those circumstances, OPG may direct, at the time a new or amended reference plan is approved, up to 50 percent of the surplus over 120 percent to the Used Fuel Segregated Fund, with the OEFC being entitled to a distribution of an equal amount. Therefore, when the Decommissioning Segregated Fund is at least 120 percent funded, OPG recognizes 50 percent of the excess greater than 120 percent in income, up to the amount by which the Used Fuel Segregated Fund is underfunded.

The amount due to the Province in respect of the Decommissioning Segregated Fund could be reduced in subsequent periods in the event that the fund earns less than its target rate of return, a new or amended ONFA reference plan is approved with a higher underlying funding liability, or the amount of the underfunding, if any, in the Used Fuel Segregated Fund increases. When the Decommissioning Segregated Fund is underfunded, the earnings on the fund reflect actual fund returns based on the market value of the fund assets.

Used Fuel Segregated Fund

Under the ONFA, the Province guarantees OPG's annual return in the Used Fuel Segregated Fund at 3.25 percent plus the change in the Ontario CPI, as defined in the ONFA, for funding related to the first 2.23 million used nuclear fuel bundles (committed return). OPG recognizes the committed return on the Used Fuel Segregated Fund as earnings on the Nuclear Segregated Funds. The difference between the committed return and the actual market return determined based on the fair value of the fund assets related to the first 2.23 million used nuclear fuel bundles is recorded as due to or due from the Province. This amount represents the amount OPG would pay to, or receive from, the Province if the committed return were to be settled as of the consolidated balance sheet date. Upon approval of a new or amended ONFA reference plan, the Province is obligated to make an additional contribution to the Used Fuel Segregated Fund in relation to the first 2.23 million used nuclear fuel bundles if the fund assets earned a rate of return that is less than the guaranteed rate of return. If the return on the fund assets exceeded the Province's guaranteed rate of return, the Province is entitled to withdraw any portion of such excess related to the first 2.23 million used nuclear fuel bundles, upon approval of a new or amended ONFA reference plan. The 2.23 million threshold represents the number of estimated total life cycle fuel bundles based on the initial estimated useful lives of the nuclear generating stations assumed in the ONFA.

As prescribed under the ONFA, OPG's contributions attributed to the used nuclear fuel bundles in excess of the first 2.23 million are not subject to the rate of return guaranteed by the Province, and earn a return based on changes in the market value of the assets of the Used Fuel Segregated Fund.

If there is a surplus in the Used Fuel Segregated Fund such that the underlying liabilities, as defined by the most recently approved ONFA reference plan, are at least 110 percent funded after taking into account the committed return adjustment, the Province has the right, at any time, to access the excess amount greater than 110 percent.

Upon termination of the ONFA, the Province has the sole right to any surplus in the fund. Accordingly, when the Used Fuel Segregated Fund is overfunded after taking into account the committed return adjustment, OPG limits the fund earnings it recognizes in the consolidated financial statements by recording an amount due to the Province, such that the balance of the fund is equal to the cost estimate of the funding liability based on the most recently approved ONFA reference plan. In accordance with the ONFA, neither OPG nor the Province have a right to direct any amounts from the Used Fuel Segregated Fund to the Decommissioning Segregated Fund.

Financial Guarantee Requirements and Provincial Guarantee

In accordance with the *Nuclear Safety and Control Act* (Canada), the CNSC requires OPG to have sufficient funds available to discharge its existing nuclear waste management and nuclear facilities decommissioning obligations. The CNSC process requires the CNSC financial guarantee requirement to be updated once every five years and for OPG to provide an annual report to the CNSC on the assumptions, fund asset values and resulting financial guarantee requirements. The CNSC financial guarantee requirement calculation takes into account used nuclear fuel and L&ILW expected to be generated to the end of each year.

In 2022, the CNSC accepted OPG's proposed CNSC financial guarantee requirement for the 2023-2027 period to be satisfied by the forecast fair market value of the Nuclear Segregated Funds without the requirement of a Provincial guarantee. As provided by the terms of the ONFA, the Province is committed to provide a Provincial guarantee to the CNSC as required, on behalf of OPG, should there be a shortfall between the CNSC financial guarantee requirement and the fair market value of the Nuclear Segregated Funds during the 2023-2027 period, as it has done in the past. OPG pays the Province an annual guarantee fee equal to 0.5 percent of the outstanding amount, if any, of the Provincial guarantee.

Pension and Other Post-Employment Benefits

OPG's post-employment benefit programs covering most of the regular employees include a contributory defined benefit registered pension plan, a defined benefit supplementary pension plan, other post-retirement benefits (OPRB) including group life insurance and health care benefits, and long-term disability (LTD) benefits. Certain post-employment defined benefit programs are also provided by the Nuclear Waste Management Organization (NWMO) and subsidiaries of the Company, all of which are consolidated into OPG's financial results. Certain subsidiaries of the Company sponsor defined contribution employee savings plans for eligible employees, under which each of employer and employees make contributions according to the plan terms. The OPG defined benefit pension plan is indexed to inflation, subject to certain maximums. Unless otherwise noted, information on the Company's post-employment benefit programs is presented on a consolidated basis.

OPG accrues its obligations under defined benefit pension and OPEB plans in accordance with US GAAP. The obligations for defined benefit pension and OPRB are determined using the projected benefit method pro-rated on service. The obligation for LTD benefits is determined using the projected benefit method on a terminal basis. Defined benefit pension and OPEB obligations are impacted by factors including demographic (such as mortality and retirement) and economic (such as discount rates, salary levels, inflation and health care cost escalation) assumptions, experience gains or losses, and adjustments arising from plan amendments. Defined benefit pension and OPEB costs and obligations are determined annually by independent actuaries using management's best estimate assumptions.

Pension fund assets include domestic and international equity securities, corporate and government fixed income securities, pooled funds, real estate, infrastructure and other investments. These assets are managed by professional investment managers. The pension funds do not invest in equity or debt securities issued by OPG or its subsidiaries and partnerships. Pension fund assets of defined benefit pension plans are valued using market-related values for purposes of determining the amortization of actuarial gains or losses and the expected return on plan assets. The market-related value for pension fund assets of the OPG defined benefit pension plan recognizes gains and losses on equity assets relative to a six percent assumed real return over a five-year period.

Assumptions are significant inputs to actuarial models that measure defined benefit pension and OPEB obligations and related effects on operations. Discount rate, inflation rate and changes in salary levels are three key assumptions in the determination of benefit costs and obligations. In addition, the expected long-term rate of return on plan assets is a key assumption in the determination of defined benefit registered pension plan cost and the health care cost trend rate is a key assumption in the determination of OPEB cost and obligations. These assumptions, as well as other assumptions involving demographic factors such as retirement age, mortality and employee turnover, are evaluated periodically by management in consultation with independent actuaries. During the evaluation process, the assumptions are updated to reflect past experience and expectations for the future. Actual results in any given year will often differ from actuarial assumptions because of economic and other factors giving rise to actuarial gains and losses.

The discount rates, which are representative of the AA corporate bond yields, are used to calculate the present value of the expected future cash flows on the measurement date in order to determine the projected benefit obligations for the Company's employee benefit plans. A higher discount rate decreases the benefit obligations and decreases benefit costs. The discount rate used to determine the projected defined benefit pension and OPEB benefit obligations as at December 31, 2025 was approximately 5.0 percent. This represents an increase compared to the discount rate of approximately 4.7 percent that was used to determine the obligations as at December 31, 2024.

OPG uses a full yield curve approach to estimate the service and interest cost components of defined benefit pension and OPEB costs, whereby specific spot rates along the yield curve used in the determination of the projected benefit obligations are applied to the relevant projected cash flows.

The expected rate of return on defined benefit pension plan assets is determined based on the pension fund's asset allocation and the expected return considering long-term risks and returns associated with each asset class within the plan portfolio. A lower expected rate of return on plan assets increases pension cost.

A new actuarial valuation of the OPG registered pension plan was filed with the Financial Services Regulatory Authority of Ontario in September 2025, with an effective date of January 1, 2025. The estimated annual funding requirements taking into account the new actuarial valuation are outlined in the section, *Liquidity and Capital Resources* under the heading, *Contractual Obligations*. As part of the valuation, the plan's demographic and other assumptions were reviewed and revised, as necessary, by independent actuaries. Using updated demographic data as at January 1, 2025 and demographic assumptions consistent with the new funding valuation for the registered pension plan, OPG conducted a comprehensive actuarial valuation for accounting purposes of the OPG defined benefit pension and OPEB plans in 2025. The results of this valuation were reflected in the 2025 year-end obligations reflecting appropriate assumptions for accounting purposes as at December 31, 2025.

The position of the registered pension plan, for accounting purposes, increased from a surplus of \$337 million as at December 31, 2024 to a surplus of \$1,096 million as at December 31, 2025. This increase was largely due to the excess of actual return on pension assets values over interest costs on the liabilities during 2025 and a re-measurement of the benefit obligations at the end of 2025 reflecting an increase in the discount rates.

The projected benefit obligations for OPEB plans increased from \$2,848 million as at December 31, 2024 to \$2,960 million as at December 31, 2025. This increase was largely due to the interest costs on the liabilities during 2025 and the impact of the updated, higher per capita health care claims costs assumption as part of the 2025 actuarial valuation, partially offset by the remeasurement of the benefit obligations at the end of 2025 reflecting an increase in the discount rates at the end of 2025.

A change in the following assumptions, holding all other assumptions constant, would increase (decrease) defined benefit pension and OPEB costs for the year ended December 31, 2025 as follows:

<i>(millions of dollars)</i>	Registered Pension Plans ¹	Supplementary Pension Plans ¹	Other Post- Employment Benefits ¹
Expected long-term rate of return			
0.25% increase	(43)	n/a	n/a
0.25% decrease	43	n/a	n/a
Discount rate			
0.25% increase	(12)	(1)	(11)
0.25% decrease	13	1	11
Inflation ²			
0.25% increase	59	1	1
0.25% decrease	(54)	(1)	(1)
Salary increases			
0.25% increase	15	5	1
0.25% decrease	(16)	(4)	(1)
Health care cost trend rate			
1% increase	n/a	n/a	64
1% decrease	n/a	n/a	(49)

n/a – change in assumption not applicable.

¹ Excludes the impact of regulatory accounts.

² With a corresponding change in the salary increase assumption.

Asset Retirement Obligations

OPG recognizes an ARO related to fixed asset removal and nuclear waste management, discounted for the time value of money. OPG estimates both the amount and timing of future cash expenditures based on the plans for fixed asset removal and nuclear waste management. The ARO is comprised of expected costs to be incurred up to and beyond termination of operations and the closure of nuclear, thermal, and solar generating facilities and other facilities. Costs are expected to be incurred for activities such as preparation for safe storage and safe storage of nuclear generating stations, dismantlement, demolition and disposal of facilities and equipment, remediation and restoration of sites, and the ongoing and long-term management of used nuclear fuel and L&ILW. The liabilities associated with the decommissioning of the nuclear generating stations and the long-term management of used nuclear fuel comprise the most significant amounts of the total obligation.

The nuclear decommissioning liability includes the estimated costs of closing the nuclear generating stations after the end of their service lives, which includes preparation and placement of the stations into a safe storage state followed by an assumed safe storage period prior to station dismantlement and site restoration. Activities associated with the placement of stations into a safe storage state include defueling and de-watering of the nuclear reactors. OPG is responsible for the nuclear waste management and nuclear decommissioning obligations associated with the Bruce nuclear generating stations and includes the associated costs in its ARO. Pursuant to the lease agreement, Bruce Power must return the Bruce nuclear generating stations to OPG together, in a defueled and de-watered state. As such, these defueling and de-watering costs are not part of OPG's ARO. OPG will also be responsible for the nuclear waste management and nuclear decommissioning obligations associated with the DNNP SMRs, which, once they arise, will be the responsibility of Ontario Power Generation Inc., pursuant to the lease arrangement with DNNP LP.

To estimate the liability for used nuclear fuel management, OPG uses an approach consistent with the Adaptive Phased Management (APM) concept approved by the Government of Canada, based on technical and financial information developed by the NWMO. The NWMO is responsible for the design and implementation of Canada's plan for the long-term management of used nuclear fuel.

The life cycle costs of L&ILW management include the costs of processing and storage of such materials during and following the operation of the nuclear generating stations, as well as the costs of the ultimate long-term management of these materials. The assumptions used to establish the obligation include conceptual long-term disposal strategy assumptions consistent with the NWMO's recommended strategy for the long-term management of irradiated wastes in Canada as set out in its Integrated Strategy for Radioactive Waste (ISRW) prepared at the request of the Government of Canada and subsequently accepted by the federal Minister of Energy and Natural Resources in 2023. OPG evaluates underlying assumptions and estimates based on available information.

The following costs are recognized as a liability on OPG's consolidated balance sheets:

- the present value of the costs of decommissioning the nuclear, thermal and solar generating facilities and other facilities after the end of their useful lives;
- the present value of the fixed cost portion of nuclear waste management programs that are required based on the total volume of used nuclear fuel and L&ILW expected to be generated over the assumed lives of the nuclear generating stations; and
- the present value of the variable cost portion of nuclear waste management programs taking into account volumes of such materials generated to date.

A number of significant assumptions used in the calculation of the accrued liabilities are subject to inherent uncertainty and judgement. The significant assumptions underlying operational and technical factors used in the calculation of the accrued liabilities are subject to periodic review. Changes to these assumptions, including changes to assumptions on the timing of the programs, construction of assumed disposal facilities, station end-of-life dates, disposal methods, financial indicators, decommissioning strategy and the technology employed, may result in significant changes to the value of the accrued liabilities. With programs of such long-term duration, the multiple assumptions involved and the evolving technology to handle nuclear waste, there is a significant degree of inherent uncertainty surrounding the measurement of the costs for these programs, including from factors beyond the Company's control. These costs may increase or decrease materially over time.

The estimates for the Nuclear Liabilities are reviewed on an ongoing basis as part of the overall nuclear waste management program. A comprehensive reassessment of all underlying assumptions and baseline cost estimates is performed periodically, at least once every five years, in line with the required ONFA reference plan update process. The cost estimates associated with the APM plan are updated based on information provided by the NWMO. Changes in the Nuclear Liabilities resulting from changes in assumptions or estimates that impact the amount or timing of the estimated undiscounted future cash flows are recorded as an adjustment to the liabilities. Upward revisions in the Nuclear Liabilities represent the present value of a net increase in future undiscounted cash flows determined by using a current credit-adjusted risk-free rate. Downward revisions in the Nuclear Liabilities represent the present value of a net decrease in future undiscounted cash flows determined using the weighted average discount rate reflected in the existing liability. Resulting changes in the related asset retirement costs are capitalized as part of the carrying amount of nuclear fixed assets in-service.

The most recent comprehensive update of the baseline cost estimates for the Nuclear Liabilities was completed in December 2021 and is contained in the 2022 ONFA Reference Plan. The Nuclear Liabilities were further updated as of December 31, 2023 to reflect the extension of the accounting end-of-life assumptions for Units 5 to 8 of the Pickering GS.

For the purposes of calculating OPG's Nuclear Liabilities, as at December 31, 2025, consistent with the current accounting end-of-life assumptions, nuclear facilities decommissioning activities are projected to occur over approximately the next 80 years.

The liability for nuclear fixed asset removal and nuclear waste management on a present value basis as at December 31, 2025 is \$26,395 million (2024 – \$25,773 million). As at December 31, 2025, the undiscounted estimated future cash flows associated with OPG's Nuclear Liabilities in 2025 dollars are as follows:

<i>(millions of dollars)</i>	2026	2027	2028	2029	2030	Thereafter	Total
Expenditures for nuclear fixed asset removal and nuclear waste management ¹	870	612	511	384	342	47,879	50,598

¹ The majority of the expenditures are expected to be reimbursed by the Nuclear Segregated Funds established by the ONFA. Any contributions required under the ONFA are not included in these undiscounted cash flows.

The liability for non-nuclear fixed asset removal was \$270 million as at December 31, 2025 (2024 – \$269 million). This liability primarily represents the present value of estimated costs of decommissioning OPG's thermal generating stations at the end of their service lives. For the purpose of measuring the non-nuclear fixed asset removal liability, thermal asset removal activities are assumed to take place over approximately the next 40 years. The amount of undiscounted estimated future cash flows associated with the thermal fixed asset removal liabilities is approximately \$376 million.

OPG has no legal obligation associated with the decommissioning of its hydroelectric generating facilities and the costs cannot be reasonably estimated because of the long service life of these assets. With either maintenance efforts or rebuilding, the water control structures are assumed to be used for the foreseeable future. Accordingly, OPG has not recognized a liability for the decommissioning of its hydroelectric generating facilities.

Fair Value Measurements

For financial instruments, including financial assets for which quoted market prices are not directly available, fair values are estimated using forward price curves developed from observable market prices or rates. The estimation of fair value may include the use of valuation techniques or models, based wherever possible on assumptions supported by observable market prices or rates prevailing as at the consolidated balance sheet dates. OPG's use of financial instruments also exposes the Company to certain risks, including credit risk, foreign currency risk and interest rate risk. A discussion of how OPG manages these and other risks is found in the section, *Risk Management*.

RISK MANAGEMENT

Overview

OPG faces various risks that could significantly impact the achievement of its business imperatives. The objective of risk management is to identify, assess and mitigate key risks and to preserve and increase the value of the Shareholder's investment in the Company.

The Audit and Risk Committee of the Board is mandated to fulfill the Board's oversight responsibilities for matters relating to the identification and management of the Company's key business risks. OPG's Enterprise Risk Management Framework is designed to identify and evaluate risks on the basis of their potential impact on the Company's business imperatives and business plan objectives. Formal risk management policies, procedures and systems are in place to identify, assess and mitigate risks to the Company. Senior management also establishes set limits for market risk, credit risk and energy trading activities of the Company.

The key risks to OPG's business imperatives, as described in the section, *Core Business and Outlook*, are briefly described below. These are key risks that management believes could materially affect the Company's business, revenues, net income, cash flow, assets or capital resources. There may be further risks and uncertainties that are not presently known, or that are not currently believed to be material, that may in the future adversely affect the Company's performance or financial condition.

Risks to Achieving Operational Excellence

OPG is exposed to a range of operational risks associated with its existing assets that could adversely impact generation output, safety performance and operating results. As described below, the operational risks of a generating station include aspects such as cyber security, supply chain, occupational safety, equipment reliability, human resources, climate change, regulatory requirements and emergency management.

Cyber Security

Cyber security incidents may compromise the availability, integrity, or confidentiality of OPG's information systems, with potential impacts on energy production, public and employee safety, and the Company's reputation. Global cyber threats are rising, with geopolitical tensions and use of artificial intelligence technology by threat actors intensifying risks. OPG's cyber security program includes policies and strategies to detect, respond to, and recover from incidents. OPG continuously assesses its cyber security risk profile and enhances protection measures, workforce training, and third-party management to address evolving threats.

OPG's operations in Ontario must comply with reliability standards that apply to the Bulk Electric System elements specified under NERC and the relevant Bulk Power System facilities as determined by the Northeast Power Coordinating Council (NPCC). A subset of these standards establishes the reliability requirements that relate to cyber security. In addition, OPG's nuclear cyber assets are subject to CNSC licensing conditions and regulatory requirements. For other cyber assets not subject to applicable regulatory requirements, OPG has adopted a risk-based approach based on the National Institute of Standards and Technology Cyber Security Framework to manage its cyber security.

The Company has policies and programs in place to manage cyber risks; these programs are subject to oversight by management and the Board. OPG's current cyber programs primarily focus on the following:

- Protecting the Company's assets from cyber attacks and safeguarding sensitive information;
- Improving cyber security protection, detection, incident response and recovery capabilities to minimize the impact of adverse cyber events;
- Adopting industry leading practices to reduce third-party cyber security risks by introducing cyber security requirements into commercial agreements and enhancing related governance;
- Ongoing cyber security awareness and training of the workforce; and
- Embedding security by design across the Company to proactively assess and manage cyber risk.

Supply Chain

OPG's ability to operate effectively is in part dependent upon timely access to equipment, materials and service suppliers. Loss of key suppliers, particularly for the nuclear business given the limited number of qualified vendors, and vendor performance risks could affect OPG's operations and execution of major capital projects. This includes OPG's new development and refurbishment projects which require commitment from experienced vendors who may be restricted in their capacity to successfully service OPG and other key customers in parallel, given the increased focus on energy infrastructure development in Canada and globally.

OPG mitigates these risks, to the extent possible, through:

- Contract negotiations to achieve mutually agreeable procurement terms;
- Programmatic partnerships with original equipment manufacturers;
- Supplier monitoring, including supplier scorecards and relationship management;
- Advanced procurement of critical long-lead components; and
- Diversification of supplier base and business continuity plans.

Through OPG's supply chain capacity program, critical goods and services risks are identified by assessing supply and demand conditions, and mitigation strategies are developed for the top risk areas. OPG also seeks to ensure that vendors have appropriate strategies, such as effective succession planning, to successfully execute on their contracted deliverables over the life of the projects.

OPG also faces industry-wide risks related to inflation, materials availability and geopolitical events including trade disputes that could potentially lead to supply chain disruptions or cost increases.

Tariffs and Other Trade Restrictions

Given the highly interconnected nature of the Canadian and US economies, trade and other impacts of tariffs between the two countries could disproportionately impact the Canadian economy. These impacts are expected to increase procurement costs of certain materials for OPG's projects and operations, and may result in supply chain disruptions if there are further restrictions placed on international trade. The economic impacts of the trade disputes could also impact demand for electricity in Ontario. A significant slowing down of the Ontario economy could result in a downward revision to the long-term electricity demand projections. A decrease in the forecasted growth rate of long-term electricity demand may have implications for the future electricity supply mix needed to meet system adequacy requirements, which could impact the potential development of new generation.

The Company continues to actively identify procurements and supplier relationships that are subject to tariffs, and, where possible, is pursuing alternate suppliers to reduce exposure to tariffs. OPG will continue to monitor changing trade and geopolitical landscapes and adapt mitigation strategies as needed.

Labour Relations

As at December 31, 2025, approximately 83 percent of OPG and its subsidiaries' regular workforce was represented by a union. As such, there is an inherent risk of labour relations disputes in the Company's operations. There is also a risk that a collective agreement established in the future may include terms that unfavourably impact OPG's costs and ability to efficiently manage operations. OPG has contingency plans in place in the event of a labour disruption.

For further details on the Company's collective agreements, refer to the section, *Significant Developments* under the heading, *Collective Agreement with Society of United Professionals* and the section, *Liquidity and Capital Resources* under the heading, *Contractual Obligations – Collective Agreements*.

Health and Safety

OPG's operations involve inherent occupational safety risks and hazards that could impact the achievement of the Company's health and safety goals. OPG is committed to continuous improvement through its safety management systems and by continuing to foster a strong health and safety culture among its employees and contractors. The safety management systems serve to focus the Company on proactively managing safety risks and hazard exposures to employees and contractors. OPG also strategically engages with external parties to conduct benchmarking and audits. These activities are designed with a view to ensure that the safety management systems achieve the intended results and maximize the opportunity to incorporate program improvements.

Generating Asset End of Life

Major damage or deterioration of station components and systems may result in generating assets reaching end of life prematurely. An earlier than planned retirement of a generating unit or station may result in a reduction of OPG's future generation revenue and cash flow, asset impairment or write-down, and reductions in the workforce. Key life-limiting components at OPG's nuclear generating stations include fuel channels, feeder tubes, steam generators and other reactor components.

Risks inherent in maintaining commercial operations to a generating station or unit's planned end of life include:

- Discovery of unexpected conditions;
- Equipment failures;
- Rate of degradation of critical plant components; and
- A requirement for significant plant modifications.

To mitigate these risks, for the nuclear operations, OPG implements actions recommended by technical assessments into each generating station's outage work program. OPG also incorporates these actions into a comprehensive inspection and maintenance program as part of the stations' life cycle management plans. For non-nuclear operations, OPG maintains a rigorous maintenance and asset management program to ensure continuing operations of hydroelectric, thermal and solar assets.

Asset Condition and Generation Variability

The uncertainty associated with electricity production by OPG's generating units is primarily driven by the condition of station components and systems, which are subject to the effects of aging. Deterioration in station components or systems may be significantly greater than anticipated or may occur in an unexpected manner. The primary implications of these risks may include additional safety requirements, lower than expected electricity generation and revenue, and higher than expected operating or capital costs. To respond to these risks, OPG continues to:

- Make enhancements to the asset management program;
- Monitor performance and implement inspection and maintenance programs;
- Identify future work required to sustain and, as appropriate, upgrade station equipment; and
- Undertake projects required to reliably operate within design and operating parameters.

Human Capital

The development of new leaders and attraction and retention of qualified employees in critical roles are key factors to OPG's success. The risk associated with the availability of skilled and experienced resources continues to exist for OPG in specific areas, including engineering, operations, leadership and project management positions.

To mitigate this risk, OPG utilizes workforce planning and resourcing strategies to ensure that the Company has a diverse workforce with the right skill sets for the safe and effective operations of generating facilities and successful delivery of major projects and growth strategies. Risk mitigation includes succession planning, talent attraction and retention strategies, and knowledge management programs to ensure ongoing workforce capability. OPG expects to continue to meet the human resource needs of the business by developing existing employees and hiring in specific areas while addressing the workforce implications associated with the completion of the Darlington Refurbishment project and transition to the refurbishment of Units 5 to 8 of the Pickering GS.

Legislative compensation constraints continue to pose challenges to OPG's ability to attract and retain necessary talent. This includes the *Compensation Framework Regulation 406/18* under the *Broader Public Sector Executive Compensation Act, 2014*, which imposes a cap on base salary, on a role by role basis, for designated executives in Ontario's broader public sector.

Nuclear Waste

There are currently no licensed facilities in Canada for the permanent disposal of used nuclear fuel, low-level waste or intermediate-level waste. The lack of a permanent disposal site means that these materials are stored in temporary locations. The interim storage of used nuclear fuel and L&ILW at OPG is subject to rigorous oversight and monitoring. OPG's assumptions related to the long-term management of used nuclear fuel and L&ILW are informed by Canada's *Policy for Radioactive Waste and Decommissioning*.

For used nuclear fuel, the NWMO has developed a process for moving forward with the APM plan as the long-term solution for Canada's used nuclear fuel. The APM plan contemplates the long-term permanent disposal of used nuclear fuel in a deep geological repository (DGR). The NWMO has selected Wabigoon Lake Ojibway Nation and the Township of Ignace, Ontario as the host communities for the future site of Canada's DGR for used nuclear fuel and is advancing the project into the regulatory decision-making process, with DGR operations planned to begin between 2040 and 2045.

In 2023, the Government of Canada accepted the NWMO's ISRW submission. The strategy contemplates disposal of low-level waste in near-surface disposal facilities to be implemented by the waste owners and disposal of intermediate-level waste and the small amount of non-fuel high-level waste in a central DGR to be completed by the NWMO. The NWMO is advancing work on the intermediate-level waste strategy through public engagement activities that seek input on the site selection process. In January 2024, the CNSC granted Canadian Nuclear Laboratories a licence authorizing construction of Canada's first near-surface disposal facility, at the Chalk River site in Deep River, Ontario, for the purpose of permanently disposing of solid low-level irradiated waste.

OPG continues to monitor developments related to the implementation of the APM plan and the ISRW and to explore solutions for the safe long-term management of its low-level waste. The Company also continues to advance initiatives to safely reduce the environmental footprint of L&ILW requiring long-term disposal by maximizing opportunities for processing, volume reduction, and recycling of clean materials.

Climate Change and Severe Weather Events

In recent years, Ontario has experienced an increase in changing climate parameters and severe weather events. Changes in precipitation, water and air temperatures, water flows and levels may impact OPG's operations. Additionally, changes in climate can also affect the reliability and life expectancy of major equipment. To mitigate the physical risks posed by severe weather, OPG monitors developments in climate science and adaptation practices, and works with stakeholders to identify and implement adaptation requirements. Adaptation requirements are identified through analysis and by understanding the potential impacts on watersheds, assets, operations and the electricity market. OPG's resilience against these risks is anticipated to increase as adaptation actions are identified and completed. OPG collaborates with all levels of government in Canada, local communities and industry on climate change adaptation initiatives, with the goal of increasing the resilience of the electricity sector and other critical infrastructure. For information on managing risks associated with natural disasters such as flooding and wildfires, refer to the discussion under the heading, *Risks to Achieving Operational Excellence – Business Continuity and Emergency Management*.

Over the medium and long term, government policies and regulations in support of a shift to a lower-carbon economy may result in transition risks, such as changes in electricity supply and demand profiles in the regions where OPG operates and impacts on the Company's carbon-based generating technologies.

Risks and opportunities related to climate change legislation are discussed under the heading, *Risks to Maintaining Financial Strength – Government Legislation and Regulation Changes*. For further details on OPG's response to the effects of climate change, refer to the section, *Description of the Business* under the heading, *Environmental, Social, Governance and Sustainability – Environment*, in the AIF.

Environment

OPG's operations and facilities are subject to environmental compliance obligations in the jurisdictions in which they operate. These obligations include protection of land, water, air, living organisms and natural systems. Failure to comply with applicable environmental laws and regulations, including violation of regulatory limits on emissions, may result in enforcement actions, remediation actions or restrictions to operations. Changes in compliance obligations can result in new requirements and increased costs. OPG has an EMS to manage its environmental responsibilities. For further details, refer to the section, *Environmental, Social, Governance and Sustainability*.

Hydroelectric Generation

OPG's hydroelectric generation is exposed to risks associated with water flows and SBG conditions.

The extent to which OPG can operate its hydroelectric generating facilities depends upon the availability of water. Significant variability in weather, including impacts of climate change and the extreme weather associated with it, could affect water flows. Longer term changes in precipitation patterns and amounts, water temperatures and ambient air temperatures can impact the availability of water resources and resulting electricity production at OPG's hydroelectric generating stations. For OPG's regulated hydroelectric generation, the financial impact of variability in electricity production due to differences between the forecast water conditions underpinning the hydroelectric base regulated prices and the actual water conditions is captured in an OEB-approved regulatory account.

Surplus baseload generation continues to be present in Ontario when electricity supply exceeds demand, including exports out of the province. To manage SBG conditions, the IESO may require OPG to reduce hydroelectric generation. A regulatory account authorized by the OEB helps to mitigate the financial impact of electricity production forgone due to SBG conditions at OPG's regulated hydroelectric generating stations in Ontario.

Regulatory Compliance Requirements

OPG is subject to extensive legislation, regulations and oversight by various entities in the jurisdictions in which it operates, including the CNSC, the OEB, and the IESO.

The uncertainty associated with nuclear regulatory compliance requirements is driven by plant aging, changes to technical codes, and challenges raised by members of the public at regulatory hearings, particularly in the areas of safety, environment and emergency preparedness. Furthermore, pursuant to the obligations set forth in the IESO Market Rules and OPG's electricity generation licence issued by the OEB, the Company's facilities are required to maintain compliance with all applicable NERC Reliability Standards and NPCC Regional Criteria. Addressing these requirements could add incremental cost to operations, including replacement or modification of station components or additional requirements for management of nuclear waste. In some instances, there may be additional requirements resulting from changes in the interpretation of technical regulations or from emergent conditions that may result in increased effort on the part of the Company.

Risks related to certain other regulatory bodies are discussed under the headings, *Risks to Maintaining Financial Strength – Rate Regulation*, *Risks to Maintaining Financial Strength – Electricity Markets* and *Risks to Maintaining Financial Strength – Government Legislation and Regulation Changes*.

Business Continuity and Emergency Management

OPG may be exposed to natural, technological or human-caused hazards including significant events against which it is not fully insured or indemnified. These hazards have the potential to disrupt operations, resulting in decreased electricity generation revenue or additional costs to repair damages and restore operations.

OPG's business continuity program provides a framework to build resilience into critical business processes to ensure continued operation of critical business functions. OPG's emergency management program is designed to ensure that the Company can resolve an emergency in a timely and effective manner. OPG's plans and implementation procedures identify immediate response actions to be taken to protect the health and safety of workers and the public, and to limit the impact of an incident on site security, production capability and the environment. OPG's plans are regularly tested, updated, and meet or exceed legal and regulatory requirements.

OPG regularly monitors and assesses global events, such as emerging geopolitical events, natural disasters and pandemics, and prepares contingency plans should they have the potential to impact OPG's operations, workers, customers or stakeholders.

Risks to Achieving Project Excellence

As a capital-intensive business, OPG undertakes a large portfolio of projects with significant investments. There may be an adverse effect on the Company if it is unable to obtain necessary approvals for the projects, effectively manage the projects on time and on budget, or fully recover project costs and earn an appropriate return on project investments. Investments in capital projects may also impact OPG's borrowing capacity and credit ratings. OPG mitigates risks associated with project execution through a scalable project management methodology applied to projects across the enterprise. Risks associated with certain current major projects are described below. Additionally, there are risks associated with the loss of key suppliers, as further discussed under the heading, *Risks to Achieving Operational Excellence – Supply Chain*.

Small Modular Reactors

OPG is advancing the construction of SMRs to help meet future electricity needs, with the DNNP's Unit 1 representing Canada's first commercial grid-scale SMR. The selected SMR design for the DNNP, GE Hitachi Nuclear Energy's (GE-Hitachi) BWRX-300, is the tenth evolution of the boiling water reactor, which partially mitigates risks associated with this first-of-a-kind technology. Nevertheless, there are inherent risks to OPG's plans to construct SMRs at the DNNP site.

Risks associated with the SMR deployment include: uncertainties associated with obtaining regulatory approvals for this new nuclear technology; project cost and schedule risks; potential for opposition from Indigenous communities; and public acceptance of additional nuclear waste. Risk mitigation strategies include robust project planning and project oversight; completion of engineering design with OPG's oversight; implementation of an integrated project delivery model with partners; and meaningful engagement with Indigenous rightsholders and other stakeholders. *Ontario Regulation 53/05* prescribes any SMR constructed at the DNNP site as a regulated facility by the OEB and provides for recovery of associated planning, preparation and construction costs, subject to a review by the OEB.

OPG applies appropriate technical and commercial risk oversight to evaluate potential opportunities for commercial deployment of SMRs, including identification of any regulatory, market and credit risks that may arise.

For further information on the DNNP, refer to the section, *Significant Developments* under the heading, *Darlington New Nuclear Project* and the section *Core Business and Outlook* under the heading, *Project Excellence – Darlington New Nuclear Project*.

Pickering Refurbishment

In November 2025, the Province announced its approval of OPG's plan to proceed with the refurbishment of Units 5 to 8 at the Pickering GS. This complex megaproject presents inherent cost, schedule and regulatory risks, which will continue to be managed consistent with OPG's enterprise project management approach. Additionally, key risks that may impact the project from the definition phase through to the start of the execution phase, such as skilled trades availability and procurement of long lead materials, are being managed as per the project plan. OPG is leveraging lessons learned from the Darlington Refurbishment project to inform risk and project management activities as the project advances.

Further details can be found in the section, *Significant Developments* under the heading, *Pickering Refurbishment*.

Key Trades Availability

Competing capital and infrastructure projects within Ontario, and throughout Canada, may limit the availability of key tradespeople to work on OPG's current and future projects, including the DNNP, the Pickering Refurbishment project and refurbishments and redevelopments of hydroelectric generating stations. There is a risk that skilled tradespeople may choose to work on non-OPG projects, thereby impacting the Company's ability to complete projects on schedule and budget and with requisite quality. OPG has a dedicated team that is mitigating this risk through: active monitoring of the supply and demand of key tradespeople; collaborating with competing organizations, such as Bruce Power, to build capacity within the current supply by coordinating timing of project schedules, where appropriate; building new sources of supply through partnerships with other organizations, trade unions, and educational institutions; and implementing strategies for resource retention.

Risks to Maintaining Financial Strength

Risks related to macroeconomic factors, rate regulation, commodity markets, financial markets and long-term obligations could significantly impact OPG's financial performance. The Company is also exposed to risks due to changes in the electricity markets and renewal of energy supply contracts. Geopolitical tensions and conflicts could increase a number of these risks by driving long-lasting implications for commodity, financial and electricity markets, as well as government policy. As a result of changes in economic factors or the electricity market, OPG may make decisions to invest, divest, or discontinue investments to maintain or enhance long-term financial strength.

Government Legislation and Regulation Changes

OPG's core business and strategy may be impacted by changes to legislation and regulations in the jurisdictions in which the Company operates. Matters that are subject to regulation include, among others, rate regulation, electricity generating operations, nuclear safety and security, nuclear waste management and nuclear decommissioning, the electricity market, the environment, trade and taxation, including investment tax credit programs. Governments and regulatory bodies may change or enact legislation, regulations or rules that could increase OPG's costs, decrease OPG's revenue or limit the Company's ability to recover appropriate costs and earn an appropriate return on its capital investments.

To mitigate legislative risks, where possible, OPG monitors and actively engages with all levels of government in order to determine if future legislation will impact the Company.

In 2019, legislation to amend the *Fisheries Act* to further protect fish and fish habitat came into force in Canada. There is a risk that changes in environmental regulations resulting in strengthened fish and fish habitat protection provisions under the *Fisheries Act* may affect OPG's hydroelectric operations. To mitigate this risk, OPG and its industry partners are working with Fisheries and Oceans Canada (DFO) to determine practical approaches to the hydroelectric industry's compliance. OPG has developed a compliance strategy and is working with the DFO regarding its implementation.

In October 2025, new Nuclear Security Regulations in Canada were published with increased compliance requirements. OPG is monitoring the CNSC's release of additional detailed requirements to inform the implementation plan and assess cost impacts of compliance.

Canada's plan is to reach net-zero carbon emissions by 2050. In 2021, the Government of Canada passed legislation that commits Canada to achieving this goal and establishes requirements for the government to set interim national emission targets. In December 2024, the Government of Canada released the CER, which may limit operations of OPG's thermal generating stations beyond 2035. The Company continues to engage in the development of federal plans and legislation related to energy transition and intends to adapt OPG's Climate Change Plan to changing government policies as appropriate. Further details on the CER, OPG's GHG compliance obligations and response to climate change can be found in the section, *Description of the Business* under the heading, *Environmental, Social, Governance and Sustainability – Environment*, in the AIF.

As discussed in the section, *Core Business and Outlook* under the heading, *Financial Strength – Federal Clean Energy Investment Tax Credits*, OPG is monitoring developments from the Government of Canada related to the status of the draft CEITC legislation. The draft legislation currently requires approval from the Senate of the Parliament of Canada before achieving Royal Assent. Should these tax credits ultimately not be available to OPG, the Company would need to increase the amount of funding from other sources in order to finance certain planned investments in clean energy projects.

Rate Regulation

There is a risk that base regulated prices established by the OEB may not provide for full recovery of actual costs incurred by OPG's regulated operations or allow the regulated operations to earn an appropriate return on the assets, adversely affecting the Company's earnings and cash flow provided by operating activities. This could occur if, for example:

- In setting regulated prices, the OEB makes adjustments to forecasts submitted by OPG, disallows recovery of incurred capital costs or defers recovery of a material portion of an approved revenue requirement;
- OPG is unable to achieve cost reductions in line with OEB-approved stretch factors included in regulated prices under incentive ratemaking; or
- Actual production or costs differ significantly from the forecasts approved by the OEB, due to such factors as unplanned outages or project execution risks.

There is also uncertainty associated with the outcomes of requests for the recovery or repayment of regulatory account balances, with a number of such accounts being subject to an OEB prudence review, and outcomes of other regulatory proceedings.

In providing evidence in support of its applications for regulated prices, including disposition of regulatory account balances, OPG aims to clearly demonstrate to the OEB that the costs for the regulated operations are reasonable, prudently incurred and should be fully recovered from customers on a timely basis.

Nuclear Liabilities and Nuclear Segregated Funds

The cost estimates for OPG's nuclear waste management and nuclear decommissioning obligations are based on multiple underlying assumptions and estimates that may change significantly over time, including as the NWMO progresses the project to construct Canada's DGR for used nuclear fuel. To address this inherent uncertainty, OPG performs a comprehensive review of the underlying assumptions and baseline cost estimates at least once every five years, in line with the required reference plan update process under the ONFA. The next ONFA reference plan update is scheduled to be completed at the end of 2026.

The Nuclear Segregated Funds are managed to achieve, in the long term, the target rate of return based on the discount rate specified in the ONFA. Investments in the Nuclear Segregated Funds are allocated to domestic and international equity securities, corporate and government fixed income securities, pooled funds, real estate, infrastructure, and other investments. The rates of return earned on the funds in a given period may vary depending on financial market conditions. The asset mix of the funds is determined jointly by OPG and the Province in accordance with the ONFA.

OPG bears the market risk for investment performance related to the portion of the Nuclear Segregated Funds set aside for:

- Decommissioning of the nuclear generating stations; and
- Long-term management of used nuclear fuel in excess of the first 2.23 million bundles and long-term management of L&ILW.

In accordance with the OEB-approved cost recovery methodologies, the performance of the portion of the Nuclear Segregated Funds attributed to the Bruce nuclear generating stations is subject to the Bruce Lease Net Revenues Variance Account. Subject to the funded status of the funds, under the OEB-approved cost recovery methodologies, OPG's net income is exposed to the rate of return risk related to the portion of the Nuclear Segregated Funds attributed to the Darlington and Pickering nuclear generating stations. The income statement impact of the rate of return risk is partly mitigated when the funds are in a fully funded or overfunded position, as a reduction in the Nuclear Segregated Funds due to market conditions would first reduce the surplus in the respective fund before impacting OPG's net income. As at December 31, 2025, both the Decommissioning Segregated Fund and the Used Fuel Segregated Funds were in an overfunded position based on the most recently approved ONFA reference plan. For further details, refer to the section, *Core Business and Outlook* under the heading, *Outlook*.

Post-Employment Benefit Obligations

OPG's post-employment benefit obligations and costs and defined benefit registered pension plan contributions could be materially affected in the future by numerous factors including: changes in discount rates, inflation rates and other actuarial assumptions; future investment returns on pension plan assets; experience gains and losses; the funded status of the pension plans; changes in benefits; changes in the regulatory environment including potential changes to the *Pension Benefits Act* (Ontario); changes in employee contribution levels; changes in OPG's operations; and the measurement uncertainty incorporated into the actuarial valuation process.

Contributions to the OPG registered pension plan are determined based on actuarial valuations, which are filed with the appropriate regulatory authorities at least every three years. OPG is required to file actuarial valuations on an annual basis if the solvency funded status of the plan declines below the threshold specified in the regulations of the *Pension Benefits Act* (Ontario). Future actuarial valuations could increase OPG's funding requirements due to market and economic-related conditions. OPG's OPEB obligations are not funded and the associated employee benefits are paid from cash flow provided by operating activities or other sources of liquidity.

Ownership by the Province

The Province owns all of OPG's issued and outstanding common shares, Class A shares and Class B preferred shares. Accordingly, the Province, as represented by the Ontario Ministry of Energy and Mines, has the authority to make appointments to OPG's Board. OPG could be subject to Shareholder direction under section 108 of the *Business Corporations Act* (Ontario) that can directly influence major decisions. These directions could relate to project development, applications for regulated prices with the OEB, asset acquisitions, divestitures or other transactions, financing and capital structure, and other matters. As a result, OPG could be required to undertake activities that result in increased expenditures, or that reduce revenue or cash flow relative to the business activities or strategies that would have otherwise been undertaken. In addition, the obligation of the Shareholder to respond to a broad range of matters in its role as the Government of Ontario may create opportunities or risks for OPG which would be pursued or, to the extent possible, would be mitigated to achieve OPG's strategic and business plan objectives. This includes, but is not limited to, actions that may be taken by the Province to support electricity planning decisions, to mitigate the impact of electricity prices on Ontario consumers, or to respond to trade disputes and other geopolitical tensions.

Credit

The Company's credit risk exposure is a function of its electricity sales, trading and hedging activities, and treasury activities including investing and commercial transactions with various suppliers of goods and services. OPG's credit risk exposure relating to electricity sales is considered low as the majority of sales are through the IESO-administered market in Ontario. The IESO oversees the credit worthiness of all market participants. In accordance with the IESO's prudential support requirements, market participants are required to provide collateral to cover funds that they might owe to the market.

The following table summarizes OPG's credit exposure to all counterparties from electricity transactions and trading as at December 31, 2025:

Credit Rating ¹	All Counterparties		Largest Counterparties	
	Number of Counterparties ²	Potential Exposure ³ (millions of dollars)	Number of Counterparties	Potential Exposure (millions of dollars)
Investment grade	40	28	5	18
IESO ⁴	5	621	1	612
Other	34	3	2	2
Total	79	652	8	632

¹ Credit ratings are based on OPG's own analysis, taking into consideration external rating agency analysis where available, as well as recognizing explicit credit support provided through parental guarantees, Letters of Credit or other forms of security. Other category represents counterparties for which the credit rating has not been analyzed by OPG.

² OPG's counterparties are defined on the basis of individual master agreements.

³ Potential exposure is OPG's statistical assessment of maximum exposure over the life of each transaction at a 95 percent confidence interval.

⁴ Credit exposure represents an estimated short-term receivable amount arising from OPG's electricity sales into the IESO market. The credit exposure and associated receivable vary each month based on electricity sales. The monthly receivable from the IESO is typically paid to OPG in the subsequent month as per the IESO payment schedule.

Other major components of OPG's credit risk exposure include those associated with vendors that are contracted to provide services or products. OPG manages its exposure to various suppliers or counterparties by evaluating their financial condition and ensuring that the Company holds appropriate collateral or other forms of security.

Commodity Markets

Changes in the market prices of fuels used to produce electricity can adversely impact OPG's earnings and cash flow provided by operating activities. To manage the risk of unpredictable increases in the price of fuels, the Company has fuel hedging programs, which include using fixed price and indexed contracts. The percentages hedged of OPG's fuel requirements are shown in the following table. These amounts are based on yearly forecasts of electricity generation and supply mix and, as such, are subject to change as these forecasts are updated.

	2026	2027	2028
Estimated fuel requirements hedged (%) ¹	77	83	72

¹ Represents the approximate portion of megawatt-hour (MWh) of expected electricity generation (and year-end inventory targets) from each type of OPG-operated facility (nuclear, hydroelectric and thermal) for which the price of fuel is fixed, or for which the Company has entered into contractual arrangements to secure the price of fuel or secure the recovery of fuel costs. In the case of regulated and contracted hydroelectric electricity generation in Ontario, this represents the gross revenue charge and water rental charges. Excess fuel inventories (nuclear and thermal) in a given year are attributed to the next year for the purpose of measuring hedge ratios.

Foreign Exchange

OPG's financial results are exposed to volatility in the Canadian/US foreign exchange rate as certain materials, services and fuels purchased for generating stations and major projects, as well as debt issuances, may be denominated in or tied to US dollars. To manage this risk, OPG may periodically employ various financial instruments such as forwards and other derivative contracts, in accordance with approved risk management policies. As at December 31, 2025, OPG had nil in foreign exchange contracts outstanding.

Interest Rates

Interest rate risk is the risk that the value of assets and liabilities can change due to movements in related interest rates. Interest rate risk for OPG arises with the need to refinance existing debt or undertake new financing. The management of these risks includes using derivatives to hedge the exposure in accordance with approved risk management policies. OPG may use interest rate swap agreements to mitigate elements of interest rate risk exposure associated with anticipated financing.

Liquidity

The Company's ability to arrange sufficient and cost-effective debt financing as part of its funding requirements could be adversely affected by a number of factors, including financial market and general economic conditions, the regulatory environment, the Company's results from operations, financial condition and the ratings assigned to the Company by credit rating agencies. In mitigating these risks, OPG utilizes multiple funding sources and forecasts availability of funds, actively monitors funding requirements and strives to maintain its investment grade credit ratings.

A discussion of corporate liquidity is included in the section, *Liquidity and Capital Resources*.

Electricity Markets

OPG's revenue can be impacted by external factors related to electricity markets including: the entrance of new participants into the markets; the competitive actions of market participants; electricity demand including exports out of Ontario; changes in the regulatory environment; and variability in wholesale electricity prices in applicable markets. Growth in Ontario's electricity demand may be impacted by geopolitical or economic factors including changes in the trade and tariffs environment. For further information, see *Risks to Achieving Operational Excellence – Tariffs and Other Trade Restrictions*.

Revenue from OPG's generating assets prescribed for regulation by the OEB is largely not impacted by Ontario wholesale electricity prices. All of OPG's non-regulated assets in Ontario are subject to ESAs with the IESO, which are designed to provide for recovery of costs and a return on invested capital.

Contracted Generation

The Company's generating stations in Ontario that operate under ESAs with the IESO are subject to several obligations, including but not limited to availability targets and must-offer obligations committing units to the market during specific hours, as specified in the respective contracts. OPG could incur penalties up to and including termination of the respective contract if these facilities fail to meet their contractual obligations. This risk is mitigated through implementation of maintenance, capital investment and other programs, and internal processes to communicate, monitor and address contractual obligations and milestones.

While OPG expects that the generating stations operating under ESAs or other contracts will continue to provide energy and capacity to the respective markets over the term of such agreements, there is a risk that the contracts may not be renewed upon their expiry or that replacement contracts may not be available on acceptable terms.

Litigation

OPG and its subsidiaries are involved in various legal proceedings covering a range of matters arising out of their business activities. Each of these matters is subject to various uncertainties and some of these matters may be resolved unfavourably. It is the Company's belief that the resolution of these matters, individually and in the aggregate, is not likely to have a material adverse impact on its consolidated financial position.

Risks to Maintaining Social Licence

OPG is exposed to risks associated with its social licence and public profile due to changes in the perspectives of various stakeholders, including electricity consumers, local communities and government agencies, Rightsholders and partners.

Maintaining public trust and meeting stakeholders and partners' expectations is critical to OPG's business success. OPG focuses on maintaining its social licence and corporate reputation through safe, reliable and sustainable operations as well as corporate citizenship, engagement and public education initiatives. Additionally, OPG is committed to advancing reconciliation with Indigenous communities and Indigenous Peoples and enhancing its workplace culture by fostering excellence in ED&I practices.

An inability to maintain safe, reliable and environmentally responsible operations could negatively impact OPG's reputation and result in a loss of public support.

Indigenous Communities

The quality of OPG's relationships and the outcome of negotiations with Indigenous communities may impact OPG's project and financial performance, as well as its social licence to operate.

OPG may be subject to claims by Indigenous communities. These claims may stem from projects or generation development activities, activities related to the Company's operations including nuclear waste management, and historic operations of OPG's predecessor companies, which may have impacted Aboriginal and/or Treaty rights.

These risks are partly mitigated by delivering on OPG's Indigenous Relations Policy, which sets out the Company's commitment to proactively build and maintain positive relationships with Indigenous communities, and the Company's Reconciliation Action Plan. OPG has also been successful in working collaboratively with Indigenous communities to resolve a number of past grievances and to establish commercial partnerships related to new generation development. However, the outcomes of ongoing and any future negotiations will depend on a number of factors, including legislation, regulations and precedents created by court rulings, which are subject to change over time.

RELATED PARTY TRANSACTIONS

Given that the Province owns all of the shares of OPG, related parties include the Province and other entities controlled by the Province.

The related party transactions summarized below include transactions with the Province and the principal successors to the former Ontario Hydro's integrated electricity business, including Hydro One Limited (Hydro One), the IESO and the OEFC. Transactions between OPG and related parties are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. As one of several wholly owned government business enterprises of the Province, OPG also has transactions in the normal course of business with various government ministries and organizations in Ontario that fall under the purview of the Province.

The related party transactions for the years ended December 31 were as follows:

<i>(millions of dollars)</i>	2025		2024	
	Income	Expense	Income	Expense
Hydro One				
Electricity sales	24	-	18	-
Services	-	12	-	9
Dividends	4	-	5	-
Province of Ontario				
Change in Decommissioning Segregated Fund amount due to Province ¹	-	811	-	1,137
Change in Used Fuel Segregated Fund amount due to Province ¹	-	1,063	-	1,459
Hydroelectric gross revenue charge	-	117	-	118
OEFC				
Hydroelectric gross revenue charge	-	219	-	223
Interest expense on long-term notes	-	87	-	88
Income taxes	-	548	-	377
Property taxes	-	14	-	13
IESO				
Electricity related revenue	7,698	-	6,473	-
Fair Hydro Trust				
Interest income	33	-	33	-
	7,759	2,871	6,529	3,424

¹ The Nuclear Segregated Funds are reported on the consolidated balance sheets net of amounts recognized as due to the Province in respect of any excess funding and, for the Used Fuel Segregated Fund, the Province's rate of return guarantee. As at December 31, 2025 and 2024, the Nuclear Segregated Funds were reported net of amounts due to the Province of \$12,110 million and \$10,236 million, respectively.

Balances between OPG and its related parties as at December 31 were as follows:

<i>(millions of dollars)</i>	2025	2024
Receivables from related parties		
Hydro One	3	3
IESO – Electricity related receivables	621	608
Fair Hydro Trust	4	4
Province of Ontario	-	1
Loan receivable		
Fair Hydro Trust	899	902
Accounts payable, accrued charges and other payables		
Hydro One	1	3
OEFC	91	85
Province of Ontario	7	10
Long-term debt (including current portion)		
Notes payable to OEFC	2,100	2,100

OPG may hold Province of Ontario bonds and treasury bills in the Nuclear Segregated Funds and the OPG registered pension plan. As at December 31, 2025, the Nuclear Segregated Funds held \$1,764 million of Province of Ontario bonds (2024 – \$1,740 million) and \$5 million of Province of Ontario treasury bills (2024 – \$8 million). As of December 31, 2025, the OPG registered pension plan held \$302 million of Province of Ontario bonds (2024 – \$327 million) and \$2 million of Province of Ontario treasury bills (2024 – \$9 million). These Province of Ontario bonds and treasury bills are publicly traded securities and are measured at fair value. OPG jointly oversees the investment management of the Nuclear Segregated Funds with the Province.

In addition, as at December 31, 2025, OPG held \$170 million of Hydro One shares (2024 – \$159 million).

INTERNAL CONTROL OVER FINANCIAL REPORTING AND DISCLOSURE CONTROLS

Management, including the President and CEO and the Chief Financial Officer (CFO), are responsible for maintaining Disclosure Controls and Procedures (DC&P) and Internal Control over Financial Reporting (ICFR). DC&P is designed to provide reasonable assurance that all relevant information is gathered and reported to senior management, including the President and CEO and the CFO, on a timely basis so that appropriate decisions can be made regarding public disclosure. ICFR is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements in accordance with US GAAP.

There were no changes in OPG's ICFR during the year ended December 31, 2025 that have materially affected or are reasonably likely to materially affect OPG's financial reports.

Management, including the President and CEO and the CFO, concluded that, as of December 31, 2025, OPG's DC&P and ICFR, as defined in National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings*, were effective.

FOURTH QUARTER

Discussion of Results

<i>(millions of dollars)</i> (unaudited)	Three Months Ended December 31	
	2025	2024
Revenue	2,100	1,838
Fuel expense	396	289
Operations, maintenance and administration expenses	784	833
Depreciation and amortization expenses	343	335
Accretion on fixed asset removal and nuclear waste management funds	309	307
Earnings on nuclear fixed asset removal and nuclear waste management funds	(290)	(280)
Other net expenses	415	38
Earnings before interest and income taxes	143	316
Net interest expense	46	42
Income tax expense	111	42
Net (loss) income	(14)	232
Net (loss) income attributable to the Shareholder	(19)	228
Net income attributable to non-controlling interest ¹	5	4

¹ Relates to the following: 25 percent interest of Amisk-oo-Skow Finance Corporation, a corporation wholly owned by the Moose Cree First Nation, in Lower Mattagami Limited Partnership; 33 percent interest of Coral Rapids Power Corporation, a corporation wholly owned by the Taykwa Tagamou Nation, in PSS Generating Station Limited Partnership; 15 percent interest and 5 percent interest of corporations wholly owned by Six Nations of Grand River Development Corporation and the Mississaugas of the Credit First Nation, respectively, in Nanticoke Solar LP; and non-controlling interests in certain electricity generating facilities in the United States.

Net loss attributable to the Shareholder for the fourth quarter was \$19 million, compared to net income of \$228 million for the same quarter in 2024. Earnings before interest and income taxes were \$143 million for the fourth quarter of 2025, representing a decrease of \$173 million compared to the same quarter in 2024.

Significant factor that decreased EBIT:

- Lower EBIT of \$422 million from the Contracted Hydroelectric and Other Generation business segment, primarily due to a non-recurring pre-tax loss of \$477 million recognized related to the sale of Eagle Creek, partially offset by higher earnings from the US operations due to cessation of the depreciation and amortization expense as a result of classifying Eagle Creek as held for sale, and lower OM&A expenses.

Significant factors that increased EBIT:

- A gain of \$108 million recorded in the fourth quarter of 2025 within the Other category related to changes in the fair market value of non-core equity investments;
- Higher revenues of \$43 million from the Regulated – Nuclear Generation business segment, as a result of higher electricity generation of 0.5 TWh; and
- Lower OM&A expenses of \$28 million from the Regulated – Nuclear Generation business segment, mainly due to the cessation of commercial operation of Unit 4 of the Pickering GS on December 31, 2024 and lower expenditures as a result of fewer outage days at the Darlington GS.

Net interest expense for the fourth quarter of 2025 was comparable to the same period in 2024.

Income tax expense increased by \$69 million during the fourth quarter of 2025, compared to the same quarter in 2024. The increase was primarily due to certain tax adjustments recorded in the fourth quarter of 2025, partially offset by the impact of lower earnings before income taxes compared to the same period in 2024.

Electricity Generation

OPG's electricity generation for the three months ended December 31, 2025 and 2024 was as follows:

(TWh)	Three Months Ended December 31	
	2025	2024
Regulated – Nuclear Generation	8.6	8.3
Regulated – Hydroelectric Generation	6.8	7.9
Contracted Hydroelectric and Other Generation ¹	1.1	1.2
Atura Power	4.1	3.0
Total OPG electricity generation	20.6	20.4

¹ Includes OPG's proportionate share of electricity generation from co-owned and minority shareholdings in electricity generating facilities.

The increase in OPG's total electricity generation of 0.2 TWh during the fourth quarter of 2025, compared to the same quarter in 2024, was primarily due to higher electricity generation from the Atura Power business segment, primarily due to higher demand for electricity generation from the combined cycle plants, and higher electricity generation from the Regulated – Nuclear Generation business segment, primarily due to a full three-month period of electricity generation from Unit 1 of the Darlington GS in 2025 following its return to service from refurbishment in November 2024. The increase was partially offset by lower electricity generation from the Regulated – Hydroelectric Generation business segment, primarily due to lower water inflow conditions across most of Ontario during the fourth quarter of 2025.

Ontario's electricity demand as reported by the IESO was 36.7 TWh during the fourth quarter of 2025, compared to 35.0 TWh for the same period in 2024, excluding electricity exports out of the province.

Liquidity and Capital Resources

Cash flow provided by operating activities during the three months ended December 31, 2025 was \$618 million, compared to \$429 million for the same period in 2024. The increase was primarily due to higher revenue receipts from the Regulated – Nuclear Generation business segment and lower OM&A expenditures, partially offset by lower revenue receipts from the Regulated – Hydroelectric Generation business segment and higher income tax installment payments.

Cash flow used in investing activities was \$1,611 million during the three months ended December 31, 2025, compared to \$992 million during the same period in 2024. This increase was primarily due to higher capital expenditures within the Regulated – Hydroelectric Generation business segment, for the Pickering Refurbishment project and the DNNP within the Regulated – Nuclear Generation business segment, and within the Atura Power business segment during the fourth quarter of 2025.

Cash flow provided by financing activities increased by \$294 million during the three months ended December 31, 2025, compared to the same period in 2024. The increase was primarily due to the \$1 billion issuance of Class B preferred shares to the Province, mainly offset by a net repayment of short-term debt and lower issuance of long-term debt.

QUARTERLY AND ANNUAL FINANCIAL HIGHLIGHTS

The following tables set out selected annual financial information for the last three years and financial information for each of the eight most recently completed quarters. This information is derived from OPG's unaudited interim consolidated financial statements and the audited annual consolidated financial statements, and has been prepared in accordance with US GAAP.

Annual Financial Information

<i>(millions of dollars – except where noted)</i>	2025	2024	2023
Revenue	8,355	7,187	7,434
Net income attributable to the Shareholder	1,509	988	1,741
Earnings per share, attributable to the Shareholder <i>(dollars)</i>	\$5.49	\$3.60	\$6.34
Total assets	74,778	69,313	65,688
Total long-term liabilities	45,651	44,381	42,434
Weighted average common shares outstanding <i>(millions)</i>	274.6	274.6	274.6

Quarterly Financial Information

<i>(millions of dollars – except where noted)</i> <i>(unaudited)</i>	2025 Quarters Ended				
	December 31	September 30	June 30	March 31	Total
Electricity generation (TWh)	20.6	22.3	21.9	23.5	88.3
Revenue	2,100	2,066	2,032	2,157	8,355
Net (loss) income	(14)	486	547	509	1,528
Less: Net income attributable to non-controlling interest	5	4	6	4	19
Net (loss) income attributable to the Shareholder	(19)	482	541	505	1,509
(Loss) Earnings per common share, attributable to the Shareholder <i>(dollars)</i>	(\$0.08)	\$1.76	\$1.97	\$1.84	\$5.49

<i>(millions of dollars – except where noted)</i> <i>(unaudited)</i>	2024 Quarters Ended				
	December 31	September 30	June 30	March 31	Total
Electricity generation (TWh)	20.4	21.7	18.9	21.1	82.1
Revenue	1,838	1,891	1,691	1,767	7,187
Net income	232	383	166	225	1,006
Less: Net income attributable to non-controlling interest	4	4	6	4	18
Net income attributable to the Shareholder	228	379	160	221	988
Earnings per common share, attributable to the Shareholder <i>(dollars)</i>	\$0.83	\$1.38	\$0.58	\$0.80	\$3.60

KEY OPERATING PERFORMANCE INDICATORS AND NON-GAAP FINANCIAL MEASURES

Key Operating Performance Measures

OPG evaluates the performance of its generating stations using a number of key indicators. Key operating performance indicators aligned with corporate business imperatives include measures of production reliability, cost effectiveness, environmental performance and safety performance. Certain of the measures used vary depending on the generating technology.

Nuclear Unit Capability Rate

The nuclear Unit Capability Rate is a key measure of nuclear generating station performance. It measures the amount of energy that the generating unit(s) generates over a period of time, adjusted for externally imposed constraints such as transmission or demand limitations, as a percentage of the amount of energy that would have been produced over the same period had the unit(s) produced maximum generation, adjusted for planned energy losses. Capability rates are primarily affected by unplanned outages. An outage day represents a single generating unit being offline or derated for an amount of time equivalent to one day. By industry definition, capability rates exclude production losses beyond plant management's control, such as grid-related unavailability. The nuclear Unit Capability Rate also excludes unit(s) during the period in which they are undergoing refurbishment.

OPG previously reported a nuclear Unit Capability Factor, which included the impact of both planned and unplanned outages but was otherwise determined in the same manner as the Unit Capability Rate. The Unit Capability Rate adjusts for the impact of planned outages by eliminating the planned energy losses. OPG believes that this approach provides a clearer view of a unit's underlying reliability and operational performance by focusing on factors within plant management's control and excluding scheduled maintenance periods. The nuclear Unit Capability Rate presentation also aligns with the updated WANO Nuclear Performance Index methodology.

Hydroelectric Availability

Hydroelectric Availability represents the percentage of time a generating unit at OPG's hydroelectric generating stations is capable of providing service, whether or not it is actually generating electricity, compared to the total time for the respective period, weighted by unit capacity.

Thermal Equivalent Forced Outage Rate

Equivalent forced outage rate is an index of the reliability of a generating unit at OPG's thermal generating stations. It is measured by the ratio of time a generating unit is forced out of service by unplanned events, including any forced deratings, compared to the amount of time the generating unit was available to operate.

Thermal Availability

Thermal Availability represents the percentage of time a generating unit at Atura Power's combined cycle plants is capable of providing service, whether or not it is actually generating electricity, compared to the total time for the respective period, averaged by the number of facilities owned and operated through Atura Power.

Other Key Indicators

In addition to production reliability, cost effectiveness and financial performance indicators, OPG has also identified certain environmental and safety performance measures, which, as applicable, are discussed in the section, *Environmental, Social, Governance and Sustainability*.

Non-GAAP Financial Performance Measures

In addition to net income and other financial information in accordance with US GAAP, certain non-GAAP financial measures are also presented in this MD&A. These non-GAAP measures do not have any standardized meaning prescribed by US GAAP and, therefore, may not be comparable to similar measures presented by other issuers. OPG utilizes these measures to make operating decisions and assess performance. Readers of the MD&A would utilize these measures in assessing the Company's financial performance from ongoing operations. The Company believes that these indicators are important since they provide, as applicable, additional information about OPG's performance, facilitate comparison of results over different periods and present measures consistent with the Company's strategies. These non-GAAP financial measures are not presented as an alternative to net income or any other measure in accordance with US GAAP, but as indicators of operating performance.

The definitions of the non-GAAP financial measures are as follows:

(1) Earnings before interest, income taxes, depreciation and amortization is defined as net income before net interest expense, income tax expense and depreciation and amortization expenses.

(2) Gross margin is defined as revenue less fuel expense.

For further information, please contact:

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**ONTARIO POWER GENERATION INC.
CONSOLIDATED FINANCIAL STATEMENTS**

DECEMBER 31, 2025

ONTARIO**POWER**
GENERATION

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

Ontario Power Generation Inc.'s (OPG or the Company) Management and Board of Directors are responsible for the presentation and preparation of the annual consolidated financial statements.

The consolidated financial statements have been prepared in accordance with United States generally accepted accounting principles (US GAAP). The consolidated financial statements necessarily include amounts based on informed judgments and estimates of the expected effects of current events and transactions with appropriate consideration to materiality. Something is considered material if it is reasonably expected to have a significant impact on the Company's earnings, cash flow, value of an asset or liability or reputation.

The Company maintains and relies on a system of internal controls to ensure, on a reasonable and cost-effective basis, reliability of the financial information. These controls are designed to provide the Company with reasonable assurance that the financial records are reliable for preparing consolidated financial statements and other financial information, assets are safeguarded against unauthorized use or disposition, liabilities are recognized and compliance with all regulatory requirements is achieved.

The consolidated financial statements have been audited by Ernst & Young LLP, independent external auditors appointed by the Board of Directors. Their Independent Auditor's Report outlines the auditor's responsibilities and the scope of their examination and their opinion on OPG's consolidated financial statements. The independent external auditor, as confirmed by the Audit and Risk Committee, had direct and full access to the Audit and Risk Committee, with and without the presence of management, to discuss their audit and their findings therefrom, as to the integrity of OPG's financial reporting and the effectiveness of the system of internal controls.

Nicolle Butcher (signed)

President and Chief Executive Officer

Aida Cipolla (signed)

*Chief Financial Officer and
Chief Administrative Officer*

March 12, 2026

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Ontario Power Generation Inc.

Opinion

We have audited the consolidated financial statements of Ontario Power Generation Inc. and its subsidiaries (the Company), which comprise the consolidated balance sheets as at December 31, 2025 and 2024, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in shareholder's equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2025 and 2024, and the consolidated results of its operations and its consolidated cash flows for the years then ended in accordance with United States generally accepted accounting principles.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis
- The information, other than the consolidated financial statements and our auditor's report thereon, in the Annual Report

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

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

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

The Annual Report is expected to be made available to us after the date of the auditor's report. If based on the work we will perform on this other information, we conclude there is a material misstatement of other information, we are required to report that fact to those charged with governance.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with United States generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the

consolidated financial statements. We are responsible for the direction, supervision and review of the work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Ernst & Young LLP

Toronto, Canada
March 12, 2026

Chartered Professional Accountants
Licensed Public Accountants

CONSOLIDATED STATEMENTS OF INCOME

Years Ended December 31 <i>(millions of dollars except where noted)</i>	2025	2024
Revenue	8,355	7,187
Fuel expense	1,421	1,049
Gross margin	6,934	6,138
Operations, maintenance and administration expenses	2,816	3,318
Depreciation and amortization expenses <i>(Note 5)</i>	1,413	1,270
Accretion on fixed asset removal and nuclear waste management liabilities <i>(Note 10)</i>	1,243	1,221
Earnings on nuclear fixed asset removal and nuclear waste management funds <i>(Note 10)</i>	(1,138)	(1,102)
Property taxes	49	50
	4,383	4,757
Income before other losses, interest and income taxes	2,551	1,381
Other losses <i>(Note 19)</i>	376	19
Income before interest and income taxes	2,175	1,362
Net interest expense <i>(Note 8)</i>	194	186
Income before income taxes	1,981	1,176
Income tax expense <i>(Note 11)</i>	453	170
Net income	1,528	1,006
Net income attributable to the Shareholder	1,509	988
Net income attributable to non-controlling interest	19	18
Basic and diluted earnings per common share (dollars) <i>(Note 17)</i>	5.49	3.60

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Years Ended December 31 (millions of dollars)	2025	2024
Net income	1,528	1,006
Other comprehensive (loss) income, net of income taxes (Note 12)		
Actuarial gain, net of past service costs, on remeasurement of liabilities for pension and other post-employment benefits ¹	36	41
Reclassification to income of amounts related to pension and other post-employment benefits ²	(2)	(2)
Reclassification to income of amounts related to derivatives designated as cash flow hedges ³	3	(5)
Net gain on derivatives designated as cash flow hedges ⁴	1	1
Currency translation adjustment	(101)	173
Other comprehensive (loss) income for the year	(63)	208
Comprehensive income	1,465	1,214
Comprehensive income attributable to the Shareholder	1,446	1,196
Comprehensive income attributable to non-controlling interest	19	18

¹ Net of income tax expense of \$9 million and \$13 million for 2025 and 2024, respectively.

² Net of income tax expense of nil for each of 2025 and 2024.

³ Net of income tax expense of \$1 million and net of income tax recovery of \$2 million for 2025 and 2024, respectively.

⁴ Net of income tax expense of \$1 million and nil for 2025 and 2024, respectively.

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years Ended December 31 (millions of dollars)	2025	2024
Operating activities		
Net income	1,528	1,006
Adjust for non-cash items:		
Depreciation and amortization expenses (Note 5)	1,413	1,270
Accretion on fixed asset removal and nuclear waste management liabilities	1,243	1,221
Earnings on nuclear fixed asset removal and nuclear waste management funds	(1,138)	(1,102)
Pension and other post-employment benefit costs (Note 13)	314	361
Deferred income tax expense (Note 11)	13	39
Regulatory assets and regulatory liabilities	(185)	(23)
Other losses	385	22
Other	25	(19)
Expenditures on fixed asset removal and nuclear waste management	(891)	(529)
Reimbursement of eligible expenditures on nuclear fixed asset removal and nuclear waste management	721	252
Contributions to pension funds and expenditures on other post-employment benefits and supplementary pension plans	(298)	(342)
Net changes to other long-term assets and long-term liabilities	34	116
Net changes in non-cash working capital balances (Note 21)	544	(61)
Cash flow provided by operating activities	3,708	2,211
Investing activities		
Investment in property, plant and equipment and intangible assets (Note 19)	(5,551)	(3,537)
Proceeds from sale of interest in joint venture	11	-
Acquisition of Lightstar Renewables and Lightstar Operations One	-	(131)
Cash flow used in investing activities	(5,540)	(3,668)
Financing activities		
Issuance of short-term debt	4,128	2,960
Repayment of short-term debt	(3,866)	(2,945)
Issuance of long-term debt (Note 8)	1,169	1,930
Repayment of long-term debt (Note 8)	(623)	(603)
Issuance of Class B shares (Note 16)	1,000	-
Equity investment from non-controlling interest	10	3
Distribution to non-controlling interest	(18)	(19)
Cash flow provided by financing activities	1,800	1,326
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(5)	13
Net decrease in cash, cash equivalents and restricted cash, including amounts classified within current assets held for sale	(37)	(118)
Less: cash, cash equivalents and restricted cash classified within current assets held for sale	(77)	-
Net decrease in cash, cash equivalents and restricted cash	(114)	(118)
Cash, cash equivalents and restricted cash, beginning of year	1,363	1,481
Cash, cash equivalents and restricted cash, end of year	1,249	1,363

See accompanying notes to the consolidated financial statements.

CONSOLIDATED BALANCE SHEETS

As at December 31 <i>(millions of dollars)</i>	2025	2024
Assets		
Current assets		
Cash, cash equivalents and restricted cash <i>(Note 4)</i>	1,249	1,363
Equity securities <i>(Note 20)</i>	170	159
Receivables from related parties <i>(Note 20)</i>	628	616
Nuclear fixed asset removal and nuclear waste management funds <i>(Note 10)</i>	145	283
Fuel inventory	330	297
Materials and supplies	145	145
Regulatory assets <i>(Note 6)</i>	540	540
Prepaid expenses	210	292
Other current assets	250	388
Assets held for sale <i>(Note 23)</i>	2,322	-
	5,989	4,083
Property, plant and equipment <i>(Note 5)</i>	54,509	51,290
Less: accumulated depreciation	15,829	15,159
	38,680	36,131
Intangible assets <i>(Note 5)</i>	791	1,029
Less: accumulated amortization	440	439
	351	590
Goodwill <i>(Note 7)</i>	-	230
Other assets		
Nuclear fixed asset removal and nuclear waste management funds <i>(Note 10)</i>	22,672	22,129
Loan receivable from related party <i>(Note 20)</i>	899	902
Long-term materials and supplies	385	355
Regulatory assets <i>(Note 6)</i>	4,348	4,367
Pension assets <i>(Note 13)</i>	1,096	337
Other long-term assets	358	189
	29,758	28,279
	74,778	69,313

See accompanying notes to the consolidated financial statements.

CONSOLIDATED BALANCE SHEETS

As at December 31 <i>(millions of dollars)</i>	2025	2024
Liabilities		
Current liabilities		
Accounts payable, accrued charges and other payables	2,682	2,068
Short-term debt <i>(Note 9)</i>	673	215
Long-term debt due within one year <i>(Note 8)</i>	673	604
Regulatory liabilities <i>(Note 6)</i>	246	246
Liabilities associated with assets held for sale <i>(Note 23)</i>	567	-
	4,841	3,133
Long-term debt <i>(Note 8)</i>	11,066	11,103
Other liabilities		
Fixed asset removal and nuclear waste management liabilities <i>(Note 10)</i>	26,665	26,042
Pension liabilities <i>(Note 13)</i>	381	383
Other post-employment benefit liabilities <i>(Note 13)</i>	2,815	2,716
Long-term accounts payable and accrued charges	306	382
Deferred revenue	346	355
Deferred income taxes <i>(Note 11)</i>	2,521	2,461
Regulatory liabilities <i>(Note 6)</i>	1,551	939
	34,585	33,278
Equity		
Common shares ¹ <i>(Note 16)</i>	5,126	5,126
Class A shares ² <i>(Note 16)</i>	787	787
Class B preferred shares ³ <i>(Note 16)</i>	1,002	-
Contributed surplus	26	28
Retained earnings	16,976	15,469
Accumulated other comprehensive income <i>(Note 12)</i>	130	193
Equity attributable to the Shareholder	24,047	21,603
Equity attributable to non-controlling interest	239	196
Total equity	24,286	21,799
	74,778	69,313

¹ 256,300,010 common shares outstanding at a stated value of \$5,126 million as at December 31, 2025 and 2024.

² 18,343,815 Class A shares outstanding at a stated value of \$787 million as at December 31, 2025 and 2024.

³ 1,000,000 Class B preferred shares outstanding at a stated value of \$1,002 million as at December 31, 2025 (2024 – nil).

Commitments and contingencies *(Notes 8, 9, 11, 13 and 18)*

See accompanying notes to the consolidated financial statements.

On behalf of the Board of Directors:

Wendy Kei (signed)
Board Chair

Jill Pepall (signed)
Director

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDER'S EQUITY

Years Ended December 31 <i>(millions of dollars)</i>	2025	2024
Common shares (Note 16)	5,126	5,126
Class A shares (Note 16)	787	787
Class B preferred shares (Note 16)		
Balance at beginning of year	-	-
Issuance of Class B preferred shares	1,000	-
Paid-in-kind dividends	2	-
Balance at end of year	1,002	-
Contributed surplus		
Balance at beginning of year	28	30
Reclassification to income of amounts related to gain on deconsolidation of Fair Hydro Trust	(2)	(2)
Balance at end of year	26	28
Retained earnings		
Balance at beginning of year	15,469	14,481
Net income attributable to the Shareholder	1,509	988
Paid-in-kind dividends	(2)	-
Balance at end of year	16,976	15,469
Accumulated other comprehensive income, net of income taxes (Note 12)		
Balance at beginning of year	193	(15)
Other comprehensive (loss) income	(63)	208
Balance at end of year	130	193
Equity attributable to the Shareholder	24,047	21,603
Equity attributable to non-controlling interest		
Balance at beginning of year	196	182
Net income attributable to non-controlling interest	19	18
Equity investment from non-controlling interest (Note 22)	42	15
Distribution to non-controlling interest	(18)	(19)
Balance at end of year	239	196
Total equity	24,286	21,799

See accompanying notes to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. DESCRIPTION OF BUSINESS

Ontario Power Generation Inc. (OPG or the Company) was incorporated on December 1, 1998 pursuant to the *Business Corporations Act* (Ontario) and is wholly-owned by the Province of Ontario (the Province or the Shareholder). OPG is an Ontario-based electricity generation company whose principal business is the generation and sale of electricity.

Unless the context indicates otherwise, references in the consolidated financial statements to “the Company”, or “OPG” are made to Ontario Power Generation Inc. and its subsidiaries.

As at December 31, 2025, OPG owned and operated two nuclear generating stations, 66 hydroelectric generating stations, two thermal generating stations, one solar facility and four-combined cycle gas turbine (combined cycle) plants in Ontario, Canada. The combined cycle plants are owned and operated through the Company’s wholly-owned subsidiary operating as Atura Power. Through the Company’s wholly-owned subsidiary, DNNP LP, OPG is constructing the first grid-scale small modular reactor (SMR) on the Darlington New Nuclear Project (DNNP) site in Ontario, Canada. In December 2025, DNNP LP entered into a lease arrangement with Ontario Power Generation Inc. with respect to the DNNP and reimbursed Ontario Power Generation Inc. for capital expenditures on the DNNP incurred to date.

As at December 31, 2025, through a wholly-owned subsidiary based in the United States of America (United States or US), OPG wholly or jointly owned and operated, and held minority interests in hydroelectric and solar electricity generation and development assets in the US (Eagle Creek). In October 2025, OPG entered into an agreement to sell Eagle Creek. The transaction closed on January 9, 2026, resulting in the Company no longer having electricity generation operations or facilities in the United States. Further details regarding the transaction can be found in Note 23.

In addition, as at December 31, 2025, OPG owned two nuclear generating stations in Ontario, Canada, the Bruce A generating station (GS) and the Bruce B GS (together, the Bruce nuclear generating stations), which are leased on a long-term basis to, and operated by, Bruce Power L.P. (Bruce Power).

2. BASIS OF PRESENTATION

These consolidated financial statements have been prepared and presented in accordance with United States generally accepted accounting principles (US GAAP).

As required by *Ontario Regulation 395/11*, as amended, a regulation under the *Financial Administration Act* (Ontario), OPG adopted US GAAP for the presentation of its consolidated financial statements, effective January 1, 2012. Since January 1, 2012, OPG also has received exemptive relief from the Ontario Securities Commission (OSC) from the requirements of section 3.2 of National Instrument 52-107, *Acceptable Accounting Policies and Auditing Standards*. The exemption allows OPG to file consolidated financial statements prepared in accordance with US GAAP, rather than International Financial Reporting Standards (IFRS), without becoming a US Securities and Exchange Commission registrant.

In December 2025, OPG received an extension to its previous exemptive relief from the OSC. The exemptive relief will terminate on the earliest of the following:

- January 1, 2032;
- The financial year that commences after OPG ceases to have activities subject to rate regulation; and
- The financial year that commences on or following the later of:
 - I. The effective date prescribed by the International Accounting Standards Board (IASB) for the mandatory application of a standard within IFRS specific to entities with rate regulated activities (Mandatory Rate-regulated Standard); and
 - II. Four years after the IASB publishes the final version of a Mandatory Rate-regulated Standard.

All dollar amounts are presented in Canadian dollars, unless otherwise noted. Certain 2024 comparative amounts have been reclassified from consolidated financial statements previously presented to conform to the 2025 consolidated financial statement presentation.

3. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

a) Basis of Consolidation

The consolidated financial statements of the Company include the accounts of OPG and its majority-owned subsidiaries and variable interest entities (VIEs) where OPG is the primary beneficiary. All intercompany balances and intercompany transactions are eliminated on consolidation.

Where OPG does not control an investment but has significant influence over operating and financing policies of the investee, the investment is accounted for under the equity method.

b) Variable Interest Entities

OPG performs ongoing analysis to assess whether it holds any VIEs. VIEs of which OPG is deemed to be the primary beneficiary are consolidated. The primary beneficiary of a VIE has both the power to direct the activities of the entity that most significantly impact its economic performance and the obligation to absorb losses of the entity that could potentially be significant to the Company. In circumstances where OPG is not deemed to be the primary beneficiary, the VIE is not recorded in OPG's consolidated financial statements. VIEs are deconsolidated when facts and circumstances arise which indicate that OPG is no longer deemed to be the primary beneficiary.

Nuclear Waste Management Organization

In 2002, OPG and other Canadian used nuclear fuel producers established a separately incorporated Nuclear Waste Management Organization (NWMO) in accordance with the *Nuclear Fuel Waste Act (Canada)* (NFWA). The primary long-term mandate of the NWMO is to implement an approach to address the long-term management of used nuclear fuel in Canada. OPG has the majority of voting rights at the NWMO Board of Directors' and members' level. The NFWA requires the used nuclear fuel owners to establish and make payments into trust funds for the purpose of funding the implementation of the long-term used nuclear fuel management plan in accordance with the NFWA. OPG provides over 90 percent of the NWMO's funding, primarily towards the design and implementation of Canada's Adaptive Phased Management (APM) plan for the long-term management of used nuclear fuel. As a result, OPG is expected to absorb a majority of the NWMO's expected losses through future funding in the event of any shortfall. Therefore, OPG holds a variable interest in the NWMO, of which it is the primary beneficiary. Accordingly, the applicable amounts in the accounts of the NWMO, after elimination of intercompany transactions, are consolidated.

c) Use of Management Estimates

The preparation of consolidated financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the end of the reporting period, and the reported amounts of revenues and expenses for the reporting periods. Management evaluates these estimates on an ongoing basis based upon historical experience, current conditions and assumptions believed to be reasonable at the time the estimate is made, with any adjustments recognized in the period incurred. Significant estimates are included in the determination of pension and other post-employment benefits (OPEB) balances, asset retirement obligations (AROs) and associated asset retirement costs capitalized as part of property, plant and equipment (PP&E), income taxes (including deferred income taxes), contingencies, regulatory assets and regulatory liabilities, goodwill and intangible assets, valuation of investments in segregated funds, depreciation and amortization expenses, inventories and the fair value of assets and liabilities held for sale. Actual results may differ significantly from these estimates.

d) Business Combinations

The Company accounts for acquisitions of entities or assets that meet the definition of a business as business combinations. Business combinations are accounted for using the acquisition method. Assets acquired and liabilities assumed in business combinations are measured at their fair value at the acquisition date. Acquisition costs incurred in connection with business combinations are expensed in the period incurred. When a set of activities acquired does not represent a business, the transaction is accounted for as an asset acquisition and acquisition costs are capitalized.

Intangible assets acquired in business combinations are recognized separately at fair value if they arise from contractual or other legal rights or are separable.

e) Goodwill

Goodwill represents the excess of the purchase price of an acquired business over the fair value of the assets acquired and liabilities assumed.

The Company allocates goodwill to operating segments that are expected to benefit from the goodwill recognized. At least once a year, the Company assesses qualitative and quantitative factors to determine whether it is more likely than not that the fair value of a reporting unit to which goodwill is attributed is less than its carrying amount. If it is more likely than not that a reporting unit's fair value is less than its carrying amount or if a quantitative assessment is elected, the Company calculates the fair value of the reporting unit. The carrying amount of a reporting unit's goodwill is considered not recoverable if the carrying amount of the reporting unit exceeds its fair value. Any impairment charge represents the excess of the reporting unit's carrying amount over its fair value, to the extent that the impairment charge is limited to the total amount of goodwill allocated to the reporting unit. Goodwill is tested for impairment between annual assessments if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount.

Following the agreement to sell Eagle Creek in October 2025, goodwill attributable to Eagle Creek was written down to nil. The assets were subsequently derecognized on January 9, 2026 upon closing of the sale transaction. Further details on the transaction can be found in Note 23.

f) Cash, Cash Equivalents, Restricted Cash and Short-Term Investments

Cash and cash equivalents include cash on deposit and money market securities with a maturity of 90 days or less on the date of purchase. Restricted cash primarily includes amounts set aside pursuant to requirements of various debt and financing agreements. All other money market securities with a maturity on the date of purchase that is greater than 90 days, but less than one year, are recorded as short-term investments and classified as current assets. These securities are valued at the lower of cost and market value.

g) Loan Receivables

Loan receivables are financial assets with fixed or determined payments that are not quoted in an active market. Loan receivables are initially recorded at fair value, and subsequently recorded at amortized cost using the effective interest method. The loan receivable balance relates to the subordinated notes issued by the Fair Hydro Trust to OPG. The balance was recognized by OPG following the deconsolidation of the Fair Hydro Trust as a result of the *Fixing the Hydro Mess Act, 2019*.

h) Inventories

Inventories, consisting of fuel and materials and supplies, are measured at the lower of cost and net realizable value. Cost is determined as weighted average cost for fuel inventory and average cost for materials and supplies.

i) Intangible Assets

Intangible assets are recorded at cost. Intangible assets that are not considered to have an indefinite life are amortized using an amortization method that reflects the pattern in which their economic benefits are consumed or on a straight-line basis if that pattern is not readily determinable. Amortization of intangible assets is reflected in the depreciation and amortization expenses on the consolidated statements of income. Intangible assets are subject to impairment testing, and if impaired, the carrying value is accordingly reduced. As at December 31, 2025, the amortization periods of major application and computer software ranged from three to five years. Power purchasing contracts acquired through business combinations are initially recognized at fair value, and subsequently amortized on a straight-line basis over the remaining terms of the respective contracts.

j) Property, Plant and Equipment and Depreciation

PP&E is recorded at cost. Interest costs incurred during construction are capitalized as part of the cost of the asset based on the interest rates on OPG's long-term debt. Expenditures for replacements of major components are capitalized.

Major maintenance expenditures for combined cycle plants under long-term service agreements with third parties are accounted for using the deferral method, whereby the costs are capitalized and depreciated over their estimated useful life. Repairs and other maintenance costs are expensed when incurred.

Asset removal costs that have not been specifically provided for in current or previous periods are charged to operations, maintenance and administration (OM&A) expenses when incurred.

Depreciation rates for the various classes of assets are based on their estimated service lives. PP&E are depreciated on a straight-line basis, except for computer equipment, which are depreciated on a declining balance basis.

As at December 31, 2025, the depreciation periods of PP&E were as follows:

Nuclear generating stations and major components	5 to 71 years ¹
Hydroelectric generating stations and major components	3 to 100 years
Thermal generating stations and major components	5 to 50 years
Administration and service facilities	5 to 50 years
Computer equipment	40% per year
Service equipment	3 to 15 years

¹ As at December 31, 2025, the end of station life for depreciation purposes for the Darlington, Units 5 to 8 of the Pickering, Bruce A and Bruce B nuclear generating stations ranged between 2052 and 2070. Major components are depreciated over the lesser of the generating station life and the life of the components. Units 1 to 4 of the Pickering nuclear generating station have been permanently shut down and have been or are being placed in a safe storage state.

The accounting estimates related to end-of-life assumptions for PP&E require significant management judgment, including consideration of various operating, technological and economic factors. OPG reviews the estimated useful lives for its PP&E, including end-of-life assumptions for major generating assets, on a regular basis.

For nuclear generating stations operated by OPG, establishing station end-of-life assumptions primarily involves an assessment of the condition and expected remaining operating lives of major life-limiting components such as fuel channel assemblies, taking into account expectations of future ability to economically operate and, as appropriate, refurbish the station for continued use. Expected remaining operating lives of major life-limiting components are established through technical assessments of their fitness-for-service. Expectations of the future ability to operate the station may be affected by operating licence requirements, ability to recover capital, operating and decommissioning costs and government policy, among other factors.

Although there is a link between the age of a hydroelectric generating facility and the capital investment required to maintain that facility, age does not generally establish an overall upper limit on the expected useful life of a hydroelectric generating station. Regular maintenance and the replacement of specific components typically allow hydroelectric stations to operate for very long periods. An estimated useful life not exceeding 100 years is used by OPG to depreciate dams and other major hydroelectric station structures.

Station end-of-life assumptions for thermal and solar generating assets are established based on operating life expectations of major components and expectations of future ability to economically operate the station taking into consideration available revenue mechanisms.

k) Asset Impairment

Long-lived assets with defined lives are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The review is based on the presence of impairment indicators such as the future economic benefit of the assets and external market conditions. The net carrying amount of assets is considered impaired if it exceeds the sum of the estimated undiscounted cash flows expected to result from the asset's use and eventual disposition. In cases where the sum of the undiscounted expected future cash flows is less than the carrying amount, an impairment loss is recognized. This loss equals the amount, if any, by which the carrying amount exceeds the fair value. Fair value is determined using expected discounted cash flows when quoted market prices are not available. The impairment is recognized in income in the period in which it is identified.

The carrying values of investments accounted for under the equity method are reviewed annually for the presence of any indicators of impairment. If an impairment exists and is determined to be other-than-temporary, an impairment charge is recognized. This charge equals the amount by which the carrying value exceeds the investment's fair value.

l) Rate Regulated Accounting

Ontario Regulation 53/05 under the *Ontario Energy Board Act, 1998 (Ontario Regulation 53/05)* provide that OPG receives regulated prices for electricity generated from the Darlington and Pickering nuclear generating stations, the 54 prescribed hydroelectric generating stations, and any SMRs located on the DNNP site. OPG's regulated prices for these facilities are determined by the Ontario Energy Board (OEB).

The OEB is an independent, quasi-judicial tribunal that reports to the Legislature of the Province through the Ontario Ministry of Energy and Mines and regulates market participants in Ontario's natural gas and electricity industries. The OEB is a self-funding Crown corporation. The OEB's mandate and authority come from the *Ontario Energy Board Act, 1998*, the *Electricity Act, 1998* and a number of other provincial statutes.

In December 2025, the Province amended *Ontario Regulation 53/05* to prescribe DNNP LP as a new OEB rate regulated electricity generator, subject to the OEB's satisfaction that DNNP LP has met certain conditions. Ontario Power Generation Inc. and DNNP LP are Ontario's only electricity generators subject to rate regulation by the OEB. Further details on the December 2025 amendments to *Ontario Regulation 53/05* can be found in Note 6.

US GAAP recognizes that rate regulation can create economic benefits and obligations that are required by the regulator to be obtained from, or settled with, the customers. When the Company assesses that there is sufficient assurance that costs incurred in respect of its generating facilities prescribed for economic regulation by the

OEB (regulated facilities) will be recovered in the future, those costs are deferred and reported as a regulatory asset. When the Company is required to refund amounts to customers in the future in respect of the regulated facilities, including amounts related to costs that have not been incurred and for which the OEB has provided recovery through regulated prices, the Company records a regulatory liability.

Certain regulatory assets and regulatory liabilities recognized by the Company relate to deferral and variance accounts (regulatory accounts) authorized by the OEB, or *Ontario Regulation 53/05*. The measurement of these regulatory assets and regulatory liabilities is subject to certain estimates and assumptions, including assumptions made in the interpretation of *Ontario Regulation 53/05* and the OEB's decisions. The estimates and assumptions made in the interpretation of the regulation and the OEB's decisions are reviewed as part of the OEB's regulatory process.

Regulatory assets and regulatory liabilities for regulatory account balances approved by the OEB for inclusion in regulated prices are amortized based on approved recovery or repayment periods.

In addition to regulatory assets and regulatory liabilities for regulatory accounts, OPG recognizes regulatory assets and regulatory liabilities for unamortized amounts recorded in accumulated other comprehensive income or loss (AOCI) in respect of pension and OPEB obligations, deferred income taxes, and, as applicable, differences between interim regulated prices charged to customers during an interim rate period, as authorized by the OEB, and final regulated prices authorized or to be authorized by the OEB for that period, to reflect the expected recovery or repayment of these amounts through future regulated prices to be charged to customers. There are measurement uncertainties related to these balances due to the assumptions made in the determination of pension and OPEB obligations and deferred income taxes that are attributed to the regulated business segments, and assumptions made with respect to final regulated prices to be authorized by the OEB for an interim rate period.

It is the Company's position that, based on the OEB's policy for recovery mechanisms for pension and OPEB costs of rate regulated utilities and the outcomes of OPG's previous applications with the OEB, there is sufficient likelihood that unamortized pension and OPEB amounts that have not yet been reclassified from AOCI will be included in future regulated prices.

m) Revenue Recognition

i) Revenue from Contracts with Customers – Regulated Generation

Provided OPG maintains a valid generation licence from the OEB and continues to remain in compliance with the Independent Electricity System Operator's (IESO) Market Rules, its regulated nuclear and regulated hydroelectric generating facilities can continue to offer electricity into the wholesale energy market. OPG's generation licence was renewed in 2023 and is valid until October 2043. Energy revenue generated from OPG's regulated facilities is based on regulated prices determined by the OEB that include base regulated prices and, as applicable, rate riders for the recovery or repayment of approved regulatory account balances. The revenue from the regulated hydroelectric facilities is also subject to the OEB-approved hydroelectric incentive mechanism that provides a pricing incentive to OPG to shift hydroelectric production from lower market price periods to higher market price periods, reducing the overall costs to customers.

The majority of OPG's electricity generation is offered into Ontario's real-time energy spot market administered by the IESO. For electricity generated from its regulated nuclear and regulated hydroelectric facilities, OPG receives payment from the IESO on a monthly basis based on regulated prices authorized by the OEB. OPG's performance obligation with respect to regulated generation is to supply electricity generated from its regulated facilities to the wholesale energy market in Ontario. The Company has determined that this performance obligation is satisfied over time; OPG utilizes the output method to recognize revenue by applying the relevant base regulated price and rate riders as applicable to each unit of electricity generated and metered to the IESO. This methodology reflects the real-time nature of electricity generation and the underlying performance obligation, of which no portion remains unsatisfied at the end of the applicable reporting period.

During any interim rate periods authorized by the OEB, revenue is recognized on the basis of interim regulated prices set by the OEB. In instances where a subsequent OEB decision results in a difference between final regulated prices retroactively effective for the interim period and the interim regulated prices, OPG records the resulting adjustment to revenue in connection with that period, based on the OEB's decision, as a regulatory asset or regulatory liability. Any resulting revenue shortfall in connection with the interim rate period is collected prospectively from the IESO in the manner authorized by the OEB.

OPG's receivables for electricity generated from its regulated nuclear and regulated hydroelectric facilities are part of the Company's electricity-related receivables from the IESO, representing OPG's unconditional right to payment for satisfying its performance obligation wherein only the passage of time is required before payment is received.

Base regulated prices in effect as of January 1, 2022 for OPG's regulated nuclear and regulated hydroelectric generation were established by the OEB's final payment amounts order issued in January 2022, reflecting the OEB's decisions on OPG's 2022-2026 application for new regulated prices issued in the second half of 2021.

The base regulated prices for nuclear electricity generation (nuclear base regulated price) in effect as of January 1, 2022 have been set under a custom incentive regulation framework, based on an OEB-approved nuclear revenue requirement and production forecast for each year. The approved nuclear revenue requirement for each year is based on the OEB-allowed level of operating costs and a return of and on rate base, as reduced by a stretch factor. Consistent with the requirements of *Ontario Regulation 53/05* applicable to the Darlington Refurbishment project period, in setting the nuclear base regulated prices effective January 1, 2022, the OEB deferred, in certain years of the 2022-2026 period, a portion of the approved annual nuclear revenue requirements for future collection in the Rate Smoothing Deferral Account. Rate base is a regulatory construct that, for OPG, represents the average net level of investment in regulated fixed and intangible assets in service and an allowance for working capital. Further details on the Rate Smoothing Deferral Account can be found in Note 6.

The base regulated price for hydroelectric electricity generation (hydroelectric base regulated price) in effect for the period from January 1, 2022 to December 31, 2026 has been set equal to the 2021 hydroelectric base regulated price pursuant to *Ontario Regulation 53/05*. For the period from June 1, 2017 to December 31, 2021, the base regulated prices for the hydroelectric facilities were determined using an incentive rate making methodology, by annually escalating the hydroelectric base regulated prices that had been previously established using a forecast cost-of-service approach, with some adjustments, using an approved formula equal to an inflation factor based on indices published annually by the OEB, less a stretch factor adjustment.

ii) Revenue from Contracts with Customers – Non-regulated Generation and Other Revenue

All of OPG's non-regulated generating facilities in Ontario are subject to energy supply agreements with the IESO (ESAs).

Revenue from the generating stations subject to an ESA is recognized in the amount that OPG has a right to invoice on a monthly basis as the Company satisfies its performance obligation in accordance with the terms of the agreement to supply energy and capacity from the applicable generating facilities. No portion of OPG's performance obligation remains unsatisfied at the end of any applicable reporting period. OPG estimates revenues for variable or conditional amounts under each ESA using a most likely amount approach on a contract-by-contract basis. Variable consideration under each ESA is included in revenue only to the extent that it is probable that the amount will not be subject to significant reversal when the underlying uncertainty is resolved.

OPG's receivables for electricity generated under ESAs with the IESO are part of the Company's electricity-related receivables from the IESO, representing OPG's unconditional right to payment for satisfying its performance obligation wherein only the passage of time is required before payment is received.

OPG also sells into, and purchases from, interconnected electricity markets in other Canadian provinces and the northeast and mid-west regions of the US. Under these arrangements, OPG's performance obligation is to either

physically supply energy, settle financially, or provide capacity, depending on the contract, to a counterparty in a control area outside of Ontario. Gains and losses on energy trading contracts (including those to be physically settled) are recorded on a net basis in the consolidated statements of income.

OPG also derives non-energy revenue under the terms of a lease arrangement and associated non-lease agreements with Bruce Power related to the Bruce nuclear generating stations. The associated agreements include revenue from heavy water sales, heavy water tritium removal (detrification) services and nuclear waste management services. Revenues under these agreements are recognized as services are provided or when products are delivered, satisfying OPG's performance obligation.

In addition, non-energy revenue includes isotope sales and other service revenue. Revenue from these activities is recognized as the respective performance obligations are satisfied, in accordance with the terms stipulated in the respective contracts.

iii) Revenue Recognition – Leasing Revenue

The minimum lease payments stemming from OPG's lease arrangement with Bruce Power related to the Bruce nuclear generating stations are recognized in revenue on a straight-line basis over the term of the lease. Similarly, revenue from real estate leasing arrangements is recognized on a straight-line basis over the term of the lease as the Company renders the requisite services outlined in the respective contracts.

n) Fixed Asset Removal and Nuclear Waste Management Liabilities

OPG recognizes an ARO related to fixed asset removal and nuclear waste management, discounted for the time value of money. OPG estimates both the amount and timing of future cash expenditures based on the plans for fixed asset removal and nuclear waste management. The liabilities are initially recorded at their estimated fair value, which is based on a discounted value of the expected costs to be paid.

On an ongoing basis, the liabilities for nuclear fixed asset removal and nuclear waste management (Nuclear Liabilities) are increased by the present value of the incremental (variable) cost portion for the nuclear waste generated each year, with the corresponding amounts charged to expenses. Variable expenses relating to low and intermediate level irradiated waste (known as low and intermediate level waste or L&ILW) are charged to OM&A expenses. Variable expenses relating to the management and storage of used nuclear fuel are charged to fuel expense. The liabilities may also be adjusted due to changes in the estimated amount or timing of the underlying future cash flows, with resulting changes in the related asset retirement costs capitalized as part of the carrying amount of the related fixed assets in service.

A number of significant assumptions used in the calculation of Nuclear Liabilities are subject to inherent uncertainty and judgment. The significant assumptions underlying operational and technical factors and other assumptions underlying these estimates could change significantly over time and may result in material changes that increase or decrease the costs for these programs.

A comprehensive reassessment of all underlying assumptions and baseline cost estimates for the Nuclear Liabilities is performed periodically. Changes in the Nuclear Liabilities resulting from changes in assumptions or estimates that impact the amount or timing of the estimated undiscounted future cash flows are recorded as an adjustment to the liabilities. Upward revisions in the Nuclear Liabilities represent the present value of a net increase in future undiscounted cash flows determined by using a current credit-adjusted risk-free rate. Downward revisions in the Nuclear Liabilities represent the present value of a net decrease in future undiscounted cash flows determined using the weighted average discount rate reflected in the existing liability. Upon settlement of the liabilities, a gain or loss would be recorded.

Accretion arises because the fixed asset removal and nuclear waste management liabilities are reported on a present value basis. Accretion expense is the increase in the carrying amount of the liabilities due to the passage of time.

The asset retirement cost is capitalized by increasing the carrying value of the related fixed assets in service. The capitalized cost is depreciated over the remaining service life of the related fixed assets and is included in depreciation and amortization expenses.

OPG has no legal obligation associated with the decommissioning of its hydroelectric generating facilities and the costs cannot be reasonably estimated because of the long service life of these assets. With either maintenance efforts or rebuilding, the water control structures are assumed to be used for the foreseeable future. Accordingly, OPG has not recognized a liability for the decommissioning of its hydroelectric generating facilities.

o) Nuclear Fixed Asset Removal and Nuclear Waste Management Funds

Pursuant to the Ontario Nuclear Funds Agreement (ONFA) between OPG and the Province, OPG has established and sets aside funds in a Used Fuel Segregated Fund and a Decommissioning Segregated Fund (together, the Nuclear Segregated Funds). The Used Fuel Segregated Fund is intended to fund, in connection with the existing facilities, expenditures associated with the long-term management of used nuclear fuel bundles and certain costs of used nuclear fuel storage incurred after the nuclear generating stations are shut down. The Decommissioning Segregated Fund was established to fund the costs of nuclear fixed asset removal and long-term L&ILW management, and certain costs of used nuclear fuel storage incurred after the nuclear generating stations are shut down. OPG's funding obligations and resulting contributions to the Nuclear Segregated Funds are determined based on periodically updated reference plans as approved by the Province under the ONFA. OPG maintains the Nuclear Segregated Funds in third-party custodial and trust accounts that are segregated from the rest of OPG's assets.

OPG's investments in the Nuclear Segregated Funds and the corresponding amounts payable to, or receivable from, the Province are classified as held-for-trading. The Nuclear Segregated Funds are measured at fair value based on the bid prices of the underlying equity and fixed income securities, and, in the case of the real assets portfolio, using appropriate valuation techniques as outlined in Note 15, with realized and unrealized gains and losses recognized in OPG's consolidated statements of income.

p) Financial Instruments and Derivatives

All financial assets and financial liabilities are classified into one of the following five categories: held-to-maturity; loans and receivables; held-for-trading; other liabilities; and available-for-sale. Financial assets and financial liabilities classified as held-for-trading are measured at fair value. All other financial assets and financial liabilities are measured at amortized cost. Accounts receivable and amounts due from related parties are classified as loans and receivables. The Company considers the carrying amounts of accounts receivable and amounts due from related parties to be reasonable estimates of fair value because of the short time to maturity of these instruments. Accounts receivable are written-off when they are deemed uncollectible. All financial instrument transactions are recorded at trade date.

Long-term debt is measured at fair value less transaction costs on inception, and at amortized cost using the effective interest method thereafter, adjusted for the amortization or accretion of premiums or discounts.

Transaction costs that are directly attributable to the acquisition of financial assets are accounted for as part of the asset's carrying value at inception. Transaction costs related to a recognized debt liability are presented in the consolidated balance sheets as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts and premiums. Costs of arranging the Company's revolving credit facilities are recorded in other assets. Deferred financing costs, premiums and discounts on long-term debt are amortized using the effective interest method while deferred financing costs relating to the revolving credit facilities are amortized on a straight-line basis over the term of the respective instrument.

All derivatives are generally classified as held-for-trading and recorded at fair value in the consolidated balance sheets. Transaction costs are expensed as incurred for financial instruments classified or designated as held-for-trading.

Derivatives qualify for hedge accounting if they meet relevant hedging documentation requirements, and if the derivative instrument that is designated as a hedge is expected to effectively hedge the identified risk throughout the life of the hedged item. At the inception of a hedging relationship, OPG documents the relationship between the hedging instrument and the hedged item, its risk management objective and its strategy for undertaking the hedge.

A documented assessment is made, both at the inception of a hedge and on an ongoing basis, of whether or not the derivatives that are used in hedging transactions are highly effective in offsetting the changes attributable to the hedged risks in the fair values or cash flows of the hedged items.

All derivative contracts not designated as hedges are recorded as derivative assets or derivative liabilities at fair value, with changes in the fair value recorded in the consolidated statements of income. Refer to Note 14 for a discussion of OPG's risk exposures and the derivative instruments used to manage these risks.

q) Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly arm's-length transaction between market participants at the measurement date. Fair value measurements are required to reflect the assumptions that market participants would use in pricing an asset or liability based on the best available information. These assumptions include the risks inherent in a particular valuation technique, such as a pricing model, and the risks inherent in the inputs to the model. OPG uses a fair value hierarchy, grouping assets and liabilities into three levels based on the relative objectivity of the inputs used to measure fair value, with Level 1 representing the most objective. Refer to Note 15 for a discussion of fair value measurements and the fair value hierarchy.

r) Equity Securities

Equity securities held by OPG are measured at fair value, using appropriate valuation techniques as outlined in Note 15, with gains and losses due to changes in fair value recognized in the consolidated statements of income. Related transaction costs are expensed as incurred, and dividend income is included in net income in the period in which dividends are declared. Equity securities are initially measured at cost.

s) Foreign Currency Translation

The functional currency of all of OPG's significant subsidiaries is the Canadian dollar, except for subsidiaries based in the US, whose functional currency is the United States dollar (USD), and a subsidiary located in Romania, whose functional currency is the Romanian leu. The functional currency of the Company's subsidiaries is the currency of the primary economic environment in which they operate.

Transactions in currencies other than the functional currency are translated into the functional currency at the rate of exchange prevailing at the date of the transaction. Monetary assets and monetary liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange prevailing at the consolidated balance sheet dates. Exchange gains and losses on settlement of transactions and the translation of monetary assets and monetary liabilities are recorded in the consolidated statements of income.

The results and financial position of all the Company's subsidiaries that have a USD or Romanian leu functional currency are translated into the presentation currency at the closing rate at the consolidated balance sheet dates for assets and liabilities and at the average exchange rate for the period for items of income and expenses. Unrealized gains or losses arising as a result of the translation of the financial information of these entities are reported as a component of other comprehensive income or loss (OCI) and are accumulated in AOCI on the consolidated balance sheets, and are not recorded in net income or retained earnings unless there is a complete or substantially complete sale or liquidation of the investment. Subsequent to December 31, 2025, OPG completed the transaction to sell Eagle Creek. Refer to Note 23 for further details on the transaction.

t) Leases

The Company determines if an arrangement is, or contains, a lease at the inception date of the arrangement. A contract is determined to contain a lease if it consists of an identified asset, and the customer in the arrangement has the right to control the use of the asset for a period of time in exchange for consideration. Leases are evaluated and classified as either operating or finance leases for financial reporting purposes. Finance leases, which transfer substantially all of the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease at the present value of the minimum lease payments. Finance leases are depreciated over the shorter of the estimated useful life of the asset and the lease term.

Leases where the lessor retains substantially all the risks and benefits incidental to ownership of the asset are classified as operating leases. Operating lease payments, other than contingent rentals, are recognized as an expense in the consolidated statements of income on a straight-line basis over the lease term. Where the amount of rent expense recognized is different from the actual operating lease payment, other than contingent rentals, the difference is deferred and included as assets or liabilities on the consolidated balance sheets.

OPG recognizes a right-of-use asset and lease liability for operating lease arrangements, other than short-term leases, in which OPG is the lessee. Short-term leases include leases that have a term of 12 months or less at the commencement date and do not contain an option to purchase the underlying asset that the entity is reasonably certain to exercise. Operating lease assets and liabilities are recognized at the lease commencement date based on the estimated present value of lease payments over the lease term. When determinable, the rate implicit in the lease is used as the discount rate to calculate the present value of the lease payments related to arrangements in which the Company is the lessee. Otherwise, the incremental borrowing rate is used. The discount rate is reassessed if the respective lease liability is required to be remeasured because of changes in key assumptions or modifications in the underlying contract.

Lease arrangements with lease and non-lease components are accounted for as a single lease component.

u) Pension and Other Post-Employment Benefits

OPG's post-employment benefit programs covering most of the regular employees include a contributory defined benefit registered pension plan, a defined benefit supplementary pension plan, other post-retirement benefits (OPRB) including group life insurance and health care benefits and long-term disability (LTD) benefits. Certain post-employment defined benefit programs are also provided by the NWMO and subsidiaries of the Company, all of which are consolidated into OPG's financial results. Certain subsidiaries of the Company sponsor defined contribution employee savings plans for eligible employees, under which each of employer and employees make contributions according to the plan terms. The OPG defined benefit pension plan is indexed to inflation, subject to certain maximums. Unless otherwise noted, information on the Company's post-employment benefit programs is presented on a consolidated basis.

OPG recognizes the funded status of its defined benefit plans on the consolidated balance sheets. The funded status is measured as the difference between the fair value of plan assets and the benefit obligation, on a plan-by-plan basis.

The obligations for defined benefit pension and OPRB are determined using the projected benefit method pro-rated on service. The obligation for LTD benefits is determined using the projected benefit method on a terminal basis. Defined benefit pension and OPEB obligations are impacted by factors including demographic (such as mortality and retirement) and economic (such as discount rates, salary levels, inflation and health care cost escalation) assumptions, experience gains or losses, and adjustments arising from plan amendments. Defined benefit pension and OPEB costs and obligations are determined annually by independent actuaries using management's best estimate assumptions.

Assumptions are significant inputs to actuarial models that measure defined benefit pension and OPEB obligations and related effects on operations. Discount rate, inflation rate and changes in salary levels are three key assumptions in the determination of benefit costs and obligations. In addition, the expected long-term rate of return on plan assets is a

key assumption in the determination of defined benefit registered pension plan cost and the health care cost trend rate is a key assumption in the determination of OPEB cost and obligations. These assumptions, as well as other assumptions involving demographic factors such as retirement age, mortality and employee turnover, are evaluated periodically by management in consultation with independent actuaries. During the evaluation process, the assumptions are updated to reflect past experience and expectations for the future. Actual results in any given year will often differ from actuarial assumptions because of economic and other factors giving rise to actuarial gains and losses. In accordance with US GAAP, for pension and OPRB, the impact of these updates and differences on the respective benefit obligations is accumulated and amortized over future periods, as discussed below.

The discount rates, which are representative of AA corporate bond yields, are used to calculate the present value of the expected future cash flows on the measurement date in order to determine the projected benefit obligations for the Company's employee benefit plans. A higher discount rate decreases the benefit obligations and decreases benefit costs. OPG uses a full yield curve approach to estimate the service and interest cost components of defined benefit pension and OPEB costs, whereby specific spot rates along the yield curve used in the determination of the projected benefit obligations are applied to the relevant projected cash flows. The expected rate of return on defined benefit pension plan assets is determined based on the pension fund's asset allocation and the expected return considering long-term risks and returns associated with each asset class within the plan portfolio. A lower expected rate of return on plan assets increases pension cost.

Pension fund assets include domestic and international equity securities, corporate and government fixed income securities, pooled funds, real estate, infrastructure and other investments. These assets are managed by professional investment managers. The pension fund does not invest in equity or debt securities issued by OPG or its subsidiaries and partnerships. Pension fund assets of defined benefit pension plans are valued using market-related values for purposes of determining the amortization of actuarial gains or losses and the expected return on plan assets. The market-related value for pension fund assets of the OPG defined benefit pension plan recognizes gains and losses on equity assets relative to a six percent assumed real return over a five-year period.

Defined benefit pension and OPEB costs include current service costs, interest costs on the obligations, the expected return on pension plan assets, recognition of past service costs or credits resulting from plan amendments, and recognition of actuarial gains or losses, resulting from changes in assumptions and experience gains and losses. Past service costs or credits arising from defined benefit pension and OPRB plan amendments are amortized on a straight-line basis over the expected average remaining service life to full eligibility of the employees covered by the corresponding plan. Past service costs or credits arising from amendments to LTD benefits are immediately recognized as OPEB costs in the period incurred. Due to the long-term nature of pension and OPRB liabilities, the excess of the net cumulative unamortized gain or loss, over ten percent of the greater of the benefit obligation and the market-related value of the plan assets (the corridor) for each plan is amortized over the expected average remaining service life of the employees covered by the plan, which represents the period during which the associated economic benefits are expected to be realized by the Company. Actuarial gains or losses for LTD benefits are immediately recognized as OPEB costs in the period incurred.

Actuarial gains or losses and past service costs or credits arising during the year that are not recognized immediately as components of defined benefit plan costs are recognized as increases or decreases in OCI, net of income taxes. These unamortized amounts in AOCI are subsequently reclassified and recognized as amortization components of pension and OPRB costs as described above.

OPG records an offsetting regulatory asset or regulatory liability for the portion of the pension and OPEB-related adjustments to AOCI that is attributable to the regulated operations in order to reflect the expected recovery or refund of these amounts through future regulated prices charged to customers. For such recoverable or refundable portion, OPG records a corresponding change in this regulatory asset or regulatory liability for the amount of the increases or decreases in OCI and for the reclassification of AOCI amounts into benefit costs during the period.

When the recognition of the transfer of employees and employee-related benefits gives rise to both a curtailment and a settlement, the curtailment is accounted for prior to the settlement. A curtailment is the loss by employees of the right to earn future benefits under the plan. A settlement is the discharge of a plan's liability.

Where defined benefit costs are eligible for capitalization, only the service cost component is capitalized.

v) Preferred Shares

The Company's preferred shares are classified as equity, given they have no fixed redemption date and cannot be redeemed at the holder's sole direction. Holders of the preferred shares are entitled to receive fixed cumulative preferential paid-in-kind (PIK) dividends, either by increasing the liquidation preference or through the issuance of additional preferred shares, as determined by OPG's Board of Directors. PIK dividends are recorded as an increase to the carrying value of the preferred stock and a reduction to retained earnings. Refer to Note 16 for further details on OPG's share capital structure.

w) Non-Controlling Interests

Non-controlling interests represent the portion of equity ownership in subsidiaries that is not attributable to the Shareholder. Non-controlling interests are initially recorded at fair value and subsequently adjusted for the proportionate share of net income (loss) and OCI attributable to the non-controlling interests and any distributions paid to the non-controlling interests.

x) Income Taxes and Investment Tax Credits

OPG, with the exception of certain consolidated entities, is exempt from income taxes on its operations under the *Income Tax Act* (Canada) and the *Taxation Act, 2007* (Ontario). However, under the *Electricity Act, 1998*, OPG is required to make payments in lieu of corporate income taxes to the Ontario Electricity Financial Corporation (OEFC), an agency of the Province. These payments are calculated in accordance with the *Income Tax Act* (Canada) and the *Taxation Act, 2007* (Ontario), as modified by the *Electricity Act, 1998* and related regulations. This results in OPG paying taxes similar to those imposed under the federal and Ontario tax acts.

Certain entities consolidated by OPG are subject to income taxes under the *Income Tax Act* (Canada) and the *Taxation Act, 2007* (Ontario). These entities are required to pay federal and provincial income taxes in Canada.

OPG's operations are complex and the computation of the provision for income taxes involves interpretation of the various tax statutes and regulations. OPG has taken certain filing positions in calculating the amount of its income tax provision. These filing positions may be challenged on audit, including by the Ontario Ministry of Finance, and some of them possibly disallowed, resulting in a potential significant change in OPG's tax provision upon reassessment. A change in the tax provision upon reassessment impacting regulated operations may be recoverable from or refundable to customers through certain regulatory accounts.

OPG follows the liability method of accounting for income taxes. Under the liability method, deferred income tax assets and deferred income tax liabilities are determined based on differences between the accounting and tax bases of assets and liabilities. Deferred amounts are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. The effect of a change in tax rates on deferred income tax assets and deferred income tax liabilities is included in income in the period the change is enacted.

If management determines, upon considering positive and negative evidence as defined under Accounting Standards Codification Topic 740, *Income Taxes*, that it is more likely than not that some, or all, of a deferred income tax asset will not be realized, a valuation allowance is recorded to report the balance at the amount expected to be realized. The valuation allowance may be decreased in future periods if it is determined that it is more likely than not that the deferred income tax asset will be realized.

OPG recognizes deferred income taxes associated with its regulated operations and records an offsetting regulatory asset or regulatory liability for the deferred income taxes that are expected to be recovered or refunded through future regulated prices charged to customers.

Tax benefits associated with income tax positions taken, or expected to be taken, in a tax return and investment tax credits are recorded only when the more likely than not recognition threshold is satisfied. Tax benefits and investment tax credits recognized are measured at the largest amount of benefit that is greater than 50 percent likely of being realized upon settlement.

Non-refundable investment tax credits primarily consist of Scientific Research & Experimental Development (SR&ED) tax credits, which are recorded as a reduction to income tax expense. Refundable investment tax credits are recorded as a reduction to the carrying amount of the associated asset to which they relate.

OPG classifies interest and penalties associated with unrecognized income tax benefits as income tax expense.

The income tax impact of any intra-entity transfers of non-inventory assets is recognized upon the occurrence of the transfer.

y) Implementation of Accounting Standard Updates

Improvements to Income Tax Disclosures

In December 2023, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2023-09, *Improvements to Income Tax Disclosures* (ASU 2023-09), an update to Topic 740, *Income Taxes* to enhance the transparency and decision usefulness of income tax disclosures through increasing disclosure requirements related to the rate reconciliation and income taxes paid information. The update requires specific categories to be disclosed in the rate reconciliation and additional information for reconciling items that meet a quantitative threshold. The update is effective for annual periods beginning after December 15, 2024.

The revised guidance was adopted by OPG effective January 1, 2025, with the comparative period information updated accordingly. The adoption of the standard update did not have a material impact on the disclosures contained in the Company's consolidated financial statements.

z) Recent Accounting Pronouncements Not Yet Adopted

Disaggregation of Income Statement Expenses

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

Determining the Accounting Acquirer in the Acquisition of a Variable Interest Entity

In May 2025, the FASB issued ASU 2025-03, *Determining the Accounting Acquirer in the Acquisition of a Variable Interest Entity*, an update to Topic 805, *Business Combinations* and Topic 810, *Consolidation*. The update amends the guidance for determining the accounting acquirer for a transaction effected primarily by exchanging equity interests in which the legal acquiree is a VIE that meets the definition of a business. The update is effective for fiscal years beginning after December 15, 2026, including interim periods within those fiscal years, with early adoption permitted. The standard update is to be applied prospectively. OPG is currently evaluating the impact of adoption of the standard update to its annual and interim consolidated financial statements.

Targeted Improvements to the Accounting for Internal-Use Software

In September 2025, the FASB issued ASU 2025-06, *Targeted Improvements to the Accounting for Internal-Use Software*, an update to Subtopic 350-40, *Intangibles – Goodwill and Other – Internal-Use Software*. The update amends the guidance by removing all references to software development project stages such that the guidance is neutral to different software development methods. The amendments also apply to website development costs in accordance with Subtopic 350-50, *Intangibles – Goodwill and Other – Website Development Costs*. The update is effective for fiscal years beginning after December 15, 2027, including interim periods within those fiscal years, with early adoption permitted. OPG is currently evaluating the impact of adoption of the standard update to its annual and interim consolidated financial statements.

Accounting for Government Grants Received by Business Entities

In December 2025, the FASB issued ASU 2025-10, *Accounting for Government Grants Received by Business Entities*, an update to Topic 832, *Government Grants*. The update establishes authoritative guidance on the accounting for government grants received by business entities with the purpose of improving financial reporting by clarifying the appropriate accounting, reducing diversity in practice and increasing consistency across business entities. The update is effective for fiscal years beginning after December 15, 2028, including interim periods within those fiscal years, with early adoption permitted. OPG is currently evaluating the impact of adoption of the standard update to its annual and interim consolidated financial statements.

4. CASH, CASH EQUIVALENTS AND RESTRICTED CASH

Cash, cash equivalents and restricted cash as at December 31 were as follows:

<i>(millions of dollars)</i>	2025	2024
Cash and cash equivalents	1,249	1,351
Restricted cash	-	12
Total cash, cash equivalents and restricted cash	1,249	1,363

As at December 31, 2025, OPG held no restricted cash.

5. PROPERTY, PLANT AND EQUIPMENT, INTANGIBLE ASSETS AND DEPRECIATION AND AMORTIZATION

PP&E as at December 31 were as follows:

<i>(millions of dollars)</i>	2025	2024
Nuclear generating stations	24,355	23,888
Regulated hydroelectric generating stations	11,709	11,352
Contracted hydroelectric and other generating stations	5,367	7,696
Atura Power generating stations	3,849	3,562
Other property, plant and equipment	741	475
Construction in progress	8,488	4,317
	54,509	51,290
Less: accumulated depreciation		
Generating stations	15,560	14,911
Other property, plant and equipment	269	248
	15,829	15,159
	38,680	36,131

Construction in progress as at December 31 was as follows:

<i>(millions of dollars)</i>	2025	2024
Darlington Refurbishment Project	1,792	1,110
Darlington New Nuclear Project	1,949	971
Pickering Refurbishment Project	1,910	387
Nuclear generating stations excluding Darlington Refurbishment, Pickering and Darlington New Nuclear Projects	794	671
Regulated hydroelectric generating stations	757	398
Contracted hydroelectric and other generating stations	57	140
Atura Power generating stations	989	426
Other	240	214
	8,488	4,317

Interest capitalized to construction in progress during 2025 was \$181 million (2024 – \$136 million), at an average rate of approximately four percent (2024 – approximately four percent).

Intangible assets as at December 31 were as follows:

<i>(millions of dollars)</i>	2025	2024
Nuclear generating stations	126	107
Regulated hydroelectric generating stations	9	8
Contracted hydroelectric and other generating stations	11	332
Atura Power generating stations	126	126
Computer software and other intangible assets	468	400
Development in progress	51	56
	791	1,029
Less: accumulated amortization		
Generating stations	125	185
Computer software and other intangible assets	315	254
	440	439
	351	590

Depreciation and amortization expenses, including amounts recognized in regulatory accounts and the amortization of regulatory assets and regulatory liabilities, for the years ended December 31 were as follows:

<i>(millions of dollars)</i>	2025	2024
Depreciation	1,061	1,281
Amortization of intangible assets	77	65
Amounts recognized in regulatory variance and deferral accounts	(19)	(161)
Amortization of regulatory assets and regulatory liabilities <i>(Note 6)</i>	294	85
	1,413	1,270

6. REGULATORY ASSETS AND REGULATORY LIABILITIES

The regulatory assets and regulatory liabilities as at December 31 were as follows:

<i>(millions of dollars)</i>	2025	2024
Regulatory assets		
Deferral and variance accounts authorized by the OEB or <i>Ontario Regulation 53/05</i>		
Rate Smoothing Deferral Account	702	677
Nuclear Liability Deferral Account	447	520
Capacity Refurbishment Variance Account	442	460
Pickering B Variance Account	349	131
Hydroelectric Surplus Baseload Generation Variance Account	214	307
Pension & OPEB Cash Versus Accrual Differential Deferral Account	166	376
Nuclear Development Variance Account	128	85
Other deferral and variance accounts ¹	178	174
	2,626	2,730
Deferred Income Taxes <i>(Note 11)</i>	2,262	2,151
Other	-	26
Total regulatory assets	4,888	4,907
Less: current portion	540	540
Non-current regulatory assets	4,348	4,367
Regulatory liabilities		
Deferral and variance accounts authorized by the OEB or <i>Ontario Regulation 53/05</i>		
Pension and OPEB Cost Variance Account	395	411
Pension & OPEB Cash Payment Variance Account	218	321
Bruce Lease Net Revenues Variance Account	170	60
Hydroelectric Water Conditions Variance Account	119	173
Nuclear Deferral and Variance Over/Under Recovery Variance Account	101	61
Other deferral and variance accounts ²	211	143
	1,214	1,169
Pension and OPEB Regulatory Liability <i>(Note 13)</i>	583	16
Total regulatory liabilities	1,797	1,185
Less: current portion	246	246
Non-current regulatory liabilities	1,551	939

¹ Represents amounts for the Hydroelectric Deferral and Variance Over/Under Recovery Variance Account, Clarington Corporate Campus Deferral Account, Fitness for Duty Deferral Account, Pickering Closure Costs Deferral Account, Niagara Tunnel Project Pre-December 2008 Disallowance Variance Account, Impact Resulting from Optimization of Pickering Station End-of-Life Dates Deferral Account and Impact Resulting from Changes to Pickering Station End-of-Life Dates Deferral Account (December 31, 2017).

² Represents amounts for the Pension & OPEB Forecast Accrual versus Actual Cash Payment Differential Carrying Charges Variance Account, Income and Other Taxes Variance Account, SR&ED ITC Variance Account, Ancillary Services Net Revenue Variance Account and Sale of Unprescribed Kipling Site Deferral Account.

During the years ended December 31, 2025 and 2024, OPG recognized regulatory assets and regulatory liabilities for additions recorded in regulatory accounts consistent with the applicable OEB decision and orders, relative to amounts reflected in the regulated prices in effect during those periods, and *Ontario Regulation 53/05*.

During the years ended December 31, 2025 and 2024, amortization of regulatory assets and liabilities for regulatory account balances was recorded on a straight-line basis, based on the portion of the amounts authorized to be collected or repaid by the OEB's decisions and orders during the applicable period. Differences in recovery or repayment of the approved balances due to differences between forecasted electricity production used to set the deferral and variance account rate riders and actual electricity production upon which the rate riders are collected are recorded in the Nuclear Deferral and Variance Over/Under Recovery Variance Account and the Hydroelectric Deferral and Variance Over/Under Recovery Variance Account authorized by the OEB.

Where authorized by the OEB, OPG recorded interest on unamortized balances in the regulatory accounts at an OEB-prescribed interest rate ranging from 2.91 to 3.64 percent per annum during the year ended December 31, 2025 (2024 – 4.40 to 5.49 percent per annum).

The December 2025 amendments to *Ontario Regulation 53/05* established a mechanism for recovery through regulated prices of interest amounts in respect of the capital expenditures on the refurbishment of Units 5 to 8 of the Pickering nuclear generating station (Pickering GS) and the capital expenditures on the DNNP prior to such assets being placed in service, effective January 1, 2026. Under the mechanism, the OEB-approved revenue requirement used to set regulated prices for OPG's existing nuclear facilities and the DNNP SMR facilities must include an amount equal to the product of the forecast cumulative capital expenditures incurred in respect of the Pickering Refurbishment project and the DNNP, respectively, other than any such amounts that have been placed in service, and OPG's cost of long-term borrowing approved by the OEB. The amendments also established variance accounts for OPG to record, as applicable and including in respect of DNNP LP, the differences between such forecast interest amounts included in the respective revenue requirements and the amounts determined by multiplying such actual cumulative capital expenditures by OPG's cost of long-term borrowing as approved by the OEB, effective January 1, 2026. The regulation requires the OEB to authorize disposition of the balances in these accounts, together with interest at OPG's cost of long-term borrowing approved by the OEB, on an annual basis in the year following the year in which the amounts are recorded in the account.

The December 2025 amendments to *Ontario Regulation 53/05* established a variance account for DNNP LP to record the revenue requirement impact of differences between the OEB-approved forecast capital and non-capital costs incurred and firm financial commitments made by DNNP LP for the DNNP and such actual amounts, as well as differences in net revenue earned by DNNP LP as a result of any difference between the OEB-approved forecast in-service date of a DNNP SMR and such actual date. The disposition of the balance recorded in the accounts is subject to the OEB's review.

The December 2025 amendments to *Ontario Regulation 53/05* authorized a variance account for DNNP LP to record, for future disposition and until the effective date of the OEB's first order setting regulated prices for the DNNP SMR facilities after the DNNP has been completed, the revenue requirement impacts of the differences between DNNP LP's actual capital structure and cost of debt, and such capital structure and cost of debt parameters approved by the OEB in setting regulated prices for the DNNP SMRs. The disposition of the balance in the account is subject to the OEB's review of the borrowing costs incurred by DNNP LP.

In December 2025, OPG filed a five-year application with the OEB for new regulated prices for electricity generated from OPG's regulated hydroelectric and nuclear facilities, including for the DNNP SMR facilities on behalf of DNNP LP, with a proposed effective date of January 1, 2027. The application reflects the December 2025 amendments to *Ontario Regulation 53/05*. For the nuclear facilities, the application proposes base regulated prices determined under a custom incentive regulation framework consistent with prior OPG applications. As required by *Ontario Regulation 53/05* with respect to any period until the effective date of the OEB's first order setting regulated prices for the DNNP SMR facilities after the DNNP has been completed, the application requests blended nuclear base regulated prices for OPG's existing

nuclear facilities and the DNNP SMR facilities, by combining the respective annual revenue requirements and production forecasts. For the regulated hydroelectric facilities, the application proposes base regulated prices determined under a custom incentive regulation framework that would rebase the base regulated price using a forecast cost-of-service approach for the 2027 year, based on the corresponding revenue requirement and production forecast, and, for the four subsequent years, escalate the price annually using a formula that includes an inflation factor based on indices published annually by the OEB, as increased by an incremental capital funding adjustment to support forecasted investment levels and as reduced by a stretch factor adjustment. The OEB has processed OPG's application and the public proceeding is underway.

The changes in the regulatory assets and regulatory liabilities for the years ended December 31 were as follows:

<i>(millions of dollars)</i>	Rate Smoothing Deferral Account	Nuclear Liability Deferral Account	Capacity Refurbish- ment Variance Account	Pickering B Variance Account	Hydro- electric Surplus Baseload Genera- tion Variance Account	Pension & OPEB Cash Versus Accrual Differen- tial Deferral Account	Nuclear Develop- ment Variance Account	Pension and OPEB Cost Variance Account	Pension & OPEB Cash Payment Variance Account	Bruce Lease Net Revenues Variance Account	Hydro- electric Water Condi- tions Variance Account	Nuclear Deferral and Over/ Under Recovery Variance Account	Pension and OPEB Regula- tory Asset (Liability)	Deferred Income Taxes	Other Deferral and Variance (net) Accounts ¹	Total
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)		
Net regulatory assets (liabilities) January 1, 2024	654	378	384	26	393	602	122	(319)	(426)	55	(185)	(77)	619	1,938	(99)	4,065
Increase (decrease)	-	180	54	102	11	(11)	(18)	(95)	(12)	(85)	(35)	(1)	(635)	213	38	(294)
Interest	23	-	22	3	17	-	4	-	(18)	(1)	(9)	(4)	-	-	(1)	36
Amortization	-	(38)	-	-	(114)	(215)	(23)	3	135	(29)	56	21	-	-	119	(85)
Net regulatory assets (liabilities) December 31, 2024	677	520	460	131	307	376	85	(411)	(321)	(60)	(173)	(61)	(16)	2,151	57	3,722
Increase (decrease)	-	2	46	212	18	(6)	83	(33)	(18)	(84)	18	(61)	(567)	111	(94)	(373)
Interest	25	-	15	6	6	-	3	-	(7)	(4)	(4)	(2)	-	-	(2)	36
Amortization	-	(75)	(79)	-	(117)	(204)	(43)	49	128	(22)	40	23	-	-	6	(294)
Net regulatory assets (liabilities) December 31, 2025	702	447	442	349	214	166	128	(395)	(218)	(170)	(119)	(101)	(583)	2,262	(33)	3,091

¹ Includes balances related to Other category.

a) Rate Smoothing Deferral Account

The Rate Smoothing Deferral Account was established by the OEB's decisions and orders related to OPG's application for 2017-2021 regulated prices pursuant to *Ontario Regulation 53/05* to record, for future collection, a portion of annual OEB-approved revenue requirements for OPG's nuclear facilities during the period from January 1, 2017 to the end of the Darlington Refurbishment project. *Ontario Regulation 53/05* requires the annual deferred portion, if any, to be determined in a manner that makes more stable changes in OPG's overall production-weighted regulated price year over year. Per the regulation, the Rate Smoothing Deferral Account records interest at OPG's cost of long-term borrowing approved by the OEB, compounded annually. The regulation requires the OEB to authorize the recovery of the balance in the account on a straight-line basis over a period not to exceed ten years following the end of the Darlington Refurbishment project.

OPG recognizes positive or negative amounts deferred under rate smoothing and recorded in the Rate Smoothing Deferral Account as an increase or decrease in the regulatory asset for the deferral account and an increase or decrease in revenue in the period to which the underlying approved revenue requirement relates, respectively.

The OEB's decisions and orders on OPG's 2022-2026 application for new regulated prices set a rate smoothing approach and the resulting nuclear base regulated prices such that no portion of the OEB-approved nuclear revenue requirements would be deferred from 2024 to 2026.

b) Nuclear Liability Deferral Account

Pursuant to *Ontario Regulation 53/05*, the OEB has authorized the Nuclear Liability Deferral Account in connection with changes to OPG's liabilities for used nuclear fuel management and nuclear decommissioning and L&ILW management associated with the Darlington and Pickering nuclear generating stations. The deferral account records the revenue requirement impact associated with changes in these liabilities arising from an approved reference plan, in accordance with the terms of the ONFA.

Effective January 1, 2022, the Province approved an updated reference plan under the ONFA, for the years 2022 to 2026 (2022 ONFA Reference Plan). As the nuclear base regulated prices in effect during the 2022-2026 period do not reflect the impact of the 2022 ONFA Reference Plan, effective January 1, 2022, OPG records an incremental regulatory asset for the Nuclear Liability Deferral Account representing the revenue requirement impact for the Darlington and Pickering nuclear generating stations arising from the approved 2022 ONFA Reference Plan. OPG will continue to record such additions to the Nuclear Liability Deferral Account until impacts arising from the approved 2022 ONFA Reference Plan are reflected in nuclear base regulated prices in the future.

Components of the regulated asset recorded for the Nuclear Liability Deferral Account during the years ended December 31, with reductions to corresponding expenses, are summarized as follows:

<i>(millions of dollars)</i>	2025	2024
Fuel expense	15	21
Low and intermediate level waste management variable expenses ¹	13	26
Depreciation expense	1	110
Return on rate base ²	1	3
Income taxes	(28)	20
	2	180

¹ Amount was recorded as a reduction to OM&A expenses.

² Amount was recorded as a reduction to accretion on fixed asset removal and nuclear waste management liabilities.

c) Capacity Refurbishment Variance Account

Pursuant to *Ontario Regulation 53/05*, the OEB has authorized the Capacity Refurbishment Variance Account to record revenue requirement variances from forecasts reflected in OPG's regulated prices approved by the OEB for capital and non-capital costs and firm financial commitments incurred to increase the output of, refurbish or add operating capacity to one or more of OPG's regulated generating facilities, which include costs related to the refurbishment of the Darlington nuclear generating station and the Pickering nuclear generating station, refurbishment and other life extension activities at regulated hydroelectric facilities, and other eligible projects.

d) Pickering B Variance Account

The Pickering B Variance Account (formerly the Pickering B Extension Variance Account) was established pursuant to an amendment to *Ontario Regulation 53/05* made in December 2022. The variance account records the difference between the revenues generated from the output of Units 5 to 8 at the Pickering GS during the period from January 1, 2026 to September 30, 2026, and the sum of any forgone revenue related to forgone output from these units arising from activities undertaken in furtherance of their operation during the period from January 1, 2026 to September 30, 2026 and the revenue requirement impact resulting from actual capital and non-capital costs incurred for such extension activities.

Effective July 1, 2025, the Province amended *Ontario Regulation 53/05* to clarify the scope of the Pickering B Variance Account such that OPG can record costs incurred on or after January 1, 2024 to preserve the ability to operate Units 5 to 8 of the Pickering GS upon refurbishment for future recovery, subject to review by the OEB. These costs can be recorded in the account until the effective date of the OEB's first order setting nuclear base regulated prices that comes into effect on or after January 1, 2027.

e) Hydroelectric Surplus Baseload Generation Variance Account

The Hydroelectric Surplus Baseload Generation Variance Account records the impact of forgone production at OPG's regulated hydroelectric facilities due to surplus baseload generation conditions.

f) Pension & OPEB Cash Versus Accrual Differential Deferral Account

The Pension & OPEB Cash Versus Accrual Differential Deferral Account recorded, for a period prior to January 1, 2022, the differences between OPG's actual pension and OPEB costs determined on the accrual basis of accounting under US GAAP and OPG's corresponding actual cash expenditures for these plans, in respect of the regulated hydroelectric facilities and the nuclear facilities. For the 2022-2026 period, the account is recording these differences for the regulated hydroelectric facilities only. The approved nuclear base regulated prices for the 2022-2026 period reflect recovery of pension and OPEB costs calculated on the accrual basis of accounting, and therefore, for the nuclear facilities, the account only records amortization of balances approved for recovery by the OEB, effective January 1, 2022.

In accordance with US GAAP requirements, OPG recognizes a regulatory asset for the OPRB portion of deferred costs recorded in the Pension & OPEB Cash Versus Accrual Differential Deferral Account to the extent that the recovery of these costs commences within five years and is completed in full within 20 years of the period in which the costs were incurred, provided that the pattern of recovery within these constraints does not result in rate increases for a future year that is higher than the previous year. Taking into account the recovery of balances in the Pension & OPEB Cash Versus Accrual Differential Deferral Account approved by the OEB, OPG continues to satisfy the above requirements for continued recognition of the regulatory asset for the OPRB portion of deferred costs.

g) Nuclear Development Variance Account

Pursuant to *Ontario Regulation 53/05*, the Nuclear Development Variance Account records variances between the revenue requirement impact of actual capital and non-capital costs incurred and firm financial commitments made for proposed new nuclear generation facilities and the corresponding forecasts reflected in OPG's regulated prices approved by the OEB.

h) Pension and OPEB Cost Variance Account

The Pension and OPEB Cost Variance Account was established to record the differences between OPG's actual pension and OPEB costs determined on the accrual basis of accounting and related tax impacts and corresponding forecast amounts reflected in OPG's regulated prices then in effect. For the 2022-2026 period, the account is recording such differences for the nuclear facilities only, as the approved nuclear base regulated prices for the 2022-2026 period reflect recovery of pension and OPEB costs calculated on the accrual basis of accounting.

i) Pension & OPEB Cash Payment Variance Account

The Pension & OPEB Cash Payment Variance Account recorded, for a period prior to January 1, 2022, the differences between OPG's actual contributions to its registered pension plan and expenditures on its OPEB and supplementary pension plans, in respect of the regulated hydroelectric facilities and the nuclear facilities, and such forecast amounts reflected in the regulated prices. For the 2022-2026 period, the account is recording these differences for the regulated hydroelectric facilities only. The approved nuclear base regulated prices for the 2022-2026 period reflect recovery of pension and OPEB costs calculated on the accrual basis of accounting, and therefore, for the nuclear facilities, the account only records amortization of balances approved for recovery by the OEB, effective January 1, 2022.

j) Bruce Lease Net Revenues Variance Account

In accordance with *Ontario Regulation 53/05*, the OEB is required to include the difference between OPG's revenues and costs associated with the Bruce nuclear generating stations in the determination of the regulated prices for production from OPG's regulated nuclear facilities. Based on *Ontario Regulation 53/05* requirements, the OEB has established a variance account that captures differences between OPG's actual revenues and costs related to the Bruce nuclear generating stations and the corresponding forecasts included in approved nuclear regulated prices, including the costs associated with OPG's Nuclear Liabilities and the earnings from the portion of the Nuclear Segregated Funds related to the Bruce nuclear generating stations.

k) Hydroelectric Water Conditions Variance Account

The Hydroelectric Water Conditions Variance Account records the impact of differences in regulated hydroelectric electricity production due to differences between forecast water conditions underlying the production forecast approved by the OEB in setting the hydroelectric base regulated prices, and the actual water conditions.

l) Nuclear Deferral and Variance Over/Under Recovery Variance Account

The Nuclear Deferral and Variance Over/Under Recovery Variance Account records differences in recovery of the approved balances in the regulatory accounts related to the nuclear facilities due to differences between forecasted electricity production from the nuclear facilities used to set rate riders for recovery or repayment of these balances and the actual electricity production from the nuclear facilities upon which the rate riders are collected.

m) Pension and OPEB Regulatory Liability

The Pension and OPEB Regulatory Liability represents unamortized amounts in respect of OPG's pension and OPEB plans that have been recognized in OCI and not yet reclassified into the amortization component of the benefit costs in respect of these plans. These amounts are expected to be settled with customers through future regulated prices. The regulatory liability is reduced as underlying unamortized balances are amortized as components of benefit costs. For further details, refer to Note 3 under the heading, *Rate Regulated Accounting*. The AOCI amounts related to pension and OPEB plans are presented in Note 12.

n) Deferred Income Taxes

In accordance with US GAAP, OPG is required to record a regulatory asset or regulatory liability for the deferred income taxes that are expected to be recovered or refunded through future regulated prices charged to customers for generation from OPG's regulated facilities. In addition, OPG is required to recognize a deferred income tax liability or deferred income tax asset for the regulatory asset or regulatory liability for the amount of deferred income taxes expected to be included in future regulated prices and recovered from, or paid to customers. Income taxes are discussed in Note 11.

7. GOODWILL

All goodwill pertains to the Contracted Hydroelectric and Other Generation business segment. The goodwill recorded as at December 31 was as follows:

<i>(millions of dollars)</i>	2025	2024
Opening balance, January 1	230	168
Acquisition of Lightstar Renewables LLC and Lightstar Operations One LLC	-	43
Foreign exchange differences	(16)	19
Goodwill written down ¹	(214)	-
Closing balance, December 31	-	230

¹ Further details on the transaction to sell Eagle Creek can be found in Note 23.

8. LONG-TERM DEBT AND NET INTEREST EXPENSE

Long-term debt as at December 31 was as follows:

<i>(millions of dollars)</i>	Weighted Average Interest Rate	Maturity	2025	2024
Medium Term Note Program ¹				
Senior Notes	3.82%	2026 - 2055	6,550	5,950
Notes payable under OEFC and corporate credit facilities ¹				
Senior Notes	3.47%	2026 - 2048	2,811	2,859
UMH Energy Partnership ²				
Senior Notes	7.59%	2041	157	160
PSS Generating Station Limited Partnership ³				
Senior Notes	4.80%	2067	245	245
Lower Mattagami Energy Limited Partnership ⁴				
Senior Notes	3.98%	2026 - 2054	1,995	1,995
OPG Eagle Creek Holdings LLC and subsidiaries ⁵				
Senior Notes	4.90%	2028 - 2030	-	516
Other			25	25
			11,783	11,750
Less: unamortized bond issuance fees			(44)	(43)
Less: amounts due within one year			(673)	(604)
Long-term debt			11,066	11,103

¹ These notes are direct unsecured obligations of OPG and rank *pari passu* with all of OPG's unsubordinated and unsecured obligations.

² These notes are secured by the assets of the Upper Mattagami and Hound Chute project. Principal repayments of approximately \$3 million per year are made on a semi-annual basis until maturity in 2041, at which time the remaining principal balance of \$116 million becomes due.

³ These notes are secured by the assets of the Peter Sutherland Sr. GS project, and are recourse to OPG until the recourse release date. These notes rank *pari passu* with all of OPG's unsubordinated and unsecured obligations. The notes have an interest-only feature until 2025 and will be amortized with blended semi-annual principal and interest payments thereafter until maturity in 2067, at which time the remaining principal balance of \$49 million becomes due.

⁴ These notes are secured by the assets of the Lower Mattagami River project, including existing and new operating facilities.

⁵ These notes are secured by the corresponding assets of the respective subsidiary. Following the agreement to sell Eagle Creek in October 2025, the carrying value of these notes was reclassified as liabilities associated with assets held for sale. The outstanding balance as at December 31, 2025 was \$296 million, which was transferred to the buyer upon closing of the transaction to sell Eagle Creek on January 9, 2026. Further details on the transaction can be found in Note 23.

In March 2025, OPG issued \$1 billion of green bonds under its Sustainable Finance Framework, through its Medium Term Note Program. The issuance consisted of \$500 million of senior notes maturing in March 2035, with a coupon interest rate of 4.32 percent, and \$500 million of senior notes maturing in March 2055, with a coupon interest rate of 4.87 percent. The net proceeds from the issuance were used to finance or re-finance Eligible Green Projects as defined under the Sustainable Finance Framework.

OPG repaid long-term debt of \$400 million under the Company's Medium Term Note Program during the year ended December 31, 2025.

In October 2025, OPG repaid USD \$140 million of senior notes payable by OPG Eagle Creek Holdings LLC and its subsidiaries.

For the year ended December 31, 2025, net repayment of long-term debt under the Company's corporate credit facilities totalled \$48 million (2024 – net issuance of \$37 million), which comprised repayment of \$220 million (2024 – repayment of \$400 million) and issuances of \$172 million (2024 – issuances of \$437 million).

Net Interest Expense

Net interest expense for the years ended December 31 was as follows:

<i>(millions of dollars)</i>	2025	2024
Interest on long-term debt	468	401
Interest on short-term debt	17	24
Interest income	(83)	(88)
Interest capitalized to property, plant and equipment and intangible assets	(181)	(136)
Interest related to regulatory assets and regulatory liabilities ¹	(27)	(15)
Net interest expense	194	186

¹ Includes interest to recognize the cost of financing regulatory account balances as authorized by the OEB, and interest costs deferred in certain regulatory accounts.

Interest paid in 2025 was \$485 million (2024 – \$442 million), of which \$468 million (2024 – \$418 million) relates to interest paid on long-term debt.

The total net book value of the pledged assets of PSS Generating Station Limited Partnership (PSS), UMH Energy Partnership (UMH), Lower Mattagami Energy Limited Partnership (LME) and Lower Mattagami Limited Partnership (LMLP) against their debt as at December 31, 2025 was \$4,191 million (2024 – \$5,013 million).

9. SHORT-TERM DEBT

Committed credit facilities and maturity dates as at December 31, 2025 were as follows:

<i>(millions of dollars)</i>	Amount	Maturity
Bank facilities:		
Corporate	1,000	May 2030 ¹
Corporate US Dollars	750	May 2026 ²
Lower Mattagami Energy Limited Partnership	460	June 2030 ³
OPG Eagle Creek Holdings LLC and subsidiaries US Dollars	20	October 2028 ⁴
Ontario Financing Authority facility	1,250	December 2029 ¹
Ontario Electricity Financial Corporation facility	750	December 2026 ¹

¹ Represents amounts available under the facility net of debt issuances.

² The facility has a one-year extension option beyond the maturity date of May 2026.

³ A letter of credit of \$65 million was outstanding under this facility as at December 31, 2025.

⁴ Subsequent to December 31, 2025, the facility was transferred to the buyer following the closing of the transaction to sell Eagle Creek on January 9, 2026. Further details on the transaction can be found in Note 23.

Short-term debt as at December 31 was as follows:

<i>(millions of dollars)</i>	2025	2024
Lower Mattagami Energy Limited Partnership	170	215
Corporate commercial paper	503	-
Total short-term debt	673	215

As at December 31, 2025, a total of \$799 million of letters of credit had been issued (2024 – \$504 million). As at December 31, 2025, this included \$345 million for the supplementary pension plans, \$270 million for general corporate purposes, \$76 million for Atura Power, \$65 million for LME, \$15 million for OPG Eagle Creek Holdings LLC and its subsidiaries, \$14 million for UMH, \$10 million for Laurentis Energy Partners and its subsidiaries, \$3 million for PowerON Energy Solutions LP and \$1 million for PSS.

The weighted average interest rate on the short-term debt as of December 31, 2025 is 2.58 percent (2024 – 3.71 percent).

10. NUCLEAR FIXED ASSET REMOVAL AND NUCLEAR WASTE MANAGEMENT FUNDS AND FIXED ASSET REMOVAL AND NUCLEAR WASTE MANAGEMENT LIABILITIES

Liabilities for fixed asset removal and nuclear waste management on a present value basis as at December 31 were as follows:

<i>(millions of dollars)</i>	2025	2024
Liability for used nuclear fuel management	16,542	15,991
Liability for nuclear decommissioning and nuclear low and intermediate level waste management	9,853	9,782
Liability for non-nuclear fixed asset removal	270	269
Fixed asset removal and nuclear waste management liabilities	26,665	26,042

The changes in the fixed asset removal and nuclear waste management liabilities for the years ended December 31 were as follows:

<i>(millions of dollars)</i>	2025	2024
Liabilities, beginning of year	26,042	25,386
Increase in liabilities due to accretion ¹	1,214	1,203
Decrease in liabilities reflecting changes in the estimate of liabilities for thermal generating facilities and other adjustments	(12)	(10)
Increase in liabilities due to used nuclear fuel, nuclear waste management and other expenses ¹	142	163
Liabilities settled by expenditures on fixed asset removal and nuclear waste management during the year ²	(721)	(700)
Liabilities, end of year	26,665	26,042

¹ Amounts shown exclude the impact of regulatory accounts.

² Includes accruals for expenditures eligible for reimbursement from the Nuclear Segregated Funds.

OPG's fixed asset removal and nuclear waste management liabilities are comprised of expected costs to be incurred up to and beyond termination of operations and the closure of nuclear, thermal and solar generating facilities, and other facilities. Costs will be incurred for activities such as preparation for safe storage and safe storage of nuclear generating stations, dismantlement, demolition and disposal of facilities and equipment, remediation and restoration of sites, and the ongoing and long-term management of used nuclear fuel and L&ILW material.

The determination of the accrual for fixed asset removal and nuclear waste management costs requires significant assumptions since these programs are long-term in nature. The most recent comprehensive update of the cost estimates for the Nuclear Liabilities is contained in the 2022 ONFA Reference Plan approved by the Province in accordance with ONFA. This update has been reflected in the Nuclear Liabilities since December 31, 2021. The nuclear

liabilities were further updated as of December 31, 2023 to reflect the extension of the accounting end-of-life assumptions for Units 5 to 8 of the Pickering GS.

For the purposes of calculating the Nuclear Liabilities as at December 31, 2025, consistent with the current accounting end-of-life assumptions for the nuclear generating stations, nuclear facilities decommissioning activities are projected to occur over approximately the next 80 years, and the placement of used nuclear fuel into the assumed long-term deep geological repository (DGR) under the APM is projected to occur until 2106, followed by extended monitoring.

A number of significant assumptions used in the calculation of the accrued liabilities are subject to inherent uncertainty and judgment. The significant assumptions underlying operational, technical and economic factors used in the calculation of the Nuclear Liabilities are subject to periodic review. Changes to these assumptions, including changes to assumptions on the timing of the programs, construction of assumed disposal facilities, station end-of-life dates, disposal methods, financial indicators, decommissioning strategy and the technology employed, may result in significant changes to the value of the accrued liabilities. The cost estimates associated with the APM plan are updated based on information provided by the NWMO. With programs of such long-term duration, the multiple assumptions involved and the evolving technology to handle nuclear waste, there is a significant degree of inherent uncertainty surrounding the measurement of the costs for these programs, including from factors beyond the Company's control. These costs may increase or decrease materially over time.

Liability for Used Nuclear Fuel Management Costs

The liability for used nuclear fuel management represents the cost of managing the used nuclear fuel bundles. The federal NFWA, proclaimed into force in 2002, required that Canada's used nuclear fuel owners form a nuclear waste management organization, and that each such owner establish a trust fund for used nuclear fuel management costs as specified in the NFWA. This organization, the NWMO, is responsible for the design and implementation of Canada's plan for the long-term management of used nuclear fuel. To estimate its liability for used nuclear fuel management costs, OPG has adopted an approach consistent with the APM concept approved by the Government of Canada, based on technical and financial information developed by the NWMO.

Liability for Nuclear Decommissioning and L&ILW Management Costs

The liability for nuclear decommissioning and L&ILW management represents the estimated costs of decommissioning the nuclear generating stations after the end of their service lives, as well as the cost of managing L&ILW generated by the stations.

The significant assumptions used in estimating future nuclear fixed asset removal costs include a deferred dismantlement basis for decommissioning of the nuclear generating stations. Under this strategy, each reactor will be defueled and de-watered immediately after it has ceased operation and prepared for a period of safe storage and monitoring. Station dismantlement and site restoration activities will take place over a period of time after an appropriate safe storage period. The life cycle costs of L&ILW management include the costs of processing and storage of such materials during and following the operation of the nuclear generating stations, as well as the costs of the ultimate long-term management of these materials. The assumptions used to establish the obligation for these costs include a conceptual long-term disposal strategy assumption consistent with the NWMO's recommended strategy for the long-term management of irradiated wastes in Canada, as set out in its Integrated Strategy for Radioactive Waste prepared at the request of the Government of Canada and subsequently accepted by the federal Minister of Energy and Natural Resources in 2023. The strategy contemplates disposal of low-level waste in near-surface disposal facilities to be implemented by the waste owners and disposal of intermediate-level waste and the small amount of non-fuel high-level waste in a central DGR to be implemented by the NWMO. OPG evaluates underlying assumptions and estimates based on available information.

Liability for Non-Nuclear Fixed Asset Removal Costs

The liability for non-nuclear fixed asset removal primarily represents the estimated costs of decommissioning OPG's thermal generating stations at the end of their service lives. The liability is based on third-party cost estimates following a review of plant sites and an assessment of required clean-up and restoration activities. For the purposes of measuring the non-nuclear fixed asset removal liability, thermal asset removal activities are assumed to take place over approximately the next 40 years.

Ontario Nuclear Funds Agreement

In accordance with the ONFA, OPG sets aside and invests funds in the Nuclear Segregated Funds that are held in segregated custodian and trustee accounts specifically for discharging its life cycle obligation for nuclear decommissioning and long-term nuclear waste management in connection with the existing facilities. The Used Fuel Segregated Fund and the Decommissioning Segregated Fund were established under the ONFA for this purpose. OPG makes contributions, if any, to the Nuclear Segregated Funds based on the approved ONFA reference plan in effect. ONFA reference plans and associated contribution schedules are subject to approval by the Province. The Ontario NFWA Trust (NFWA Trust) established by OPG pursuant to the NFWA forms part of the Used Segregated Fund, with any portion of the fund not in the NFWA Trust being able to be applied towards the NFWA Trust's annual contribution requirements pursuant to the NFWA.

As required under the ONFA reference plans in effect, OPG has made contributions to the Used Fuel Segregated Fund based on the assumed lives of its nuclear generating stations, as specified in the ONFA. ONFA requirements have resulted in the majority of the underlying used nuclear fuel obligation being funded through OPG contributions over the initial estimated useful lives of the nuclear generating stations assumed in the ONFA, which did not reflect subsequent refurbishment and other life extension decisions for the stations.

To date, OPG has not been required to make contributions to the Decommissioning Segregated Fund, which was fully funded at its inception through the initial contribution made by the OEFC and, taking into account fund asset performance and changes in underlying funding obligations over time, at the time of every subsequent approved ONFA reference plan.

Based on the funded status of the Used Fuel Segregated Fund and the Decommissioning Segregated Fund reflecting the life cycle liability estimates per the 2022 ONFA Reference Plan, no overall contributions to either fund are currently required. Contributions may be required in the future should either or both of the funds be in an underfunded position when a new or amended ONFA reference plan is prepared.

The *Nuclear Safety and Control Act* (Canada) requires OPG to have sufficient funds available to discharge its existing nuclear waste management and nuclear facilities decommissioning obligations. The Canadian Nuclear Safety Commission (CNSC) process requires the CNSC financial guarantee requirement to be updated once every five years and for OPG to provide an annual report to the CNSC on the assumptions, fund asset values and resulting financial guarantee requirements. The CNSC financial guarantee requirement calculation takes into account used nuclear fuel and L&ILW expected to be generated to the end of each year. In 2022, the CNSC accepted OPG's proposed CNSC financial guarantee requirement for the 2023-2027 period to be satisfied by the forecast fair market value of the Nuclear Segregated Funds without the requirement for a Provincial guarantee. As provided by the terms of the ONFA, the Province is committed to provide a Provincial guarantee to the CNSC as required, on behalf of OPG, should there be a shortfall between the CNSC financial guarantee requirement and the fair market value of the Nuclear Segregated Funds during the 2023-2027 period, as it has done in the past. OPG pays the Province an annual guarantee fee equal to 0.5 percent of the outstanding amount, if any, of the Provincial guarantee.

Investments in the Nuclear Segregated Funds include a diversified portfolio of equity and fixed income securities, pooled funds, infrastructure, real estate and other investments. As the Nuclear Segregated Funds are invested to fund long-term liability requirements, the portfolio asset mix is structured to achieve the required return over a long-term

horizon. While short-term fluctuations in the market value will occur, managing the long-term return of the Nuclear Segregated Funds remains the primary goal. OPG jointly oversees the investment management of the Nuclear Segregated Funds with the Province.

Decommissioning Segregated Fund

Under the ONFA, OPG is wholly responsible for cost estimate changes and investment returns in the Decommissioning Segregated Fund.

Upon termination of the ONFA, the Province has the sole right to any excess funds in the Decommissioning Segregated Fund, which is the excess of the fair market value of the fund's assets over the underlying estimated future costs, as per the most recently approved ONFA reference plan. Accordingly, when the Decommissioning Segregated Fund is overfunded, OPG limits the fund earnings recognized in the consolidated financial statements by recording an amount due to the Province, such that the fund asset recognized on the consolidated balance sheets is equal to the cost estimate of the funding liability based on the most recently approved ONFA reference plan. Additionally, OPG recognizes the portion of the surplus that it may direct to the Used Fuel Segregated Fund, which is possible when the surplus in the Decommissioning Segregated Fund is such that the underlying liabilities, as defined by the most recently approved ONFA reference plan, are at least 120 percent funded. In those circumstances, OPG may direct, at the time a new or amended reference plan is approved, up to 50 percent of the surplus over 120 percent to the Used Fuel Segregated Fund, with the OEFC being entitled to a distribution of an equal amount. Therefore, when the Decommissioning Segregated Fund is at least 120 percent funded, OPG recognizes 50 percent of the excess greater than 120 percent in income, up to the amount by which the Used Fuel Segregated Fund is underfunded.

When the Decommissioning Segregated Fund is in an overfunded status of less than 120 percent, the above results in OPG recognizing annual earnings on the fund at 3.25 percent plus the long-term Ontario Consumer Price Index (CPI) specified in the most recently approved ONFA reference plan, which is the rate of growth in the underlying funding liability. The same treatment is applied when the Decommissioning Segregated Fund is in an overfunded status of greater than 120 percent, if the Used Fuel Segregated Fund is fully funded. When the Decommissioning Segregated Fund is underfunded, the earnings on the fund reflect actual fund returns based on the market value of the assets.

As at December 31, 2025 and 2024, the Decommissioning Segregated Fund was in an overfunded position of greater than 120 percent based on the approved ONFA reference plan in effect. As a result, OPG recognized a due to the Province amount such that the Decommissioning Segregated Fund asset on the consolidated balance sheets as at December 31, 2025 and 2024 was limited to the value of the underlying funding liability per the approved ONFA reference plan in effect, plus 50 percent of the surplus over 120 percent up to the amount, if any, by which the Used Fuel Segregated Fund was underfunded. This payable to the Province may be reduced in subsequent periods in the event that the Decommissioning Segregated Fund earns less than its target rate of return, a new or amended ONFA reference plan is approved with a higher underlying funding liability, or the amount of the underfunding, if any, in the Used Fuel Segregated Fund increases.

Used Fuel Segregated Fund

OPG is responsible for cost increases in the funding liability for used nuclear fuel management under the ONFA, subject to specified graduated liability thresholds, pursuant to which the Province limits OPG's total financial exposure for the first 2.23 million used nuclear fuel bundles at approximately \$25.3 billion in present value dollars as at December 31, 2025. The graduated liability thresholds do not apply to used nuclear fuel bundles beyond the 2.23 million threshold.

Under the ONFA, the Province guarantees OPG's annual return in the Used Fuel Segregated Fund at 3.25 percent plus the change in the Ontario CPI, as defined by ONFA, for funding related to the first 2.23 million used nuclear fuel bundles (committed return). OPG recognizes the committed return on the Used Fuel Segregated Fund as earnings on the Nuclear Segregated Funds. The difference between the committed return and the actual market return determined based on the fair value of the fund assets related to the first 2.23 million used nuclear fuel bundles is recorded as due

to or due from the Province. This amount due to or due from the Province represents the amount that would be paid to or received from the Province if the committed return were to be settled as at the consolidated balance sheet date. Upon approval of a new or amended ONFA reference plan, the Province is obligated to make an additional contribution to the Used Fuel Segregated Fund in relation to the first 2.23 million used nuclear fuel bundles if the fund assets earned a rate of return that is less than the guaranteed rate of return. If the return on the fund assets exceeded the Province's guaranteed rate of return, the Province is entitled to withdraw any portion of such excess related to the first 2.23 million used nuclear fuel bundles, upon approval of a new or amended ONFA reference plan. The 2.23 million threshold represents the estimated total life cycle used nuclear fuel bundles based on the initial estimated useful lives of the nuclear generating stations assumed in the ONFA.

As prescribed under the ONFA, OPG's contributions for used nuclear fuel bundles in excess of 2.23 million are not subject to the rate of return guaranteed by the Province, and earn a return based on changes in the market value of the assets of the Used Fuel Segregated Fund.

If there is a surplus in the Used Fuel Segregated Fund such that the underlying liabilities, as defined by the most recently approved ONFA reference plan, are at least 110 percent funded after taking into account the committed return adjustment, the Province has the right, at any time, to access the excess amount greater than 110 percent. Upon termination of the ONFA, the Province has the sole right to any surplus in the fund, which is the excess of the fair market value of the Used Fuel Segregated Fund assets over the estimated future costs, as per the most recently approved ONFA reference plan. Neither OPG nor the Province have a right to direct any amounts from the Used Fuel Segregated Fund to the Decommissioning Segregated Fund. Therefore, when the Used Fuel Segregated Fund is overfunded after taking into account the committed return adjustment, OPG limits the earnings it recognizes on the fund by recording an amount due to the Province, such that the fund asset recognized on the consolidated balance sheets is equal to the cost estimate of the funding liability based on the most recently approved ONFA reference plan. When the fund is overfunded, this results in OPG recognizing annual earnings on the fund, after taking into account the committed return adjustment, at 3.25 percent plus the long-term Ontario CPI specified in the most recently approved ONFA reference plan, which is the rate of growth in the underlying funding liability.

Based on the approved ONFA reference plan in effect, the Used Fuel Segregated Fund was in an overfunded position as at December 31, 2025 and 2024, after taking into account the committed return adjustment. The due to the Province amount recognized for the fund as at December 31, 2025 and 2024 related to the committed return adjustment and the overfunded position of the fund.

Nuclear Segregated Funds

The nuclear fixed asset removal and nuclear waste management funds as at December 31 were as follows:

<i>(millions of dollars)</i>	Fair Value	
	2025	2024
Decommissioning Segregated Fund	15,145	14,220
Due to Province – Decommissioning Segregated Fund	(5,356)	(4,545)
	9,789	9,675
Used Fuel Segregated Fund ¹	19,782	18,428
Due to Province – Used Fuel Segregated Fund	(6,754)	(5,691)
	13,028	12,737
Total Nuclear Segregated Funds	22,817	22,412
Less: current portion	(145)	(283)
Non-current Nuclear Segregated Funds	22,672	22,129

¹ The NFWA Trust represents \$5,511 million as at December 31, 2025 (2024 – \$5,211 million) of the Used Fuel Segregated Fund on a fair value basis.

The fair values of the securities invested in the Nuclear Segregated Funds as at December 31 were as follows:

<i>(millions of dollars)</i>	Fair Value	
	2025	2024
Cash and cash equivalents and short-term investments	385	444
Alternative investments	9,439	8,424
Pooled funds	3,591	3,447
Marketable equity securities	12,038	11,926
Fixed income securities	9,389	8,352
Net receivables/payables	85	55
	34,927	32,648
Less: Due to Province	(12,110)	(10,236)
	22,817	22,412

The historical cost, gross unrealized aggregate appreciation and gross unrealized depreciation of investments, gross unrealized foreign exchange gains and fair value of the Nuclear Segregated Funds as at December 31 were as follows:

<i>(millions of dollars)</i>	2025		
	Decommissioning Segregated Fund	Used Fuel Segregated Fund	Total
Historical cost	12,157	15,967	28,124
Gross unrealized gains (losses)			
Aggregate appreciation	3,289	4,051	7,340
Aggregate depreciation	(567)	(699)	(1,266)
Foreign exchange	266	463	729
	15,145	19,782	34,927
Less: Due to Province	(5,356)	(6,754)	(12,110)
	9,789	13,028	22,817
Total fair value			
Less: current portion	(95)	(50)	(145)
Non-current fair value	9,694	12,978	22,672

<i>(millions of dollars)</i>	2024		
	Decommissioning Segregated Fund	Used Fuel Segregated Fund	Total
Historical cost	11,392	14,828	26,220
Gross unrealized gains (losses)			
Aggregate appreciation	2,733	3,450	6,183
Aggregate depreciation	(522)	(638)	(1,160)
Foreign exchange	617	788	1,405
	14,220	18,428	32,648
Less: Due to Province	(4,545)	(5,691)	(10,236)
	9,675	12,737	22,412
Total fair value			
Less: current portion	(60)	(223)	(283)
Non-current fair value	9,615	12,514	22,129

Net realized and unrealized gains or losses from investments in the Nuclear Segregated Funds for the years ended December 31 were as follows:

<i>(millions of dollars)</i>	2025		Total
	Decommissioning Segregated Fund	Used Fuel Segregated Fund	
Net realized gains			
Net realized gains excluding foreign exchange	801	1,045	1,846
Net realized foreign exchange gains	72	99	171
Net realized gains	873	1,144	2,017
Net unrealized gains			
Net unrealized gains excluding foreign exchange	478	514	992
Net unrealized foreign exchange losses	(318)	(299)	(617)
Net unrealized gains	160	215	375

<i>(millions of dollars)</i>	2024		Total
	Decommissioning Segregated Fund	Used Fuel Segregated Fund	
Net realized gains			
Net realized gains excluding foreign exchange	759	950	1,709
Net realized foreign exchange gains	58	72	130
Net realized gains	817	1,022	1,839
Net unrealized gains			
Net unrealized gains excluding foreign exchange	34	203	237
Net unrealized foreign exchange gains	505	526	1,031
Net unrealized gains	539	729	1,268

The change in the Nuclear Segregated Funds for the years ended December 31 was as follows:

<i>(millions of dollars)</i>	Fair Value	
	2025	2024
Decommissioning Segregated Fund, beginning of year	9,675	9,305
Increase in fund due to return on investments	1,296	1,612
Decrease in fund due to reimbursement of eligible expenditures	(371)	(105)
Increase in due to Province	(811)	(1,137)
Decommissioning Segregated Fund, end of year	9,789	9,675
Used Fuel Segregated Fund, beginning of year	12,737	12,258
Increase in fund due to return on investments	1,704	2,085
Decrease in fund due to reimbursement of eligible expenditures	(350)	(147)
Increase in due to Province	(1,063)	(1,459)
Used Fuel Segregated Fund, end of year	13,028	12,737

The earnings from the Nuclear Segregated Funds during the years ended December 31, 2025 and 2024 were impacted by the Bruce Lease Net Revenues Variance Account authorized by the OEB. The earnings on the Nuclear Segregated Funds for the years ended December 31 were as follows:

<i>(millions of dollars)</i>	2025	2024
Decommissioning Segregated Fund	485	475
Used Fuel Segregated Fund	641	626
Bruce Lease Net Revenues Variance Account	12	1
Earnings on nuclear fixed asset removal and nuclear waste management funds	1,138	1,102

11. INCOME TAXES

OPG follows the liability method of accounting for income taxes. The Company records an offsetting regulatory asset or regulatory liability for the deferred income taxes that are expected to be recovered or refunded through future regulated prices charged to customers for electricity generation from OPG's regulated facilities.

A reconciliation between the statutory and the effective rate of income taxes for the years ended December 31 was as follows:

<i>(millions of dollars)</i>	2025		2024	
Income before income taxes	1,981		1,176	
Canadian federal statutory income tax rate applied to accounting income	495	25.0%	294	25.0%
Increase (decrease) in income taxes resulting from:				
Loss on assets held for sale	107	5.4%	-	0%
Canadian provincial income tax	228	11.5%	135	11.5%
Federal abatement	(198)	(10.0)%	(118)	(10.0)%
Income tax expense deferred in regulatory assets and regulatory liabilities	(78)	(3.9)%	(125)	(10.6)%
Scientific Research and Experimental Development investment tax credits	(24)	(1.2)%	(22)	(1.9)%
Manufacturing and processing credit	(36)	(1.8)%	(18)	(1.5)%
Change in unrecognized tax benefits	(35)	(1.8)%	(8)	(0.7)%
Foreign tax effects - valuation allowance	5	0.3%	15	1.2%
Other	(11)	(0.6)%	17	1.5%
	(42)	(2.1)%	(124)	(10.5)%
Income tax expense and effective rate of income taxes	453	22.9%	170	14.5%

Significant components of the income tax expense for the years ended December 31 were as follows:

<i>(millions of dollars)</i>	2025	2024
Current income tax expense	440	131
Deferred income tax expense	13	39
Income tax expense	453	170

The income tax effects of temporary differences that give rise to deferred income tax assets and deferred income tax liabilities as at December 31 were as follows:

<i>(millions of dollars)</i>	2025	2024
Deferred income tax assets:		
Fixed asset removal and nuclear waste management liabilities	6,663	6,512
Other assets and liabilities	1,326	1,486
Valuation allowance	-	(77)
	7,989	7,921
Deferred income tax liabilities:		
Property, plant and equipment and intangible assets	(2,782)	(2,747)
Nuclear fixed asset removal and nuclear waste management funds	(5,704)	(5,603)
Other assets and liabilities	(2,024)	(2,032)
	(10,510)	(10,382)
Net deferred income tax liabilities	(2,521)	(2,461)

During 2025, OPG recorded an increase in the deferred income tax liability for income taxes that are expected to be recovered through regulated prices charged to customers of \$111 million (2024 – \$213 million) and a corresponding increase to the regulatory asset for deferred income taxes. As a result, the deferred income tax expense for 2025 and 2024 was not impacted.

The following table summarizes the deferred income tax liabilities recorded for the rate regulated operations that are expected to be recovered through future regulated prices:

<i>(millions of dollars)</i>	2025	2024
January 1:		
Deferred income tax liabilities on temporary differences related to regulated operations	1,613	1,453
Deferred income tax liabilities on temporary differences related to the regulatory asset for deferred income tax liabilities	538	485
	2,151	1,938
Changes during the year:		
Increase in deferred income tax liabilities on temporary differences related to regulated operations	83	160
Increase in deferred income tax liabilities on temporary differences related to the regulatory asset for deferred income tax liabilities	28	53
Balance as at December 31	2,262	2,151

The tax benefit associated with an income tax position is recognized only when it is more likely than not that such a position will be sustained upon examination by the taxing authorities based on the technical merits of the position. The current and deferred income tax benefit is equal to the largest amount, considering possible settlement outcomes, that is greater than 50 percent likely of being realized upon settlement with the taxing authorities.

A reconciliation of the beginning and ending amount of unrecognized tax benefits for the years ended December 31 is as follows:

<i>(millions of dollars)</i>	2025	2024
Unrecognized tax benefits, beginning of year	75	84
Additions	10	7
Reductions	(44)	(16)
Unrecognized tax benefits, end of year	41	75

As at December 31, 2025, OPG's unrecognized tax benefits were \$41 million (2024 – \$75 million), excluding interest and penalties, all of which, if recognized, would affect OPG's effective tax rate. Changes in unrecognized tax benefits over the next 12 months cannot be predicted with certainty.

OPG recognizes interest and penalties related to unrecognized tax benefits as income tax expense. As at December 31, 2025, OPG had recorded interest on unrecognized tax benefits of \$8 million (2024 – \$20 million). OPG and certain of its subsidiaries are subject to taxation in Canada and certain foreign jurisdictions. As of December 31, 2025, OPG remained subject to income tax examination for years after 2020 in Canada, while certain of its wholly owned US subsidiaries were subject to federal and state income tax examinations for tax years after 2019 and 2018, respectively.

OPG received \$65 million in tax refunds related to payments in lieu of income taxes during 2025 (2024 – \$216 million paid in payments in lieu of income taxes). OPG paid a negligible amount in Canadian federal and provincial income taxes, US federal and state income taxes and income taxes in other foreign jurisdictions in 2025 and 2024.

12. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

The changes in the balance of each component of AOCI, net of income taxes, for the years ended December 31 were as follows:

2025				
<i>(millions of dollars)</i>	Unrealized Gains and Losses on Cash Flow Hedges	Pension and OPEB	Currency Translation Adjustment	Total
Balance, beginning of year	5	6	182	193
Net gain on cash flow hedges	1	-	-	1
Actuarial gain on remeasurement of liabilities and past service costs for pension and OPEB	-	36	-	36
Amounts reclassified from AOCI	3	(2)	-	1
Translation of foreign operations	-	-	(101)	(101)
Other comprehensive income (loss) for the year	4	34	(101)	(63)
Balance, end of year	9	40	81	130
2024				
<i>(millions of dollars)</i>	Unrealized Gains and Losses on Cash Flow Hedges	Pension and OPEB	Currency Translation Adjustment	Total
Balance, beginning of year	9	(33)	9	(15)
Net gain on cash flow hedges	1	-	-	1
Actuarial gain on remeasurement of liabilities and past service costs for pension and OPEB	-	41	-	41
Amounts reclassified from AOCI	(5)	(2)	-	(7)
Translation of foreign operations	-	-	173	173
Other comprehensive (loss) income for the year	(4)	39	173	208
Balance, end of year	5	6	182	193

The significant amounts reclassified out of each component of AOCI, net of income taxes, for the years ended December 31 were as follows:

<i>(millions of dollars)</i>	Amount Reclassified from AOCI		Statement of Income Line Item
	2025	2024	
Amortization of amounts related to cash flow hedges			
Losses (gains)	4	(7)	Revenue and Net interest expense
Income tax (expense) recovery	(1)	2	Income tax expense
	3	(5)	
Amortization of amounts related to pension and OPEB			
Net actuarial gains, net of past service costs	(2)	(2)	See (1) below
	(2)	(2)	
Total reclassifications for the year	1	(7)	

¹ These AOCI components are included in the computation of pension and OPEB costs (see Note 13 for additional details).

13. PENSION AND OTHER POST-EMPLOYMENT BENEFITS

Fund Assets

The OPG registered pension fund investment guidelines are stated in an approved Statement of Investment Policies and Procedures (SIPP). The SIPP is reviewed and approved by the Audit and Risk Committee of OPG's Board of Directors at least annually and includes a discussion of investment objectives and expectations, asset mix and rebalancing and the basis for measuring the performance of the pension fund assets.

In accordance with the SIPP, investment allocation decisions are made with a view to achieve OPG's objective of meeting obligations of the plan as they come due. The pension fund assets are invested in four categories of asset classes. The first category is fixed income assets, which are used to provide a ballast against heightened equity volatility in a slowing economic environment. The second category is equities, which offer the potential for higher investment returns beyond returns generally expected for fixed income assets. The third category is real assets, which offer exposure to a mixture of characteristics from the fixed income and equities. The fourth category is other alternatives, which offer the potential to improve the overall return of the pension fund while controlling the amount of downside market risk.

To achieve the above objective, OPG has adopted the following target strategic asset allocation for the OPG pension plan:

	Target
Asset class	
Fixed income assets	32.5%
Equities	33.0%
Real assets	32.5%
Other alternatives	2.0%

The plan may use derivative instruments for risk management or strategic purposes, where such activity is consistent with the plan's investment objectives.

Significant Concentrations of Risk in Fund Assets

The assets of the OPG pension fund are diversified to limit the impact of any individual investment. The pension fund is diversified across multiple asset classes. Fixed income securities are diversified among Canadian government bonds, government agency bonds, real return bonds, and corporate bonds. Equity securities are diversified across Canadian, US, and Global stocks. There are also real estate, infrastructure and agriculture portfolios that are included as part of the total pension fund assets as at December 31, 2025. Investments in the above asset classes are further diversified across funds, investment managers, strategies, vintages, sectors and geographies, depending on the specific characteristics of each asset class.

Credit risk with respect to the pension fund's fixed income securities is managed by risk tolerance guidelines, which require that fixed income securities comply with various investment constraints that ensure prudent diversification and prescribed minimum required credit rating quality. Credit risk, as it relates to the pension fund's derivatives, is managed through the use of International Swap and Derivatives Association documentation and counterparty management performed by the fund's investment managers.

Risk Management

Risk management oversight with respect to the OPG pension fund includes, but is not limited to, the following activities:

- Periodic asset/liability management and strategic asset allocation studies;
- Monitoring of funding levels and funding ratios;
- Monitoring compliance with asset allocation guidelines and investment management agreements;
- Monitoring asset class performance against asset class benchmarks;
- Monitoring investment manager performance against benchmarks; and
- Monitoring of risk tolerance guidelines.

Expected Rate of Return on Plan Assets

The expected rate of return on plan assets is based on the fund's asset allocation, as well as the return expectations considering long-term risks and returns associated with each asset class within the plan portfolio. The asset management decisions consider the economic liabilities of the plan.

Fair Value Measurements

OPG is required to classify fair value measurements using a fair value hierarchy. This hierarchy groups financial instruments into three levels, based on the significance of inputs used in measuring the fair value of the assets and liabilities. Refer to Note 15 for a detailed discussion of fair value measurements and the fair value hierarchy.

The pension plan assets measured at fair value in accordance with the fair value hierarchy as at December 31 were as follows:

<i>(millions of dollars)</i>	2025			Total
	Level 1	Level 2	Level 3	
Cash and cash equivalents	412	-	-	412
Short-term investments	1	-	-	1
Fixed income				
Corporate debt securities	17	3,116	-	3,133
Government bonds	40	2,032	-	2,072
Equities				
Canadian	748	905	-	1,653
US	1,298	-	-	1,298
Global	620	-	-	620
Pooled funds	101	1,593	-	1,694
Forward foreign exchange contracts	-	65	-	65
Other	-	-	14	14
	3,237	7,711	14	10,962
Futures contracts and repurchase agreements	-	(981)	-	(981)
	3,237	6,730	14	9,981
Investments measured at NAV ¹				8,494
				18,475 ²

<i>(millions of dollars)</i>	2024			Total
	Level 1	Level 2	Level 3	
Cash and cash equivalents	379	-	-	379
Fixed income				
Corporate debt securities	15	3,144	-	3,159
Government bonds	39	2,068	-	2,107
Equities				
Canadian	622	868	-	1,490
US	1,310	-	-	1,310
Global	560	-	-	560
Pooled funds	93	1,274	-	1,367
	3,018	7,354	-	10,372
Forward foreign exchange contracts	-	(110)	-	(110)
Futures contracts and repurchase agreements	-	(977)	-	(977)
	3,018	6,267	-	9,285
Investments measured at NAV ¹				8,496
				17,781 ²

¹ Represents investments measured at fair value using NAV as a practical expedient, which have not been classified in the fair value hierarchy. The fair value amounts for these investments presented in this table are intended to permit the reconciliation of the fair value hierarchy to the total fair value of plan assets presented in tables following.

² The table above excludes pension fund receivables and payables.

Defined Benefit Plan Costs and Liabilities

Details of OPG's consolidated pension and OPEB obligations, pension fund assets and costs, together with the key assumptions used in determining these amounts, are presented in the following tables:

	Registered and Supplementary Pension Plans		Other Post-Employment Benefits	
	2025	2024	2025	2024
<i>Weighted average assumptions – benefit obligations at year-end</i>				
Discount rate for projected benefit obligation	4.98 %	4.70 %	4.99 %	4.70 %
Salary schedule escalation rate - initial rate ¹	2.68 %	3.00 %	2.67 %	3.00 %
- thereafter	2.75 %	2.75 %	2.74 %	2.75 %
Rate of cost of living increase to pensions	2.00 %	2.00 %	2.00 %	2.00 %
Initial health care trend rate	n/a	n/a	5.02 %	5.40 %
Ultimate health care trend rate	n/a	n/a	4.05 %	4.05 %
Year ultimate health care trend rate reached	n/a	n/a	2040	2040
Rate of increase in disability benefits	n/a	n/a	2.00 %	2.00 %

	Registered and Supplementary Pension Plans		Other Post-Employment Benefits	
	2025	2024	2025	2024
<i>Weighted average assumptions – costs for the year</i>				
Expected return on plan assets, net of expenses	6.25 %	6.25 %	n/a	n/a
Discount rate for current service cost	4.80 %	4.62 %	4.64 %	4.61 %
Discount rate for interest on projected benefit obligation	4.39 %	4.63 %	4.43 %	4.63 %
Discount rate for interest on current service cost	4.71 %	4.63 %	4.48 %	4.63 %
Salary schedule escalation rate - initial rate ²	3.00 %	3.25 %	3.00 %	3.25 %
- thereafter	2.75 %	2.75 %	2.75 %	2.75 %
Rate of cost of living increase to pensions	2.00 %	2.00 %	2.00 %	2.00 %
Initial health care trend rate	n/a	n/a	5.44 %	4.79 %
Ultimate health care trend rate	n/a	n/a	4.05 %	4.05 %
Year ultimate health care trend rate reached	n/a	n/a	2040	2040
Rate of increase in disability benefits	n/a	n/a	2.00 %	2.00 %
Expected average remaining service life for employees (years)	15	14	15	15

n/a – assumption not applicable.

¹ Average rate per year to December 31, 2028 for 2025 and December 31, 2026 for 2024.

² Average rate per year to December 31, 2026.

<i>(millions of dollars)</i>	Registered Pension Plans		Supplementary Pension Plans		Other Post-Employment Benefits	
	2025	2024	2025	2024	2025	2024
<i>Components of cost recognized for the year</i>						
Current service costs	297	305	10	8	104	99
Interest on projected benefit obligation	767	791	18	17	128	130
Expected return on plan assets, net of expenses	(1,074)	(1,031)	-	-	-	-
Amortization of past service (credits) costs ¹	-	(1)	-	-	5	2
Amortization of net actuarial (gain) loss ¹	(1)	-	3	4	(28)	(29)
Recognition of LTD past service costs	-	-	-	-	-	1
Recognition of LTD net actuarial loss (gain)	-	-	-	-	32	(26)
Costs recognized ²	(11)	64	31	29	241	177

¹ The net impact of amortization of net actuarial (gain) loss and amortization of past service (credits) costs was recognized as an increase to OCI. This increase was partially offset by the impact of the Pension and OPEB Regulatory Asset/Liability discussed in Note 6.

² Excludes the impact of regulatory accounts discussed in Note 6.

Total benefit costs, including the impact of the Pension and OPEB Cost Variance Account, the Pension & OPEB Cash Payment Variance Account and the Pension & OPEB Cash Versus Accrual Differential Deferral Account, for the years ended December 31 were as follows:

<i>(millions of dollars)</i>	2025	2024
Registered pension plans	(11)	64
Supplementary pension plans	31	29
Other post-employment benefits	241	177
Pension and OPEB Cost Variance Account	29	68
Pension & OPEB Cash Payment Variance Account	18	12
Pension & OPEB Cash Versus Accrual Differential Deferral Account	6	11
Pension and other post-employment benefit costs	314	361

The consolidated pension and OPEB obligations and pension fund assets measured as at December 31 were as follows:

<i>(millions of dollars)</i>	Registered Pension Plans		Supplementary Pension Plans		Other Post-Employment Benefits	
	2025	2024	2025	2024	2025	2024
<i>Change in plan assets</i>						
Fair value of plan assets, beginning of year	17,806	16,636	-	-	-	-
Contributions by employer	149	206	19	17	130	119
Contributions by employees	134	121	-	-	-	-
Actual return on plan assets, net of expenses	1,283	1,668	-	-	-	-
Benefit payments	(866)	(825)	(19)	(17)	(130)	(119)
Fair value of plan assets, end of year	18,506	17,806	-	-	-	-
<i>Change in projected benefit obligations</i>						
Projected benefit obligations, beginning of year	17,469	17,158	400	378	2,848	2,770
Employer current service costs	297	305	10	8	104	99
Contributions by employees	134	121	-	-	-	-
Interest on projected benefit obligation	767	791	18	17	128	130
Benefit payments	(866)	(825)	(19)	(17)	(130)	(119)
Past service costs	-	15	-	-	5	24
Net actuarial (gain) loss	(391)	(96)	(9)	14	5	(56)
Projected benefit obligations, end of year	17,410	17,469	400	400	2,960	2,848
Funded status – surplus (deficit), end of year	1,096	337	(400)	(400)	(2,960)	(2,848)

The pension and OPEB assets (liabilities) composition as at December 31 was as follows:

<i>(millions of dollars)</i>	Registered Pension Plans		Supplementary Pension Plans		Other Post-Employment Benefits	
	2025	2024	2025	2024	2025	2024
Non-current assets	1,096	337	-	-	-	-
Current liabilities	-	-	(19)	(17)	(145)	(132)
Non-current liabilities	-	-	(381)	(383)	(2,815)	(2,716)
Total assets (liabilities)	1,096	337	(400)	(400)	(2,960)	(2,848)

The accumulated benefit obligations for the registered pension plans and supplementary pension plans as at December 31, 2025 were \$15,944 million and \$342 million, respectively (2024 – \$15,966 million and \$341 million, respectively). The accumulated benefit obligation differs from the projected benefit obligation in that the accumulated benefit obligation includes no assumption about future compensation levels.

The projected benefit obligations for the registered pension plan decreased from \$17,469 million as at December 31, 2024 to \$17,410 million as at December 31, 2025. The decrease was mainly due to a remeasurement of the benefit obligations at the end of 2025 reflecting higher discount rates. The projected benefit obligations for the supplementary pension plan were \$400 million as at December 31, 2025 and 2024.

The projected benefit obligations for OPEB plans increased from \$2,848 million as at December 31, 2024 to \$2,960 million as at December 31, 2025. This increase was largely due to the interest costs on the liabilities during 2025 and the impact of the updated, higher per capita health care claims costs assumption as part of the 2025 actuarial valuation, partially offset by the remeasurement of the benefit obligations reflecting an increase in the discount rates at the end of 2025.

The following table provides the components of OPG's OCI related to pension and OPEB plans and the offsetting Pension and OPEB Regulatory Asset/Liability, discussed in Note 6, for the years ended December 31, on a pre-tax basis:

<i>(millions of dollars)</i>	Registered Pension Plans		Supplementary Pension Plans		Other Post-Employment Benefits	
	2025	2024	2025	2024	2025	2024
<i>Changes in plan assets and benefit obligations recognized in OCI</i>						
Current year net actuarial (gain) loss	(600)	(733)	(9)	14	(27)	(30)
Current year past service costs	-	15	-	-	5	23
Amortization of net actuarial gain (loss)	1	-	(3)	(4)	28	29
Amortization of past service credits (costs)	-	1	-	-	(5)	(2)
Total (increase) decrease in OCI	(599)	(717)	(12)	10	1	20
Less: (decrease) increase in Pension and OPEB Regulatory Asset (Note 6)	(553)	(664)	(11)	9	(3)	20
Net (increase) decrease in OCI (pre-tax)	(46)	(53)	(1)	1	4	-

The following table provides the components of OPG's AOCI and the offsetting Pension and OPEB Regulatory Asset/Liability that have not yet been recognized as benefit costs as at December 31, on a pre-tax basis:

<i>(millions of dollars)</i>	Registered Pension Plans		Supplementary Pension Plans		Other Post-Employment Benefits	
	2025	2024	2025	2024	2025	2024
<i>Unamortized amounts recognized in AOCI</i>						
Past service costs	11	11	-	-	52	52
Net actuarial (gain) loss	(95)	504	85	97	(686)	(687)
Total recognized in AOCI	(84)	515	85	97	(634)	(635)
Less: Pension and OPEB Regulatory (Liability) Asset (Note 6)	(80)	473	79	90	(582)	(579)
Net recognized in AOCI (pre-tax)	(4)	42	6	7	(52)	(56)

Details of the unamortized net actuarial loss (gain) and unamortized past service cost (credits) as at December 31 are as follows:

<i>(millions of dollars)</i>	Registered Pension Plans		Supplementary Pension Plans		Other Post-Employment Benefits	
	2025	2024	2025	2024	2025	2024
Net actuarial gain not yet subject to amortization due to use of market-related values	(831)	(340)	-	-	-	-
Net actuarial loss (gain) not subject to amortization due to use of the corridor	755	853	40	40	(266)	(259)
Net actuarial (gain) loss subject to amortization	(19)	(9)	45	57	(420)	(428)
Unamortized net actuarial (gain) loss	(95)	504	85	97	(686)	(687)
Unamortized past service costs	11	11	-	-	52	52

The most recently filed actuarial valuation, for funding purposes, of the OPG registered pension plan, as at January 1, 2025, was filed with the Financial Services Regulatory Authority of Ontario in September 2025. The next filed funding valuation must have an effective date no later than January 1, 2028. For 2026, the Company's estimated contribution to the OPG registered pension plan is expected to be \$131 million.

As part of the actuarial valuation for funding purposes of the registered pension plan as at January 1, 2025, the plan's demographic and other assumptions were reviewed and revised, as necessary, by independent actuaries. Using updated demographic data as at January 1, 2025, and demographic assumptions consistent with the new funding valuation for the registered pension plan, OPG conducted a comprehensive actuarial valuation for accounting purposes of the OPG defined benefit pension and OPEB plans in 2025. The results of this valuation were reflected in the 2025 year-end obligations reflecting appropriate assumptions for accounting purposes as at December 31, 2025.

The supplementary pension plans are not funded, but are secured by letters of credit totalling \$345 million as at December 31, 2025 (2024 – \$314 million).

Estimated future benefit payments to participants in the pension and OPEB plans based on the assumptions used to measure the benefit obligations as at December 31, 2025 were as follows:

<i>(millions of dollars)</i>	Registered Pension Plans	Supplementary Pension Plans	Other Post- Employment Benefits
2026	906	19	145
2027	915	19	147
2028	963	19	147
2029	964	20	149
2030	983	20	151
2031 through 2035	5,321	108	817

A change in the following assumptions, holding all other assumptions constant, would increase (decrease) defined benefit pension and OPEB costs for the year ended December 31, 2025 as follows:

<i>(millions of dollars)</i>	Registered Pension Plans ¹	Supplementary Pension Plans ¹	Other Post- Employment Benefits ¹
Expected long-term rate of return			
0.25% increase	(43)	n/a	n/a
0.25% decrease	43	n/a	n/a
Discount rate			
0.25% increase	(12)	(1)	(11)
0.25% decrease	13	1	11
Inflation ²			
0.25% increase	59	1	1
0.25% decrease	(54)	(1)	(1)
Salary increases			
0.25% increase	15	5	1
0.25% decrease	(16)	(4)	(1)
Health care cost trend rate			
1% increase	n/a	n/a	64
1% decrease	n/a	n/a	(49)

n/a – change in assumption not applicable.

¹ Excludes the impact of regulatory accounts.

² With a corresponding change in the salary increase assumption.

14. RISK MANAGEMENT AND DERIVATIVES

OPG is exposed to risks related to changes in market interest rates on debt, movements in foreign currency that affect the Company's assets, liabilities and forecasted transactions, and fluctuations in commodity prices. Select derivative instruments are used to manage such risks. Derivatives are used as hedging instruments, as well as for trading purposes.

Interest Rates

Interest rate risk is the risk that the value of assets and liabilities can change due to movements in interest rates. Interest rate risk for OPG arises with the need to refinance existing debt or undertake new financing. The management of these risks includes using derivatives to hedge the exposure in accordance with corporate risk management policies. OPG periodically uses interest rate swap agreements to mitigate elements of interest rate risk exposure associated with anticipated financing.

Foreign Exchange

OPG's financial results are exposed to volatility in the Canadian/US foreign exchange rate as certain materials, services and fuels purchased for generating stations and major development projects, as well as debt issuances, may be denominated in, or tied to, USD. To manage this risk, the Company may employ various financial instruments such as forwards and other derivative contracts, in accordance with approved corporate risk management policies. Additionally, volatility in the Canadian/US foreign exchange rate also impacts OPG's financial results from certain of its subsidiaries, whose operations are based exclusively in the US. This risk was reduced subsequent to December 31, 2025, upon the completion of the sale of Eagle Creek on January 9, 2026.

Commodity Prices

OPG is exposed to fluctuations in commodity prices. Changes in the market prices of nuclear fuels, oil, gas and biomass used to produce electricity can adversely impact OPG's earnings and cash flow provided by operating activities. To manage the risk of unpredictable increases in the price of fuels, the Company has fuel hedging programs, which include using fixed price and indexed contracts.

Credit

The Company's credit risk exposure is primarily a function of its electricity and other sales. The majority of OPG's revenue is derived from electricity sales through the IESO administered market. Market participants in the IESO market provide collateral in accordance with the IESO prudential support requirements to cover funds that they might owe to the market. Although the credit exposure to the IESO represents a significant portion of OPG's accounts receivable, the risk is considered acceptable due to the IESO's primary role in the Ontario electricity market. The remaining receivables exposure is to a diverse group of generally high-quality counterparties. OPG's allowance for doubtful accounts at December 31, 2025 was \$1 million (2024 – less than \$1 million).

The fair value of the derivative instruments totalled a net liability of \$14 million as at December 31, 2025 (2024 – net liability of \$17 million).

The pre-tax amounts related to derivative instruments recorded in AOCI and net income for the years ended December 31 were as follows:

<i>(millions of dollars)</i>	2025	2024
Cash flow hedges (recorded in AOCI)		
Reclassification of losses (gains) to revenue and net interest expense	4	(7)
Commodity derivatives (recorded in net income)		
Realized losses in revenue	(2)	(4)
Unrealized losses in revenue	(4)	(2)

Existing pre-tax net losses of nil deferred in AOCI as at December 31, 2025 are expected to be reclassified to net income within the next 12 months.

15. FAIR VALUE MEASUREMENTS

OPG is required to classify fair value measurements using a fair value hierarchy. This hierarchy groups financial assets and liabilities into three levels, based on the inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

- Level 1: Valuation of inputs is based on unadjusted quoted market prices observed in active markets for identical assets or liabilities.
- Level 2: Valuation is based on inputs other than quoted prices under Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Valuation is based on inputs for the asset or liability that are not based on observable market data.

The fair value of financial instruments traded in active markets is based on quoted market prices as at the consolidated balance sheet dates. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's-length basis. The quoted market price used for financial assets held by OPG is the current bid price. These instruments are included in Level 1 and consist primarily of equity investments and fund investments.

For financial instruments for which quoted market prices are not directly available, fair values are estimated using forward price curves developed from observable market prices or rates. The estimation of fair value may include the use of valuation techniques or models, based wherever possible on assumptions supported by observable market prices or rates prevailing as at the consolidated balance sheet dates. This is the case for over-the-counter derivatives and securities, which include energy commodity derivatives, foreign exchange derivatives, interest rate swap derivatives and fund investments. Various other fund investments are valued at the unit values supplied by the fund administrators. The unit values represent the underlying net assets at fair values, determined using closing market prices. Valuation models use general assumptions and market data and, therefore, do not reflect the specific risks and other factors that would affect a particular instrument's fair value. The methodologies used for calculating the fair value adjustments are reviewed on an ongoing basis to ensure that they remain appropriate. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. Specific valuation techniques are used to value these instruments. Significant Level 3 inputs include recent comparable transactions, comparable benchmark information, bid/ask spread of similar transactions and other relevant factors.

A summary of OPG's financial instruments and their fair value as at December 31 is as follows:

<i>(millions of dollars)</i>	Fair Value		Carrying Value ¹		Balance Sheet Line Item
	2025	2024	2025	2024	
Nuclear Segregated Funds (includes current portion) ²	22,817	22,412	22,817	22,412	Nuclear fixed asset removal and nuclear waste management funds
Loan receivable – from Fair Hydro Trust	829	828	899	902	Loan receivable from related party
Investment in Hydro One Limited Shares	170	159	170	159	Equity securities
Long-term debt (includes current portion)	(11,064)	(11,204)	(11,739)	(11,707)	Long-term debt
Other financial instruments, net	165	129	165	129	Various

¹ The carrying values of other financial instruments included in cash and cash equivalents, receivables from related parties, other current assets, short-term debt, and accounts payable, accrued charges and other payables approximate their fair values due to the immediate or short-term maturity of these financial instruments.

² The Nuclear Segregated Funds are comprised of the Decommissioning Segregated Fund and the Used Fuel Segregated Fund. OPG's fair value of the Nuclear Segregated Funds is set not to exceed an amount equal to the funding liability pursuant to the ONFA when the Nuclear Segregated Funds are in a surplus position.

The fair value of OPG's long-term debt issued under the Medium Term Note Program is based on indicative pricing from the market. The fair value of these debt instruments is based on Level 2 inputs. The fair value of all other long-term debt instruments is determined based on a conventional pricing model, which is a function of future cash flows, the current market yield curve and term to maturity. These inputs are considered Level 2 inputs.

The following tables present financial assets and financial liabilities measured at fair value in accordance with the fair value hierarchy as at December 31:

<i>(millions of dollars)</i>	2025			Total
	Level 1	Level 2	Level 3	
Assets				
<i>Used Fuel Segregated Fund</i>				
Investments measured at fair value, excluding investments measured at NAV	7,083	7,400	-	14,483
Investments measured at NAV ¹				5,299
				19,782
Due to Province				(6,754)
Used Fuel Segregated Fund, net				13,028
<i>Decommissioning Segregated Fund</i>				
Investments measured at fair value, excluding investments measured at NAV	5,352	5,653	-	11,005
Investments measured at NAV ¹				4,140
				15,145
Due to Province				(5,356)
Decommissioning Segregated Fund, net				9,789
Equity securities	170	-	-	170
Other financial assets	23	11	181	215
Liabilities				
Other financial liabilities	(50)	-	-	(50)

<i>(millions of dollars)</i>	2024			Total
	Level 1	Level 2	Level 3	
Assets				
<i>Used Fuel Segregated Fund</i>				
Investments measured at fair value, excluding investments measured at NAV	7,030	6,676	-	13,706
Investments measured at NAV ¹				4,722
				18,428
Due to Province				(5,691)
Used Fuel Segregated Fund, net				12,737
<i>Decommissioning Segregated Fund</i>				
Investments measured at fair value, excluding investments measured at NAV	5,362	5,156	-	10,518
Investments measured at NAV ¹				3,702
				14,220
Due to Province				(4,545)
Decommissioning Segregated Fund, net				9,675
Equity securities	159	-	-	159
Other financial assets	73	-	97	170
Liabilities				
Other financial liabilities	(41)	-	-	(41)

¹ Represents investments measured at fair value using NAV as a practical expedient, which have not been classified in the fair value hierarchy. The fair value amounts for these investments presented in this table are intended to permit the reconciliation of the fair value hierarchy to amounts presented on the consolidated balance sheets.

For the year ended December 31, 2025, there were no transfers between Level 1 and Level 2 and into or out of Level 3.

The changes in the net assets measured at fair value that are classified as Level 3 financial instruments for the year ended December 31, 2025 were as follows:

<i>(millions of dollars)</i>	Other financial instruments
Opening balance, January 1, 2025	97
Realized losses included in revenue	(2)
Unrealized gains included in revenue	75
Purchases	11
Closing balance, December 31, 2025	181

Investments Measured at Net Asset Value

Nuclear Segregated Funds

The Nuclear Segregated Funds' investments classified as Level 3 consist of real estate, infrastructure, other real assets, and private debt investments. The fair value of these investments is determined using financial information as provided by the general partners of the limited partnership funds in which the Nuclear Segregated Funds are invested. Direct investments are valued using appropriate valuation techniques, such as recent arm's-length market transactions, references to current fair values of other instruments that are substantially the same, discounted cash flow analyses, third-party independent appraisals, valuation multiples, or other valuation methods. Any control, size, liquidity or other discount premiums on the investments are considered in the determination of fair value.

The process of valuing investments for which no published market price exists is based on inherent uncertainties, and the resulting values may differ from values that would have been used had a ready market existed for these investments. The values may also differ from the prices at which the investments may be sold.

The classes of investments within the Nuclear Segregated Funds that are reported on the basis of Net Asset Value (NAV) as at December 31, 2025 were as follows:

<i>(millions of dollars except where noted)</i>	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice
Real assets				
Infrastructure	4,933	1,513	n/a	n/a
Real estate	3,541	1,228	n/a	n/a
Private debt	552	656	n/a	n/a
Other	413	16	n/a	n/a
Pooled funds				
Fixed income	2,418	n/a	Daily	1-5 days
Equity	1,173	n/a	Daily	1-5 days
Total	13,030	3,413		

The fair value of the pooled funds is classified as Level 2. Infrastructure, real estate, other real assets and private debt investments are measured using NAV as a practical expedient for determining their fair value.

Infrastructure

This class includes investments in funds whose investment objective is to generate a combination of long-term capital appreciation and current income, generally through investments such as energy, transportation and utilities. The fair values of investments in this class have been estimated using the NAV of the Nuclear Segregated Funds' ownership interest in these investments. The ownership interest in the respective funds is not redeemable. However, the Nuclear Segregated Funds may transfer any of their ownership interests to another party, as stipulated in the partnership

agreements and/or shareholders' agreements. Cash distributions are received based on the operations of the underlying investments and/or as the underlying investments are liquidated. It is not possible to estimate when the underlying assets of the infrastructure funds in this class will be liquidated.

Real Estate

This class includes investments in institutional-grade real estate property. The investment objective is to provide a stable level of income with an opportunity for long-term capital appreciation. The fair values of the investments in this class have been estimated using the NAV of the Nuclear Segregated Funds' ownership interest in these investments. The investments in the respective funds are not redeemable. However, the Nuclear Segregated Funds may transfer any of their ownership interests to another party, as stipulated in the partnership agreements and/or shareholders' agreements. For investments in private real estate corporations, shares may be redeemed through a pre-established redemption process. Cash distributions are received based on the operations of the underlying investments and/or as the underlying investments are liquidated. It is not possible to estimate when the underlying assets in this class will be liquidated.

Other Real Assets

This class includes a diversified portfolio of real asset investments that are not classified in the real estate or infrastructure asset classes, such as agriculture and other private market partnership investments. The investment objective is to provide a differentiated return source, income yield and inflation protection. The fair values of the investments in this class have been estimated using the NAV of the Nuclear Segregated Funds' ownership interest in these investments. The investments in the respective funds are not redeemable. However, the Nuclear Segregated Funds may transfer any of their ownership interests to another party, as stipulated in the partnership agreements and/or shareholders' agreements. Cash distributions are received based on the operations of the underlying investments and/or as the underlying investments are liquidated. It is not possible to estimate when the underlying assets in this class will be liquidated.

Private Debt

This class represents investments in private indebtedness issued mainly by Canadian and US borrowers. The investment objective of private debt is to achieve income yield through a portfolio of professionally managed loans. The fair values of the investments in this class have been estimated using the NAV of the Nuclear Segregated Funds' ownership interest in these investments. Cash distributions are received based on the income of the loans and/or as the loans are matured or liquidated. There may be certain restrictions on the ability to sell the investments in this class.

Pooled Funds

This class represents investments in pooled funds, which primarily include a diversified portfolio of fixed income securities, issued mainly by Canadian corporations, and diversified portfolios of Emerging Market listed equity. The investment objective of the pooled funds is to achieve capital appreciation and income through professionally managed portfolios. The fair value of the investments in this class has been estimated using NAV per share of the investments. There are no significant restrictions on the ability to sell the investments in this class.

16. SHARE CAPITAL

Common Shares

As at December 31, 2025 and 2024, OPG had 256,300,010 common shares issued and outstanding at a stated value of \$5,126 million. OPG is authorized to issue an unlimited number of common shares without nominal or par value. Any issue of new shares is subject to the consent of OPG's shareholder, the Province.

Class A Shares

The Company's Articles of Amalgamation were amended effective December 1, 2017 to allow for the creation and issuance of non-voting Class A shares to the Province in exchange for equity injections in OPG. All of the outstanding shares are owned directly by the Province, and OPG is authorized to issue an unlimited number of Class A shares without nominal or par value. The Class A and common shares rank equally as to entitlement to dividends, and all dividends declared by OPG must be declared in equal amounts per share on all outstanding shares without preference or distinction. Upon the liquidation, dissolution or wind-up of OPG, whether voluntary or involuntary, the holders of Class A shares and common shares are entitled to share equally, on a share for share basis, in all distributions of property and assets without preference or distinction. OPG is entitled to redeem outstanding Class A shares as may be approved by OPG's Board of Directors.

As at December 31, 2025 and 2024, OPG had 18,343,815 Class A shares issued and outstanding at a stated value of \$787 million.

Class B Preferred Shares

The Company's Articles of Amalgamation were further amended effective November 26, 2025 to allow for the creation and issuance of Class B non-voting preferred shares, issuable in one or more series, to the Province. Each series of Class B preferred shares ranks on parity with every other series of Class B preferred shares, and is entitled to a preference over the common shares and the Class A shares, with respect to dividends and the return of capital in the event of the liquidation, dissolution or winding up of OPG.

In December 2025, OPG issued 1,000,000 Class B preferred shares, series 1 (Series 1 Preferred Shares) at a price of \$1,000 per share to the Province for its equity injection in OPG, generating proceeds of \$1,000 million.

The holders of the Series 1 Preferred Shares are entitled to receive fixed cumulative preferential PIK dividends of \$50 per share per year as and when declared by the Board of Directors, payable semi-annually by either, at the option of OPG, increasing the liquidation preference and redemption price per share by the PIK dividend amount, or issuing additional Series 1 Preferred Shares equal to the PIK dividend amount divided by \$1,000. The Series 1 Preferred Shares will be redeemable by OPG after December 15, 2035, subject to certain conditions, at a redemption price equal to \$1,000 per share, plus any paid dividends or accrued and unpaid PIK dividends.

As at December 31, 2025, OPG had 1,000,000 Series 1 Preferred Shares issued and outstanding at a stated value of \$1,002 million (2024 – nil). Accrued and unpaid PIK dividends as at December 31, 2025, were \$2 million (2024 – nil).

Any issue of a new shares is subject to the consent of the Province.

17. EARNINGS PER COMMON SHARE

Basic and diluted earnings per share are calculated by dividing net income attributable to the Shareholder, net of PIK dividends, by the weighted average number of common shares outstanding.

Class A shares are included in the weighted average number of common shares outstanding. The weighted average number of common shares outstanding as at December 31, 2025 and 2024 was 274.6 million. There were no dilutive securities during the years ended December 31, 2025 and 2024.

18. COMMITMENTS AND CONTINGENCIES

Litigation

Various legal proceedings are pending against OPG or its subsidiaries covering a wide range of matters that arise in the ordinary course of business activities. These matters are subject to various uncertainties. Some of these matters may be resolved unfavourably. While it is not possible to determine the ultimate outcome of the various pending actions, it is the Company's belief that their resolution, individually and in the aggregate, is not likely to have a material adverse impact on its consolidated financial position.

Guarantees and Indemnifications

Periodically, OPG and its subsidiaries may enter into various agreements to provide financial or performance assurance to third parties. Such agreements include guarantees, indemnifications, standby Letters of Credit and surety bonds.

The Company has entered into certain guarantees and indemnifications, which in aggregate have a maximum potential of future payments totalling \$454 million (2024 - \$30 million). As at December 31, 2025, in relation to the events covered by these agreements, the Company had recognized \$69 million (2024 – nil) in liabilities on the consolidated balance sheets. As current estimates change, additional losses related to guarantees, indemnifications, standby Letters of Credit and surety bonds to third parties, which could be material, may be recorded by the Company in the future.

Contractual Obligations

OPG's contractual obligations as at December 31, 2025 were as follows:

<i>(millions of dollars)</i>	2026	2027	2028	2029	2030	Thereafter	Total
Fuel supply agreements	237	273	199	250	273	1,501	2,733
Contributions to the OPG registered pension plan ¹	131	134	-	-	-	-	265
Long-term debt repayment	674	530	5	505	805	9,264	11,783
Interest on long-term debt	453	443	425	425	397	5,520	7,663
Commitments related to Darlington Refurbishment project ²	65	-	-	-	-	-	65
Commitments related to Atura Power development projects ²	205	19	8	1	-	-	233
Commitments related to Pickering Refurbishment project ²	527	-	-	-	-	-	527
Commitments related to Darlington New Nuclear Project ²	367	-	-	-	-	-	367
Operating licences	61	63	61	62	59	120	426
Operating lease obligations	22	18	13	13	9	42	117
Other	54	49	44	33	21	360	561
Total	2,796	1,529	755	1,289	1,564	16,807	24,740

¹ Represents the estimated pension contributions consistent with the period covered by the actuarial valuation of the OPG registered pension plan as at January 1, 2025. The next actuarial valuation of the OPG registered pension plan must have an effective date no later than January 1, 2028. Funding requirements after January 1, 2028 are excluded due to significant variability in the assumptions required to project the timing of future cash flows.

² Represents estimated currently committed costs to close the projects, including accruals for completed work, demobilization of project staff and cancellation of existing contracts and material orders.

Contractual and commercial commitments as noted exclude certain purchase orders, as they represent purchase authorizations rather than legally binding contracts, and are subject to change without significant penalties.

Lease Commitments

The Company leases the Bruce nuclear generating stations to Bruce Power. Under the lease agreement, Bruce Power has options to renew the lease up to the end of 2064. As per *Ontario Regulation 53/05*, the difference between OPG's revenues and costs associated with the Bruce nuclear generating stations is included in the determination of OPG's nuclear regulated prices established by the OEB. The OEB has determined that, since the Bruce nuclear generating stations are not prescribed under *Ontario Regulation 53/05*, these revenues, including lease revenues, and costs, including depreciation expense, are to be calculated on the basis of the manner in which they are recognized in OPG's consolidated financial statements, without the application of regulatory constructs. As such, the net book value of the assets for these stations is not included in the regulated rate base.

The December 2025 amendments to *Ontario Regulation 53/05* confirmed that the OEB is required to ensure that OPG recovers all the costs it incurs in relation to its nuclear waste management and nuclear decommissioning obligations associated with the Bruce nuclear generating station as they are reflected in OPG's audited consolidated financial statements.

The net book value of PP&E on lease to Bruce Power as at December 31, 2025 was \$1,588 million (2024 – \$1,633 million). The net book value is largely comprised of asset retirement costs.

Collective Bargaining Agreements

The Company maintains labour agreements with the Power Workers' Union (PWU) and the Society of United Professionals (Society), which represent most of OPG's regular workforce.

As at December 31, 2025, the PWU represented approximately 5,100 regular and term-based employees, or 45 percent of OPG and its subsidiaries' regular workforce. Union membership includes station operators, technicians, skilled trades, clerical staff and security personnel.

As at December 31, 2025, the Society represented approximately 4,300 regular and term-based employees, or 38 percent of OPG and its subsidiaries' regular workforce. Union membership includes supervisors, professional engineers, scientists and other professionals. Following the expiry of the governing collective agreement on December 31, 2025, the Society and OPG received the final arbitration award for a three-year collective agreement on January 26, 2026, covering the period from January 1, 2026 to December 31, 2028.

In June 2023, the Society filed a related employer application with the Ontario Labour Relations Board. The application identified OPG and Atura Power as responding parties and asserted that they constitute a single employer for purposes of the Ontario *Labour Relations Act, 1995*, or in the alternative that a sale of business has occurred. Both OPG and Atura Power are opposing the application. Discussions are ongoing between the parties.

19. BUSINESS SEGMENTS

As at December 31, 2025, OPG has the following five reportable business segments:

- Regulated – Nuclear Generation;
- Regulated – Nuclear Sustainability Services;
- Regulated – Hydroelectric Generation;
- Contracted Hydroelectric and Other Generation; and
- Atura Power.

The identification of business segments is based on a combination of revenue mechanisms and the type of electricity generation or the nature of services provided. Given the differences of the reportable segments, each segment is

managed separately taking into account the distinct operational activities by type of electricity generation and services provided.

Regulated – Nuclear Generation Segment

The Regulated – Nuclear Generation business segment operates in Ontario, generating and selling electricity from the Darlington and Pickering nuclear generating stations, both owned and operated by OPG. The business segment also includes revenue under the terms of a long-term lease arrangement and associated agreements with Bruce Power related to the Bruce nuclear generating stations. This includes lease revenue, fees for nuclear waste management services and revenue from heavy water sales and detritiation services. The segment also earns revenue from regulated isotope sales contracts and from supplying ancillary services to the electricity system from the nuclear generating stations operated by OPG. Additionally, the segment includes project expenditures for the DNNP and the operating results of DNNP LP.

Regulated – Nuclear Sustainability Services Segment

OPG's Regulated – Nuclear Sustainability Services business segment reports the results of the Company's operations associated with the management of used nuclear fuel and L&ILW, the decommissioning of OPG's nuclear generating stations including the stations on lease to Bruce Power and other facilities, the management of the Nuclear Segregated Funds, and related activities including the inspection and maintenance of the used nuclear fuel and L&ILW storage facilities. Accordingly, accretion expense, which is the increase in the Nuclear Liabilities carried on the consolidated balance sheets in present value terms due to the passage of time, and earnings from the Nuclear Segregated Funds are reported under this segment.

As the nuclear generating stations operate over time, OPG incurs incremental costs related to used nuclear fuel and L&ILW, which increase the Nuclear Liabilities. OPG charges these incremental costs to current operations in the Regulated – Nuclear Generation business segment to reflect the cost of producing energy from the Darlington and Pickering nuclear generating stations and earning revenue under the Bruce Power lease arrangement and related agreements. Since the incremental costs increase the Nuclear Liabilities reported in the Regulated – Nuclear Sustainability Services business segment, OPG records an inter-segment charge between the Regulated – Nuclear Generation and the Regulated – Nuclear Sustainability Services business segments. The impact of the inter-segment charge is eliminated in the consolidated statements of income and balance sheets.

The Regulated – Nuclear Sustainability Services business segment is considered regulated because OPG's costs associated with the Nuclear Liabilities are included in the OEB's determination of regulated prices for electricity produced from the Darlington and Pickering nuclear generating stations.

Regulated – Hydroelectric Generation Segment

OPG's Regulated – Hydroelectric Generation business segment operates in Ontario, generating and selling electricity from most of the Company's hydroelectric generating stations. The business segment comprises the results of the 54 regulated hydroelectric generating stations located across a number of major river systems in the province. Additionally, the business segment includes revenues from supplying ancillary services to the electricity system and other revenues from OPG's regulated hydroelectric stations.

Contracted Hydroelectric and Other Generation Segment

The Contracted Hydroelectric and Other Generation business segment operates in Ontario and in the US, generating and selling electricity from the Company's non-regulated generating stations. The segment primarily includes generating facilities that operate under ESAs with the IESO. In Ontario, the current contracts for the thermal generating facilities are set to expire in 2029 and 2034, for the solar facility in 2039 and for the hydroelectric facilities over the 2059 to 2067 period.

The Contracted Hydroelectric and Other Generation business segment includes OPG's share of equity income from co-owned and minority-held non-regulated electricity generating facilities, and revenues from supplying ancillary services to the electricity system and other revenues from the stations included in the segment.

Effective January 9, 2026, upon the sale of Eagle Creek, the Company no longer has electricity generation operations or facilities in the United States. The Contracted Hydroelectric and Other Generation business segment comprises only contracted generating facilities in Ontario from that date.

Atura Power Segment

The Atura Power business segment operates in Ontario, generating and selling electricity from the Company's fleet of combined cycle generating stations. All of the generating facilities included in the segment operate under ESAs with the IESO. The current contracts for these generating facilities are set to expire over the 2029 to 2040 period. The segment also includes revenues from participation in the IESO's operating reserve markets and generation cost guarantee programs. Additionally, the segment includes Atura Power's expenditures on business development projects.

Measure of Profit or Loss and Segment Assets

The Company evaluates performance of its reportable segments based on segment income or loss from operations before interest and income taxes.

The accounting policies of the reportable segments are the same as those described in the summary of significant accounting policies in Note 3.

Chief Operating Decision Maker and Use of Reported Measures

The Company's Chief Operating Decision Maker (CODM) is comprised of the members of OPG's Enterprise Leadership Team. The CODM uses segment income or loss before interest and income taxes to assist in the allocation of resources (including employees, capital and financial resources). In addition, the CODM uses segment income or loss before interest and income taxes to assess performance of each segment by comparing results including variances with prior periods and other segments.

Service Fees

OM&A expenses of the regulated electricity generating business segments and the Contracted Hydroelectric and Other Generation business segment include a service fee for the use of certain shared PP&E and intangible assets held within the Other category. The service fee is recorded as an increase to revenue of the Other category, but is eliminated in the consolidated statements of income.

The service fees included in OM&A expenses by business segment for the years ended December 31 were as follows:

<i>(millions of dollars)</i>	2025	2024
Regulated – Nuclear Generation	85	77
Regulated – Hydroelectric Generation	19	16
Contracted Hydroelectric and Other Generation	8	7
	112	100

Segment Income (Loss) For the Year Ended December 31, 2025 <i>(millions of dollars)</i>	Regulated			Unregulated			Elimination	Total
	Nuclear Generation	Nuclear Sustainability Services	Hydroelectric Generation	Contracted Hydroelectric and Other Generation	Atura Power	Other		
Revenue	4,499	-	1,621	929	1,143	24	-	8,216
Leasing revenue	28	-	-	-	-	5	-	33
Other revenue	-	153	-	(7)	-	213	(253)	106
Total revenue	4,527	153	1,621	922	1,143	242	(253)	8,355
Fuel expense	343	-	347	112	619	-	-	1,421
Gross margin	4,184	153	1,274	810	524	242	(253)	6,934
Operations, maintenance and administration expenses	1,962	153	412	288	113	141	(253)	2,816
Depreciation and amortization expenses	782	-	267	148	135	81	-	1,413
Accretion on fixed asset removal and nuclear waste management liabilities	-	1,232	-	9	2	-	-	1,243
Earnings on nuclear fixed asset removal and nuclear waste management funds	-	(1,138)	-	-	-	-	-	(1,138)
Property taxes	27	-	1	18	2	1	-	49
Other losses (gains) ^{1,2}	14	-	20	457	2	(117)	-	376
Income (loss) before interest and income taxes	1,399	(94)	574	(110)	270	136	-	2,175
Net interest expense ²								194
Income before income taxes								1,981
Income tax expense								453
Net income								1,528

¹ Contracted Hydroelectric and Other Generation – a pre-tax loss of \$477 million was recognized in the fourth quarter of 2025 related to the sale of Eagle Creek.

² Other – Amounts primarily relate to fair value remeasurement of equity securities and other investments.

³ Further details on net interest expense can be found in Note 8.

Segment Income (Loss) For the Year Ended December 31, 2024 <i>(millions of dollars)</i>	Regulated			Unregulated			Elimination	Total
	Nuclear Generation	Nuclear Sustainability Services	Hydroelectric Generation	Contracted Hydroelectric and Other Generation	Atura Power	Other		
Revenue	3,770	-	1,571	803	871	18	-	7,033
Leasing revenue	28	-	-	-	-	6	-	34
Other revenue	-	185	-	12	-	186	(263)	120
Total revenue	3,798	185	1,571	815	871	210	(263)	7,187
Fuel expense	288	-	335	59	367	-	-	1,049
Gross margin	3,510	185	1,236	756	504	210	(263)	6,138
Operations, maintenance and administration expenses	2,469	185	416	307	98	106	(263)	3,318
Depreciation and amortization expenses	665	-	227	174	125	79	-	1,270
Accretion on fixed asset removal and nuclear waste management liabilities	-	1,210	-	9	2	-	-	1,221
Earnings on nuclear fixed asset removal and nuclear waste management funds	-	(1,102)	-	-	-	-	-	(1,102)
Property taxes	25	-	1	18	2	4	-	50
Other losses (gains) ¹	9	-	11	6	1	(8)	-	19
Income (loss) before interest and taxes	342	(108)	581	242	276	29	-	1,362
Net interest expense ²								186
Income before income taxes								1,176
Income tax expense								170
Net income								1,006

¹ A pre-tax loss totalling \$25 million was recognized in Regulated – Nuclear Generation, Regulated – Hydroelectric Generation and Other in connection with the OEB's decision and order during the second quarter of 2024 approving a settlement proposal on OPG's December 2023 application requesting disposition of regulatory account balances.

² Further details on net interest expense can be found in Note 8.

Selected Consolidated Balance Sheets Information as at December 31, 2025 <i>(millions of dollars)</i>	Regulated			Unregulated			Total
	Nuclear Generation	Nuclear Sustainability Services	Hydroelectric Generation	Contracted Hydroelectric and Other Generation ¹	Atura Power	Other	
Segment property, plant and equipment in-service, net	13,937	-	8,386	4,210	3,191	468	30,192
Segment construction in progress	6,445	-	757	57	989	240	8,488
Segment property, plant and equipment, net	20,382	-	9,143	4,267	4,180	708	38,680
Segment intangible assets in-service, net	54	-	2	4	88	152	300
Segment development in progress	8	-	1	-	-	42	51
Segment intangible assets, net	62	-	3	4	88	194	351
Segment fuel inventory	258	-	-	37	35	-	330
Segment materials and supplies							
Current	142	-	-	3	-	-	145
Long-term	383	-	-	2	-	-	385
Nuclear fixed asset removal and nuclear waste management funds (current and non-current portions)	-	22,817	-	-	-	-	22,817
Loan receivable from related party	-	-	-	-	-	899	899
Fixed asset removal and nuclear waste management liabilities	-	(26,395)	-	(161)	(56)	(53)	(26,665)

¹ The Contracted Hydroelectric and Other Generation segment excludes assets held for sale and liabilities associated with assets held for sale as a result of the classification of Eagle Creek as held for sale in the fourth quarter of 2025.

Selected Consolidated Balance Sheets Information as at December 31, 2024 <i>(millions of dollars)</i>	Regulated			Unregulated			Total
	Nuclear Generation	Nuclear Sustainability Services	Hydroelectric Generation	Contracted Hydroelectric and Other Generation	Atura Power	Other	
Segment property, plant and equipment in-service, net	14,046	-	8,189	6,322	3,033	224	31,814
Segment construction in progress	3,139	-	398	140	426	214	4,317
Segment property, plant and equipment, net	17,185	-	8,587	6,462	3,459	438	36,131
Segment intangible assets in-service, net	48	-	2	244	95	145	534
Segment development in progress	18	-	-	1	-	37	56
Segment intangible assets, net	66	-	2	245	95	182	590
Segment goodwill	-	-	-	230	-	-	230
Segment fuel inventory	231	-	-	39	27	-	297
Segment materials and supplies							
Current	142	-	-	3	-	-	145
Long-term	352	-	-	3	-	-	355
Nuclear fixed asset removal and nuclear waste management funds (current and non-current portions)	-	22,412	-	-	-	-	22,412
Loan receivable from related party	-	-	-	-	-	902	902
Fixed asset removal and nuclear waste management liabilities	-	(25,773)	-	(161)	(54)	(54)	(26,042)

Segment Capital Expenditure	Regulated			Unregulated			Total
	Nuclear Generation	Nuclear Sustainability Services	Hydroelectri Generation	Contracted Hydroelectric and Other Generation	Atura Power	Other	
<i>(millions of dollars)</i>							
Year ended December 31, 2025							
Investment in property, plant and equipment and intangible assets	3,781	-	755	150	850	324	5,860
Net change in accruals and other non-cash items							(309)
Investment in property, plant and equipment and intangible assets – cash flow							5,551
Year ended December 31, 2024							
Investment in property, plant and equipment and intangible assets	2,535	-	434	220	382	154	3,725
Net change in accruals and other non-cash items							(188)
Investment in property, plant and equipment and intangible assets – cash flow							3,537

20. RELATED PARTY TRANSACTIONS

Given that the Province owns all of the shares of OPG, related parties include the Province and other entities controlled by the Province.

The related party transactions summarized below include transactions with the Province and the principal successors to the former Ontario Hydro's integrated electricity business, including Hydro One Limited (Hydro One), the IESO and the OEFC. Transactions between OPG and related parties are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. As one of several wholly owned government business enterprises of the Province, OPG also has transactions in the normal course of business with various government ministries and organizations in Ontario that fall under the purview of the Province.

The related party transactions for the years ended December 31 were as follows:

<i>(millions of dollars)</i>	2025		2024	
	Income	Expense	Income	Expense
Hydro One				
Electricity sales	24	-	18	-
Services	-	12	-	9
Dividends	4	-	5	-
Province of Ontario				
Change in Decommissioning Segregated Fund amount due to Province ¹	-	811	-	1,137
Change in Used Fuel Segregated Fund amount due to Province ¹	-	1,063	-	1,459
Hydroelectric gross revenue charge	-	117	-	118
OEFC				
Hydroelectric gross revenue charge	-	219	-	223
Interest expense on long-term notes	-	87	-	88
Income taxes	-	548	-	377
Property taxes	-	14	-	13
IESO				
Electricity related revenue	7,698	-	6,473	-
Fair Hydro Trust				
Interest income	33	-	33	-
	7,759	2,871	6,529	3,424

¹ The Nuclear Segregated Funds are reported on the consolidated balance sheets net of amounts recognized as due to the Province in respect of any excess funding and, for the Used Fuel Segregated Fund, the Province's rate of return guarantee. As at December 31, 2025 and 2024, the Nuclear Segregated Funds were reported net of amounts due to the Province of \$12,110 million and \$10,236 million, respectively.

Balances between OPG and its related parties as at December 31 were as follows:

<i>(millions of dollars)</i>	2025	2024
Receivables from related parties		
Hydro One	3	3
IESO – Electricity related receivables	621	608
Fair Hydro Trust	4	4
Province of Ontario	-	1
Loan receivable		
Fair Hydro Trust	899	902
Accounts payable, accrued charges and other payables		
Hydro One	1	3
OEFC	91	85
Province of Ontario	7	10
Long-term debt (including current portion)		
Notes payable to OEFC	2,100	2,100

OPG may hold Province of Ontario bonds and treasury bills in the Nuclear Segregated Funds and the OPG registered pension plan. As at December 31, 2025, the Nuclear Segregated Funds held \$1,764 million of Province of Ontario bonds (2024 – \$1,740 million) and \$5 million of Province of Ontario treasury bills (2024 – \$8 million). As of December 31, 2025, the OPG registered pension plan held \$302 million of Province of Ontario bonds (2024 – \$327 million) and \$2 million of Province of Ontario treasury bills (2024 – \$9 million). These Province of Ontario bonds and treasury bills are publicly traded securities and are measured at fair value. OPG jointly oversees the investment management of the Nuclear Segregated Funds with the Province.

In addition, as at December 31, 2025, OPG held shares in Hydro One with a fair value of \$170 million (2024 – fair value of \$159 million).

21. NET CHANGES IN NON-CASH WORKING CAPITAL BALANCES

Years Ended December 31 <i>(millions of dollars)</i>	2025	2024
Receivables from related parties	(12)	15
Fuel inventory	(25)	3
Materials and supplies	6	(34)
Prepaid expenses	11	5
Other current assets	(35)	(32)
Accounts payable, accrued charges and other payables	599	(18)
Net changes in non-cash working capital balances	544	(61)

22. NON-CONTROLLING INTEREST

Lower Mattagami LP

LMLP is a limited partnership between OPG and Amisk-oo-Skow Finance Corporation, a corporation wholly owned by the Moose Cree First Nation. The principal business of the partnership is the development, construction, ownership, operation and maintenance of 490 megawatts (MW) of hydroelectric generating capacity on the Lower Mattagami River located in Ontario, which includes generating units at Smoky Falls, Little Long, Harmon and Kipling hydroelectric generating stations. OPG owns approximately 75 percent of the equity interest in LMLP. OPG consolidates the results of LMLP in its consolidated financial statements and reports the equity interest of the other partner as non-controlling interest.

PSS Generating Station LP

PSS is a limited partnership between OPG and a corporation wholly owned by the Taykwa Tagamou Nation. The principal business of the partnership is the development, construction, ownership, operation and maintenance of the 28 MW Peter Sutherland Sr. hydroelectric GS on the New Post Creek located in Ontario. OPG owns approximately 67 percent of the equity interest in PSS. OPG consolidates the results of PSS in its consolidated financial statements and reports the equity interest of the other partner as non-controlling interest.

Nanticoke Solar LP

Nanticoke Solar LP (NSLP) is a partnership between OPG, a corporation wholly owned by the Six Nations of the Grand River Development Corporation, and the Mississaugas of the Credit First Nation. The partnership operates a 44 MW solar facility at OPG's Nanticoke site and adjacent lands located in Ontario. OPG owns 80 percent of the equity interest in NSLP. OPG consolidates the results of NSLP in its consolidated financial statements and reports the equity interest of the other partners as non-controlling interest.

Napanee BESS Inc. and Atura Hydrogen Inc.

In 2023, the Company, through Atura Power, entered into partnerships with Ameresco BESS Holdings Inc., a subsidiary of Ameresco Inc., to undertake projects to build a battery energy storage system (BESS) and hydrogen production facilities. As part of these partnerships, OPG owns approximately 90 percent of the voting interest in Napanee BESS Inc., which is undertaking the project to build a 250 MW four-hour BESS at the Napanee GS site under a long-term agreement with the IESO, and owns 89 percent of the voting interest in Atura Hydrogen Inc., which is developing the Niagara Hydrogen Centre, a large-scale low-carbon hydrogen production facility in Niagara Falls, Ontario. OPG consolidates the results of Napanee BESS Inc. and Atura Hydrogen Inc. in its consolidated financial statements and reports the equity interests of the other partners as non-controlling interest.

23. ASSETS HELD FOR SALE

In October 2025, OPG entered into an agreement to sell Eagle Creek. Subsequent to December 31, 2025, on January 9, 2026, OPG completed the sale of Eagle Creek for consideration of USD \$1.48 billion (C\$2.05 billion) inclusive of debt to be assumed by the buyer and other closing adjustments.

The assets and liabilities of Eagle Creek were classified as held for sale in the fourth quarter of 2025.

Eagle Creek's held for sale assets include a pre-tax loss of \$477 million. The loss was recorded to write down the carrying amounts of goodwill and intangible assets as of December 31, 2025. No adjustments were made to the historical activity within the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of cash flows or the consolidated statements of changes in shareholder's equity.

The following table presents the carrying values of the major classes of assets held for sale and liabilities associated with assets held for sale included in OPG's consolidated balance sheets as at December 31, 2025:

As at December 31 <i>(millions of dollars)</i>	2025
Assets held for sale	
Cash, cash equivalents and restricted cash	77
Other current assets	34
Property, plant and equipment, net	2,047
Intangible assets, net and other non-current assets	164
Total assets held for sale	2,322
Liabilities associated with assets held for sale	
Accounts payable and other current liabilities	32
Debt	296
Other liabilities	239
Total liabilities held for sale	567