

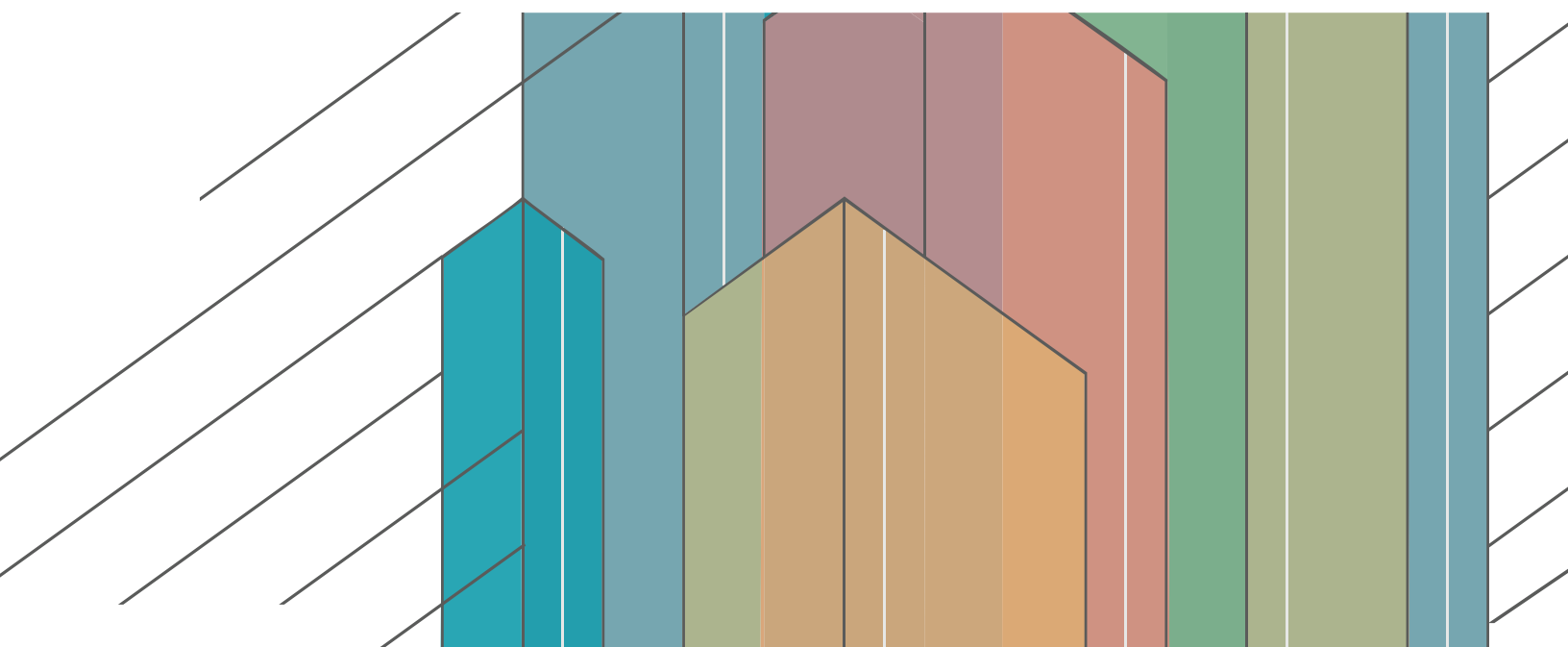
Financial Statements of Nova Scotia Pension Services Corporation

Year ended March 31, 2026

Contents

Financial Statements

Balance Sheet	4
Statement of Earnings and Retained Earnings	5
Statement of Cash Flows	6
Notes to Financial Statements	7





KPMG LLP
Purdy's Wharf Tower One
1959 Upper Water Street, Suite 1000
Halifax, NS B3J 3N2
Canada
Tel 902 492 6000
Fax 902 492 1307

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Nova Scotia Pension Services Corporation

Opinion

We have audited the financial statements of Nova Scotia Pension Services Corporation (the Entity), which comprise:

- the balance sheet as at March 31, 2026
- the earnings and retained earnings for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2026, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises.

Basis for Opinion

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

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

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



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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also:

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

Chartered Professional Accountants

Halifax, Canada

June 24, 2026

Financial Statements

Balance Sheet

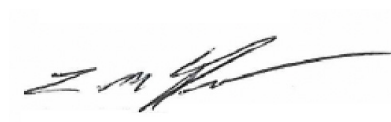
Year ended March 31, 2026, with comparative information for 2025	2026	2025
Assets		
Current assets:		
Cash	\$ 1,500,750	\$ 2,737,257
Accounts receivable (note 2)	4,462,291	3,482,608
Prepaid expenses	575,728	523,606
	6,538,769	6,743,471
Fixed assets (note 3)	1,409,585	1,783,726
Intangible assets (note 3)	82,370	-
	\$ 8,030,724	\$ 8,527,197
Liabilities and shareholders' equity		
Current liabilities:		
Accounts payable and accrued liabilities (note 4)	\$ 4,071,821	\$ 4,686,191
	4,071,821	4,686,191
Lease inducement (note 7)	592,353	692,469
Future benefits liability (note 6)	3,366,550	3,148,537
	3,958,903	3,841,006
Shareholders' equity:		
Common shares (note 9)	-	-
	-	-
Commitments (note 11)		
	\$ 8,030,724	\$ 8,527,197

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

On behalf of the Board:



John Rogers, Co-chair



Leo McKenna, Co-chair

Financial Statements

Statement of Earnings and Retained Earnings

Year ended March 31, 2026, with comparative information for 2025	2026	2025
Revenue (note 10)	18,992,072	17,368,765
Total increase in assets	18,992,072	17,368,765
Expenses:		
Salaries and benefits	12,266,782	11,180,778
Office and administration	4,157,325	3,279,607
Investment services	920,151	933,612
Professional services	537,404	840,425
Office lease	715,892	696,337
Amortization	394,510	436,389
Impairment loss on disposal of fixed assets	-	1,112
Interest	8	505
Total decrease in assets	18,992,072	17,368,765
Net earnings, being retained earnings, end of year	\$ -	\$ -

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

Financial Statements

Statement of Cash Flows

Year ended March 31, 2026, with comparative information for 2025	2026	2025
Cash flows from operating activities:		
Net earnings	\$ -	\$ -
Items not involving cash:		
Amortization	394,510	436,389
Impairment loss on disposal of fixed assets	-	1,112
Lease inducement	(100,116)	(100,116)
Change in non-cash operating working capital:		
(Increase) decrease in accounts receivable	(979,683)	119,936
Increase in prepaid expenses	(52,122)	(83,970)
(Decrease) increase in accounts payable and accrued liabilities	(614,370)	1,059,756
Increase in future benefits liability	218,013	115,423
Net cash provided by operating activities	(1,133,768)	1,548,530
Cash flows from investing activities:		
Purchase of fixed assets	(20,369)	(137,909)
Purchase of intangible assets	(82,370)	-
Net cash used in investing activities	(102,739)	(137,909)
(Decrease) increase in cash	(1,236,507)	1,410,621
Cash, beginning of year	2,737,257	1,326,636
Cash, end of year	\$ 1,500,750	\$ 2,737,257

See accompanying notes to financial statements.

Notes to Financial Statements

Year ended March 31, 2026

Nova Scotia Pension Services Corporation (“NS Pension”) is a private enterprise, incorporated on April 1, 2013 under the laws of Nova Scotia under *Bill No. 17 (Financial Measures Act (2012))* dated April 12, 2012).

Under the *Nova Scotia Pension Services Corporation Act* (the “Act”), NS Pension was devolved from the Nova Scotia Pension Agency, a government agency of the Province of Nova Scotia. NS Pension has issued an equal number of shares to the Teachers’ Pension Plan Trustee Inc. and the Public Service Superannuation Plan Trustee Inc. All assets, liabilities, and obligations of the Nova Scotia Pension Agency as at March 31, 2013 were transferred to NS Pension on April 1, 2013.

The purpose of NS Pension is to provide pension administration and investment services for the Public Service Superannuation Plan and Teachers’ Pension Plan, Ancillary Plans of the Province of Nova Scotia (Sydney Steel Corporation Superannuation Fund, Members’ Retiring Allowances Plan and Members’ Supplementary Retiring Allowances Plan established under the *Members’ Retiring Allowances Act*, Deputy Ministers’ Supplemental Pension as set out in the *Public Service Act*, Judges’ Supplemental Pension as set out in the *Provincial Court Act*, and Supplemental Employee Retirement Plan pursuant to the *Public Service Superannuation Act* and the *Teachers’ Pension Plan Act*) and any other pension plan or arrangement that retains the services of NS Pension and is approved by the Board of Directors (“the clients”).

NS Pension operates on a cost recovery basis as provided for in the Act. NS Pension is a not-for-profit organization and, as such, is exempt from income taxes, provided certain requirements of the *Income Tax Act* are met.

1.

Significant accounting policies

a. Basis of presentation

NS Pension’s financial statements are prepared in accordance with Part II – Accounting Standards for Private Enterprises of the Professional Accountants (“CPA”) Canada Handbook.

b. Fixed assets

Fixed assets are stated at cost, less accumulated amortization. Amortization is provided using the following methods and annual rates:

Computer hardware	Straight-line	2-5 years
Furniture	Straight-line	5 years
Leasehold improvements	Straight-line	Lease term

The carrying amount of an item of fixed assets is tested for recoverability whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized when the asset’s carrying amount is not recoverable and exceeds its fair value.

Significant accounting policies (continued)

c. Intangible assets

Intangible assets represent deferred development costs related to corporate systems. Development activities are recognized as an asset provided they meet the capitalization criteria, which include NS Pension's ability to demonstrate: technical feasibility of completing the intangible asset so that it will be available for use or sale; NS Pension's intention to complete the asset for use; NS Pension's ability to use the asset; the adequacy of NS Pension's resources to complete the development; NS Pension's ability to measure reliably the expenditures during the development; and NS Pension's ability to demonstrate that the asset will generate future economic benefits. Development expenditures that do not meet the capitalization criteria and expenditures for research activities are expensed as incurred. Intangible assets are measured at cost less accumulated amortization and are amortized on a straight-line basis over their useful lives of 5 years.

The amortization of project costs related to corporate systems commences upon completion of the systems. As the assets are amortized, an amount equal to the amortization will be charged back to the clients using those systems.

The basis to account for internally generated intangible asset costs is the aggregation of all intangible costs that can be directly identified as being part of the production of the asset. These costs include the salary costs of specific employees based on their time spent working on project-related tasks.

d. Employee future benefits

NS Pension has an obligation to provide future benefits to its employees in respect of post-retirement health benefits, public service awards and a supplemental employee retirement plan. The benefits are based on years of service and final average salary.

Post-retirement health benefits are available to all retirees whereas the public service award is only available to bargaining unit employees. The supplemental employee retirement plan benefits are based on years of service and salary level – being available only to employees above a defined salary. NS Pension accrues its obligations under the benefit plans as the employees render the services necessary to earn the benefits on an annual basis.

The obligation at the end of the year is determined based on the most recent actuarial valuation report prepared for accounting purposes. The measurement date of the obligation coincides with NS Pension's fiscal year-end. The date of the most recent actuarial valuation of the obligation prepared for accounting purposes is March 31, 2025, including extrapolations to March 31, 2026, 2027, and 2028.

e. Revenue recognition

Revenue is recognized when services are provided and the customer assumes risk of loss, collection of the relevant receivable is probable, persuasive evidence of an arrangement exists and the sales price is fixed or determinable.

Significant accounting policies (continued)

f. Expense allocation

The net operating costs, amortization and income are charged to clients based on the clients' usage rate of the services provided by NS Pension. Wherever practical, these costs are matched to the client based on their use of specific services.

g. Financial instruments

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently measured at cost or amortized cost unless management has elected to carry the instruments at fair value. NS Pension has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs. These costs are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, NS Pension determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount NS Pension expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial impairment charge.

h. Related party transactions

Monetary related party transactions and non-monetary related party transactions that have commercial substance are measured at the exchange amount when they are in the normal course of business, except when the transaction is an exchange of a product or property held for sale in the normal course of operations. Where the transaction is not in the normal course of operations, it is measured at the exchange amount when there is a substantive change in the ownership of the item transferred and there is independent evidence of the exchange amount.

All other related party transactions are measured at the carrying amount.

i. Use of estimates

The preparation of NS Pension's financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Significant items subject to such estimates and assumptions include the assumptions used in measuring the future benefits liability. Actual results could differ from those estimates made.

2. Accounts receivable

The following amounts were due to NS Pension as at March 31, 2026:

	2026	2025
Public Service Superannuation Plan	\$ 3,045,849	\$ 2,068,513
Teachers' Pension Plan	1,392,405	1,410,361
Province of Nova Scotia	-	1,242
Other	24,037	2,492
	\$ 4,462,291	\$ 3,482,608

3. Fixed and intangible assets

2026	Cost	Accumulated amortization	Net book value
Fixed assets:			
Computer hardware	\$ 504,586	\$ (410,711)	\$ 93,875
Furniture	503,641	(397,052)	106,589
Leasehold Improvements	2,021,586	(812,465)	1,209,121
	3,029,813	(1,620,228)	1,409,585
Intangible assets:			
Systems	6,190,542	(6,108,172)	82,370
	6,190,542	(6,108,172)	82,370
Total	\$ 9,220,355	\$ (7,728,400)	\$ 1,491,955

2025	Cost	Accumulated amortization	Net book value
Fixed assets:			
Computer hardware	\$ 648,928	\$ (446,966)	\$ 201,962
Furniture	519,305	(326,417)	192,888
Leasehold Improvements	1,999,136	(610,260)	1,388,876
	3,167,369	(1,383,643)	1,783,726
Intangible assets:			
Systems	6,108,172	(6,108,172)	-
	6,108,172	(6,108,172)	-
Total	\$ 9,275,541	\$ (7,491,815)	\$ 1,783,726

4. Accounts payable and accrued liabilities

	2026	2025
Accounts payable and accrued liabilities	\$ 3,733,505	\$ 4,293,981
Harmonized sales tax payable	338,316	392,210
	\$ 4,071,821	\$ 4,686,191

5. Related party transactions

a. Public Service Superannuation Plan Trustee Inc. as trustee of Public Service Superannuation Plan

NS Pension entered into an agreement with the Public Service Superannuation Plan Trustee Inc. on April 1, 2013, to provide pension and investment services to the Public Service Superannuation Plan. The amount charged to the Public Service Superannuation Plan for the year ended March 31, 2026, was \$10,644,120 (2025 - \$9,546,128) (note 10). As at March 31, 2026, NS Pension has a receivable of \$3,045,849 (2025 - \$2,068,513) from the Public Service Superannuation Plan for services provided (note 2).

NS Pension is a contributing employer, and its employees are members of the Public Service Superannuation Plan. During the year, NS Pension made contributions of \$767,849 (2025 - \$711,050) to the plan (note 8).

b. Teachers' Pension Plan Trustee Inc. as trustee of Teachers' Pension Plan

NS Pension entered into an agreement with the Teachers' Pension Plan Trustee Inc. on April 1, 2013, to provide pension and investment services to the Teachers' Pension Plan. The amount charged to the Teachers' Pension Plan for the year ended March 31, 2026, was \$7,991,319 (2025 - \$7,550,481) (note 10). As at March 31, 2026, NS Pension has a receivable of \$1,392,405 (2025 - \$1,410,361) from the Teachers' Pension Plan for services provided (note 2).

c. Premises

NS Pension bases its operations in Purdy's Wharf, Tower II. The building is partially owned by both PSS Investments I Inc., a related subsidiary of the Public Service Superannuation Plan, and TPP Investments I Inc., a related subsidiary of the Teachers' Pension Plan. Employees of NS Pension serve as directors of both PSS Investments I Inc. and TPP Investments I Inc. The lease amount paid to the landlord for the year was \$715,892 (2025 - \$696,337).

Related party transactions (continued)

d. Province of Nova Scotia

During the year, the Province of Nova Scotia provided services to NS Pension and its clients. The significant related party purchases from the Province of Nova Scotia were as follows:

	2026	2025
Payroll services	\$ 132,311	\$ 225,000
Other	5,465	61
	\$ 137,776	\$ 225,061

The amount due to the Province of Nova Scotia as at March 31, 2026 for services provided to NS Pension was \$nil (2025 - \$225,000).

The Province of Nova Scotia, NS Pension's payroll service provider, pays amounts to NS Pension's staff and retirees, and recovers the gross payroll, premiums for post-retirement benefits in-pay, and supplementary retirement benefits in-pay from NS Pension. The amount due to the Province of Nova Scotia as at March 31, 2026 for recovery was \$897,789 (2025 - \$1,585,564).

During the year, NS Pension provided pension administration services to the Province of Nova Scotia and its Ancillary Plans. The significant related party purchases by the Province of Nova Scotia were as follows:

Services provided to the Province of Nova Scotia:	2026	2025
Members' Retiring Allowances Act Plans	\$ 156,693	\$ 130,000
Sydney Steel Corporation Superannuation Fund	147,502	100,000
Other Ancillary Plans and services	47,605	41,815
	\$ 351,800	\$ 217,815

The amount due to NS Pension for services provided to the Province of Nova Scotia as at March 31, 2026 was \$nil (2025 - \$1,242).

In all cases the measurement basis of related party transactions has been the value of cash received or paid between parties and the value of invoices raised for services between parties.

e. NS Pension Master Trust Funds

NS Pension has entered a master trust agreement as investment manager, the custodian as trustee and administrator, and the Public Service Superannuation Plan Trustee Inc. and the Teachers' Pension Plan Trustee Inc. as participants, to create unitized pooled master trust funds to pool assets and provide investment income to the participants. Investment income is allocated pro-rata to each participant at each valuation date. Certain expenses including custody fees, trustee fees, legal fees, and administration expenses are paid by NS Pension for operational efficiency, and rebilled pro-rata to the participants as incurred, at the last valuation participant rate.

Related party transactions (continued)

	2026	2025
NS Pension Public Equity Fund	\$ 3,213,744,450	\$ -
NS Pension Fixed Income Fund	2,895,501,471	-
NS Pension Infrastructure Fund	2,053,219,509	-
NS Pension Natural Resources Fund	365,681,094	-
NS Pension Private Equity Fund	291,357,116	203,098,354
	\$ 8,819,503,640	\$ 203,098,354

6.

Future benefits liability

Upon retirement, employees of NS Pension will receive post-retirement health benefits, and where eligible, the Public Service Award and benefits under a Supplemental Employee Retirement Plan. The future benefits liability of NS Pension was calculated as at March 31, 2025, and extrapolated to March 31, 2026, under Section 3463 of Part III of the CPA Canada Handbook – Accounting by Eckler Limited. In determining liabilities under CPA 3463, the method required is the projected unit credit method prorated on services (i.e. benefits are projected with salary increases to retirement and then prorated based on service).

	2026	2025
Discount rate	4.70% per annum	4.70% per annum
Salary	2.50% per annum plus merit (under age 30 - 2% per annum, age 30 to 45 - 1.5% to 0.5% per annum, age 45 plus - 0.0% per annum)	2.50% per annum plus merit (under age 30 - 2% per annum, age 30 to 45 - 1.5% to 0.5% per annum, age 45 plus - 0.0% per annum)
Retirement age	• 10% at age 59 • 20% at age 60 • 10% at age 61-64 • 50% at age 65-69 • 100% at age 70 However, 20% each year on or after earliest unreduced retirement date, if greater; plus an additional 40% at 35 years of service	• 10% at age 59 • 20% at age 60 • 10% at age 61-64 • 50% at age 65-69 • 100% at age 70 However, 20% each year on or after earliest unreduced retirement date, if greater; plus an additional 40% at 35 years of service
Mortality	120% of Canadian Public Sector Mortality Table with future mortality improvements in accordance with Scale B	120% of Canadian Public Sector Mortality Table with future mortality improvements in accordance with Scale B
<i>Income Tax Act</i> maximum pension	\$3,756.67 per year of service in 2025, increasing at 2.50% per annum after 2025	\$3,756.67 per year of service in 2025, increasing at 2.50% per annum after 2025

Future benefits liability (continued)

The future benefits liability as at March 31, 2026 is calculated as follows:

	2026	2025
Supplemental Employee Retirement Plan	\$ 2,281,579	\$ 2,094,770
Post-retirement health benefits	1,084,971	1,009,575
Public Service Award	-	44,192
	\$ 3,366,550	\$ 3,148,537

7.

Lease inducement

Effective March 1, 2022, lease extension and amending agreements were signed by NS Pension and its landlord, reflecting a change in office location from Purdy's Landing to Purdy's Wharf, Tower II for a 10-year term ending February 29, 2032. The landlord paid NS Pension a one-time contribution of \$1,001,160 towards the final cost of the initial leasehold improvements for the new office location. The lease inducement is accounted for as a reduction of the monthly office lease expense on a straight-line basis over the lease term. At March 31, 2026, the remaining lease inducement is \$592,353 (2025 - \$692,469) which is recorded as a liability on the balance sheet.

8.

Employee pension plan

Permanent employees of NS Pension participate in the Public Service Superannuation Plan (the "Plan"), a contributory defined benefit pension plan, which provides pension benefits based on length of service and earnings.

Contributions to the Plan are required by both the employees and the employer. NS Pension's contributions range from 8.4% to 10.9% of an employee's salary. Total employer contributions for 2026 were \$767,849 (2025 - \$711,050) and are recognized in salaries and benefits expense in the Statement of Earnings and Retained Earnings.

NS Pension is not responsible for any under-funded liability, nor does NS Pension have access to any surplus that may arise in this Plan.

9.

Share capital

The share capital of NS Pension is 100,000 common shares of one class without par value. The shares do not carry a dividend; they are not redeemable and are not convertible. On April 1, 2013, 100 shares were issued, 50 to the Public Service Superannuation Plan Trustee Inc. and 50 to the Teachers' Pension Plan Trustee Inc. at \$nil value.

10.

Revenue

Revenue is as follows:

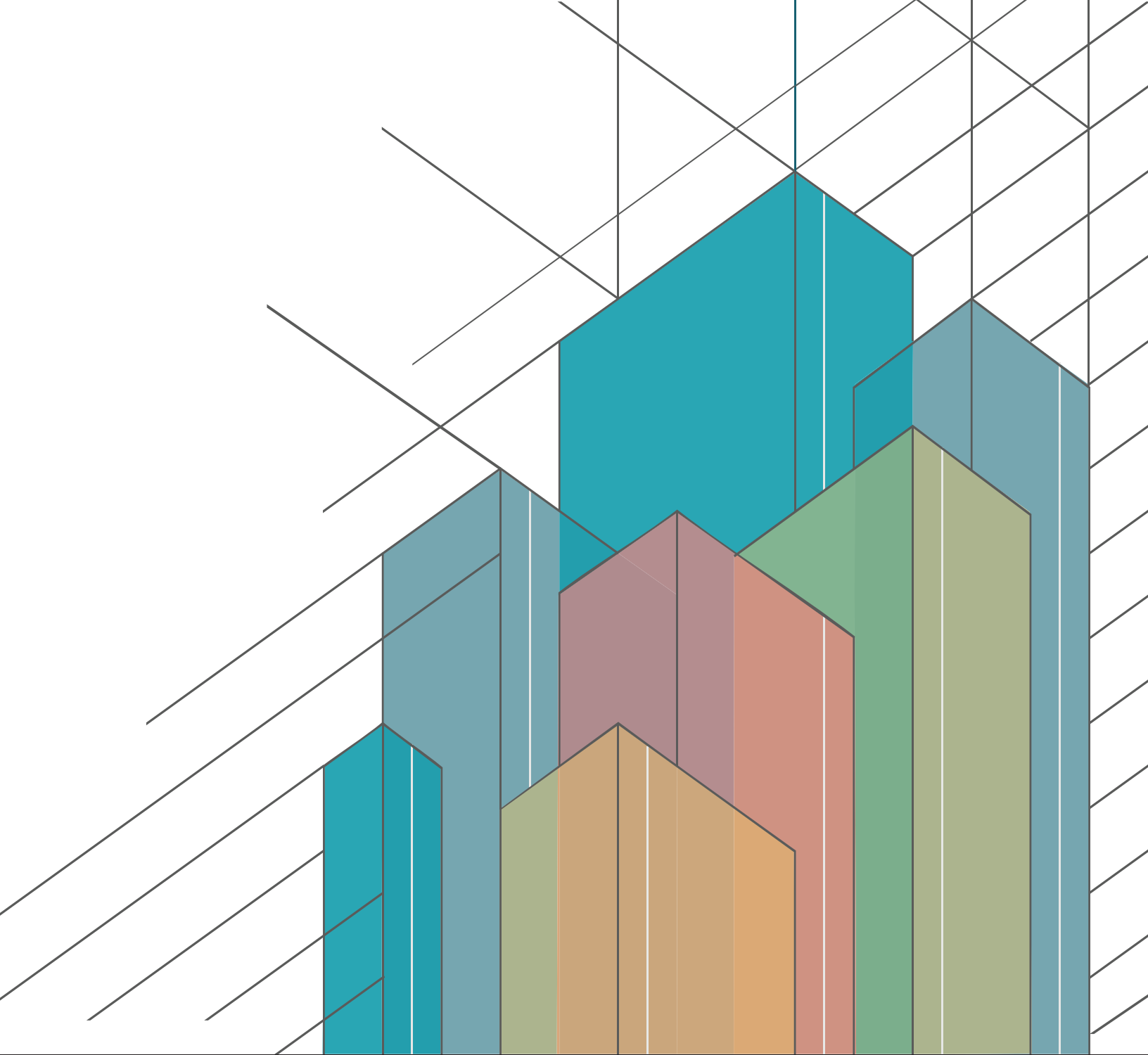
	2026	2025
Public Service Superannuation Plan	\$ 10,644,120	\$ 9,546,129
Teachers' Pension Plan	7,991,319	7,550,481
Province of Nova Scotia:		
Members' Retiring Allowances Act Plans	156,693	130,000
Sydney Steel Corporation Superannuation Fund	147,502	100,000
Other Ancillary Plans and services	47,605	41,815
Other	4,833	340
	\$ 18,992,072	\$ 17,368,765

11.

Commitments

As at March 31, 2026, NS Pension was contractually obligated under various operating and occupancy leases. Future minimum annual lease payments over the next five years are as follows:

2027	\$ 1,420,068
2028	1,726,115
2029	1,647,874
2030	1,401,833
2031	1,429,297



 1-800-774-5070 (toll free)
902-424-5070

 Purdy's Wharf, Suite 700
1969 Upper Water Street
Halifax, NS B3J 3R7

 info@nspension.ca

 PO Box 371
Halifax NS B3J 2P8

 www.novascotiapension.ca