WCB / NOVA SCOTIA

Annual Report | 2025

Strategic
Accountable
Proactive

This is WCB now.

Contents

Land Acknowledgement

At WCB, we acknowledge that we are in Mi'kma'ki, the traditional unceded and current territory of the Mi'kmaq. We are all treaty people who benefit greatly from the shared resources of this land, covered by the treaties of Peace and Friendship. As the province's provider of workplace injury insurance, we are grateful to work on this land. We are committed to building trusted relationships with Indigenous peoples — to learn about their community, to better understand their history from their perspectives, and to help us provide exceptional service to all Nova Scotians, as we work toward reconciliation and equity within our community.

*Cover photo: WCB has changed for the better and it's our people who help lead that progress. Case work excellence specialist **Haley King** and adjudicator **Emmerie Parsons** are among our dedicated WCB team focused on delivering better outcomes for the people who count on us.*

***Britlee Harnish**, an accountant from our Finance team, chats with business analyst **Nazeema Askar** in our new office.*

In 2025, WCB Nova Scotia (WCB) moved into our new head office in Dartmouth, a space thoughtfully designed to support employees in serving workers, employers, and communities. With inclusive features like multilingual signage in English, French, Mi'kmaq, and Gaelic, the workplace reflects our commitment to accessibility, belonging, and creating an environment where everyone feels seen and supported.

Message from the Chair

A Foundation that will Serve Nova Scotians for Generations

Serving Nova Scotians and fulfilling the promises we made to workers and employers across this province has been one of the greatest privileges of my professional life.

As I complete my tenure as Chair of the Board of Directors, I reflect with great pride on a journey that transformed not only an organization but the future of workers' compensation in Nova Scotia.

Our progress in recent years is more than operational; it is a long-term transformation that will serve Nova Scotians for decades.

When I joined the Board, the system was improving but remained financially fragile. Benefits for workers injured on the job were among the lowest in Canada, while employer rates were among the highest. Confidence in the future was uncertain, and meaningful reform required courage, discipline, and a shared commitment to change.

Together, this Board established a clear long-term strategic vision: Protect More.

That vision became the foundation for one of our organization's most significant transformations. More importantly, we recognized that long-term success required transparency, accountability, measurable outcomes, and public trust. A strategic plan, supported by clear public KPIs, became central. These measures drove performance, maintained focus, and ensured accountability to the workers and employers we serve.

In 2025, the impact of this work became undeniable. Performance improved across almost every measure. Fewer workers were injured. When they were, more were supported back to work sooner and safely. Together, we returned more than 83,000 working days to the Nova Scotia workforce — days spent caring for families, supporting communities, building infrastructure, and strengthening our economy.

These achievements were realized while serving approximately three-quarters of Nova Scotia's workforce. Imagine the possibilities if, one day, every working Nova Scotian and every employer could benefit from this system and its progress.

Last year also marked a historic milestone, as we stood alongside Government to announce both meaningful benefit improvements for workers, and the first employer rate reduction in a generation.

The rate reduction alone will return approximately $75 million to the Nova Scotia economy, helping businesses invest, grow, and create opportunities across our province. At the same time, injured workers will see the restoration of 100 per cent cost-of-living indexing on benefits — a meaningful step forward in fairness, dignity, and long-term support for those impacted by workplace injury. The introduction of the new Duty to Cooperate legislation further strengthened accountability across the system. It reinforced the shared responsibility among workers, employers, healthcare providers, and WCB to support recovery connected to work.

We are deeply grateful for Government's partnership, leadership, and commitment to reform, and I remain hopeful that even more progress will continue in the years ahead.

Yet despite all the advancements we celebrate, we are reminded daily why this work matters so deeply.
In 2025, 22 Nova Scotians lost their lives at work, or because their work. Every loss is devastating. Every family forever changed strengthens our collective resolve.
We are committed to building safer workplaces and stronger prevention systems across our province. For those families — and every Nova Scotian going to work — we keep striving to build something better.

I would also like to recognize Karen Adams and her executive leadership team for their dedication and unwavering commitment to executing the strategic plan with excellence. Their leadership continues to move this organization forward along the strategic path established together with the Board of Directors.

I am also grateful to my fellow Board members. Their perspectives, integrity, and commitment reflected the lived realities of both workers and employers across Nova Scotia. Their counsel, conviction, and collaboration have been invaluable throughout this journey.

Today, I leave this role with immense pride and optimism.

Together, we helped move Nova Scotia from one of the lowest-performing workers' compensation systems in Canada to one of the strongest and most respected jurisdictions.

I believe Nova Scotia is well on its way to becoming a model others will look to for inspiration and leadership. Most importantly, we have built a strong foundation rooted in long-term strategy, accountability, prevention, sustainability, and compassion. This is not temporary progress. It is a lasting legacy that will continue serving workers, employers, and communities across Nova Scotia for generations.

I pass this responsibility forward confident in our strong foundation, clear direction, and capable successors. To the workers and employers of Nova Scotia: thank you for allowing me the privilege of serving you. The promise of Protect More is being fulfilled. The future is bright, and this work — and the people behind it — will always remain close to my heart.

As I bid farewell, I am filled with hope and pride for all that has been achieved and for all that lies ahead. Let us never forget the lives that have been changed and the difference we have made together.

Saeed El-Darahali, ONS, MBA, Bsc, CHR

Mr. El-Darahali is a member of the Order of Nova Scotia and has been inducted as a Paul Harris Fellow.

A legacy of change:

Farewell to our Board Chair

When Saeed El-Darahali joined WCB's Board of Directors in 2021, he brought a simple but powerful idea with him: WCB could do better, and it should. Our ability to redefine what WCB means to the people we serve would come down to stricter accountability, better service, and a more sustainable system.

That thinking helped shape **WCB's Protect More Strategic Plan**, an ambitious seven-year roadmap focused on building safer workplaces, improving recovery at work, and creating a workers' compensation system that's more responsive to workers and employers across Nova Scotia.

WCB is different now, with real results that reflect Saeed's push as Chair to do things differently. Under his leadership, WCB has reached its strongest financial position in history, creating room to improve services, support expanded benefits, and make WCB's first employer rate cut in decades possible.

Supported by a dedicated and dynamic Board of Directors, Saeed helped lead a period of real momentum for WCB that has delivered better results for Nova Scotians.

As his term as Board Chair comes to an end, we want to thank him for his leadership and years of dedication to the system and the employers and workers of Nova Scotia. His impact will be felt for years to come.

Board of Directors

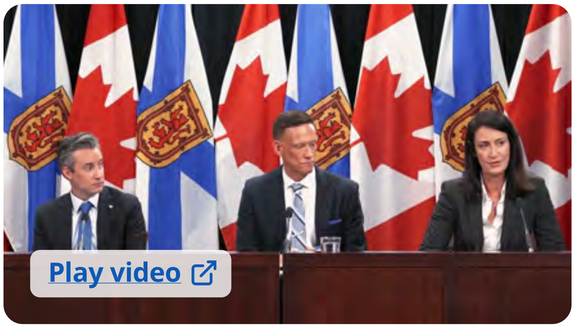
Our governance model is based in balance. Our Board of Directors includes four employer and four worker representatives, along with a Chair and Deputy Chair. The Board of Directors is responsible for representing diverse viewpoints while considering the interests of WCB and the system overall. It is their direction, guidance, and vision which has led to the **Protect More Strategic Plan 2024-2030**, and the transformative changes to our organization and the workers' compensation system.

*Front (L-R): **Saeed El-Darahali**, Board Chair; **Heather Cruickshanks**, Employer Representative; **Blair Richards**, Worker Representative. Back (L-R): **Robert Patzelt**, Deputy Chair; **Steve Ashton**, Employer Representative; **Janet Hazelton**, Worker Representative; **Tim McInnis**, Worker Representative; **Stacia Gunn**, Employer Representative. Not pictured: **Angus Bonnyman**, Employer Representative; **Jenna Brookfield**, Worker Representative.*

The Board of Directors regularly connects with workers and employers across the province to share progress on our strategic plan and gather input on how to strengthen the system. These conversations help ensure the workers' compensation system continues to reflect the needs and priorities of the people it serves.

*Pictured left: Board members **Stacia Gunn** and **Jenna Brookfield** connect with those we serve.*

Year at a Glance



In 2025, operational improvements and strong financial management created a stronger, more sustainable system. The improvements we are making have set the stage for balanced improvements in 2027 — the first rate cut in a generation and better benefits for workers and their families.

(Dollars amounts in millions)	**2025**	2024
Number of Covered Employers (Assessed and Self-insured)	**20,300**	20,300
Percentage of Labour Force Covered (Assessed and Self-insured)	**76**	73
Number of Claims Registered	**20,173**	20,186
Number of Compensable Time-Loss Claims Registered	**4,834**	5,250
Injury Rate: Time-Loss Claims per 100 Covered Workers	**1.21**	1.38
Targeted Average Assessment Rate (per $100 of assessable payroll)	**$ 2.65**	$ 2.65
Actual Average Assessement Rate	**$ 2.65**	$ 2.63
Assessable Payroll (billions)	**$ 17.5**	$ 16.5
Insurance Revenue (Assessed Employers)	**$ 467.7**	$432.7
Other Contribution - Province of Nova Scotia	**$ 2.2**	$ 4.4
Other Revenue (Self-insured Administration Fees)	**$ 10.1**	$ 9.4
Investment Income	**$ 260.4**	$312.7
Administration Costs	**$ 103.5**	$ 78.8
Legislated Obligations	**$ 23.6**	$ 21.9
Claims Costs Incurred	**$ 275.6**	$277.6
Discount Rate Changes Gain (Loss)	**$ 43.1**	$(20.5)
Comprehensive Income	**$ 320.1**	$290.4
Comprehensive Income - Funding basis	**$ 285.7**	$313.1
Assets (billions)	**$ 3.2**	$ 2.8
Liabilities (billions)	**$ 2.8**	$ 2.8
Percentage Funded Ratio - Financial Statement	**112.6%**	101.1%
Percentage Funded Ratio - Funding Basis	**117.1%**	106.7%
One-year Investments Returns	**9.8%**	12.9%

Balanced Scorecard

PREVENTION	Actual 2024	Target 2025	Actual 2025	Target 2030
Time-loss injuries per 100 covered workers	1.38	1.36	**1.21**	1.15
Prevention improvement plans for system impact employers	n/a	100%	**100%**	n/a
RETURN TO WORK				
Time-loss days per 100 covered workers	269	223	**226**	167
Return to work - within 90 days	67%	71%	**78%**	80%
Return to work - full and partial	77.6%	93.5% / 3.5%	**96.4% / 2.1%**	94.5% / 3.5%
EXCEPTIONAL SERVICE				
First contact in 2 days	77%	75%	**92%**	80%
Entitlement decision in 7 days	65%	75%	**79%**	80%
First payment within 15 days	64%	75%	**75%**	80%
System uptime	n/a	99.50%	**99.9%**	99.5%

We protect the Nova Scotia workforce. We're committed to better accountability across the system to achieve better outcomes — from workers, employers, service providers, and most of all, ourselves. We're seeing results from that commitment.

2025 was a year to be proud of. We exceeded nearly all our key measures laid out in our **operational plan** for that year.

The results are clear: our lowest injury rate ever, faster service for the people we support, and more people returning to work after an injury than ever before. **In 2025, we returned more than 83,000 days back into the system** — the equivalent to more than 300 Nova Scotians back on the job.

It means more construction workers getting home safely from the job site. It means people getting answers about their claim sooner, so they can plan their lives. And it means more nurses and others back in their communities, caring for people like you and your family.

It means moving Nova Scotia forward. Because we all want the same thing: Nova Scotians working.

Plans and Progress

Injury Prevention

Through closer partnerships with employers across Nova Scotia, we're building safer workplaces together. Our work with the Department of Public Works shows what it looks like to support workers in one of the provincial government's largest departments to stay safe on the job, and stay connected to work as they recover when they do get hurt.

Progress

Partnered with the Department of Labour, Skills and Immigration to launch **Safer Workplaces Together**, a collaborative initiative that aligns employers, safety associations, regulators, and labour representatives on strengthening injury prevention efforts. Through data sharing, incorporating lived experience, and assessing risks and trends, the plan works toward a shared goal of making workplaces safer.

Re-imagined the way we serve Nova Scotia's workplaces - focusing on employers with the greatest impact on the system. Through coaching, performance planning, and regular outreach, the new approach helped reduce the injury rate to its lowest point ever.

Operationalized regular webinars as part of our prevention reach. In 2025, hundreds of employers tuned in to learn how to better protect their workers from physical and psychological injury.

Plans

Through the Safer Workplaces Together plan, focus on reducing sprains and strains, helping employers prevent psychological injuries that often stem from workplace harassment or traumatic incidents, and support supervisors in creating better safety outcomes.

Introduce communities of practice (COP) to support musculoskeletal and psychological injuries, create a training module for supervisors, and partner with organizations to amplify the good work happening across Nova Scotia.

Continue investing in education, outreach, and building safety resources for more employers, aligned with our Safer Workplaces Together plan, as we make Nova Scotia Canada's safest place to work. Continue leveraging technology to offer accessible, scalable resources delivered through a digital-first approach.

Employer visits give us the chance to see the work and the workforce we protect, first hand. They're a big part of our commitment to help support safer workplaces across Nova Scotia and understand how to better support workers in meeting their return-to-work accountabilities.

Plans and Progress

Return to Work

Helping someone stay connected to work as they recover after an injury is a team effort. In 2025, we worked differently with employers like Home Hardware to enhance return-to-work outcomes. Open, honest conversations. Closer collaboration. And a shared goal of getting more people back on the job, safely and sooner.

Progress

Implemented new service models to better support Nova Scotians in the first three months following an injury, with a particular emphasis on the critical first 30 days. This included dedicated teams supporting larger employers who have the greatest system impact.

Supported the implementation of the new **Duty to Cooperate legislation**, which outlines the rules, roles, and responsibilities for everyone involved in the return-to-work process.

Planned and prepared to implement the new **Work-Connected Recovery Program**, which helps connect people to care quicker after an injury.

Plans

Support new legislation effective in 2026 that will improve worker benefits, make processes work better, and improve accountability and system oversight.

Improve the way we serve workers with traumatic psychological injury, based on the success of the model for gradual onset psychology injury.

Better leverage the potential of vocational rehabilitation services, helping Nova Scotians explore new opportunities when workplace injury prevents them from returning to their pre-injury job.

*Internationally recognized specialist in return to work, **Jason Parker**, chats with WCB business partner **Chris Mann, Jana Fleming-Pretty**, and other attendees at a session on supporting people back to the workplace after an injury.*

Plans and Progress

Exceptional Service

A successful injury recovery starts with that first phone call or secure message. In 2025, we reached out to people within two days 92 per cent of the time. And nearly 80 per cent of entitlement decisions are being made within a week. As WCB case worker **Jenny Parker** says, connecting early is a critical step in supporting someone back to the workplace.

Progress

- Redeveloped our corporate website based on user input, creating a more user-friendly experience and a much stronger digital resource for those we serve.
- Relocated our main office to a more modern location, empowering and motivating our teams to enable and inspire better service.
- Enhanced our digital support for the people we serve through real-time surveys and automated text messaging when a new claim is opened.

Plans

- Dive even deeper into how we serve employers to understand their needs, experiences, and how we can continue to improve.
- Implement new legislation regarding extended benefits and improve the way we approach long-term and permanent benefits, supporting workers in better outcomes.
- Move our core systems to the cloud so that services become more efficient — with quicker response times for workers and employers, and stronger cybersecurity

A better online experience

First impressions mean everything. Our **new website** is designed with that in mind. Built with a user-first approach that emphasizes accessibility, the site offers easier navigation, better online tools, and a growing resource hub that brings workplace insurance, recovery, and prevention information together in one place.

*Pictured is **Anthony Brown** at work as one of our eligibility specialists.*

A Message from the Client Relations Officer

Responding to Concerns, Working Toward Better Outcomes

I'm pleased to report on my work as WCB's Client Relations Officer (CRO) in 2025. Over the year, I prioritized strengthening relationships with the people who rely on our services. Most of the inquiries we receive continue to come from MLA offices and the workers they support, so I focused on providing timely, responsive help to any questions or concerns they had.

2025 Statistics

369
Total contacts received

250
Inquiries

119
Complaints

Of the complaints received in 2025, 27 were substantiated and five were partially substantiated.

Key Complaint Themes

Although the number of complaints in 2025 increased from the previous year, the amount of complaints that were substantiated decreased from 42 per cent in 2024 to 33 per cent in 2025.

In 2025, most of the complaints received were from workers. Common themes from the substantiated or partially substantiated complaints were about service delays and concerns about communication quality. Other concerns involved WCB's general claim process, practices and procedures, and error.

Usually, complaints were found to be unsubstantiated due to one of several factors: The worker did not agree with direction and messaging from a case worker, WCB was following appropriate protocols and standards, or there was simply a lack of evidence to support the complaint.

Four-Year Trend

Inquiries — which are mostly questions about claim status — continue to far exceed service complaints. Complaints and inquiries are both increasing, but the percentage of substantiated complaints has decreased. As we strive to improve our support to more Nova Scotians when workplace injury impacts their lives, we will continue to work to resolve complaints — improving our focus on being a responsive organization, and doing our very best to resolve service issues when they do occur.

Kerry Kelly
Client Relations Officer

Management's Responsibility for Financial Reporting

The financial statements of the Workers' Compensation Board (WCB) of Nova Scotia are prepared by management, who are responsible for the integrity and fairness of the data presented, including significant accounting judgments and estimates. This responsibility includes selecting appropriate accounting principles consistent with International Financial Reporting Standards.

In discharging its responsibility for the integrity and fairness of the financial statements, management maintains the necessary internal controls designed to provide reasonable assurance that relevant and reliable financial information is produced and assets are properly safeguarded. Internal audit service providers perform periodic audits designed to test the adequacy and consistency of WCB's internal controls.

WCB's Board of Directors has approved the financial statements included in this annual report. The Board of Directors is assisted in its responsibilities by the Finance, Audit and Risk Committee. This committee reviews and recommends approval of the financial statements and meets periodically with management, the independent actuaries, and the internal and external auditors concerning internal controls and all other matters relating to financial reporting.

The firm Eckler Partners Ltd. has been appointed as independent consulting actuaries to WCB. Their role is to complete an independent annual actuarial valuation of the benefits liabilities included in the financial statements of WCB and to report thereon in accordance with accepted actuarial principles.

Doane Grant Thornton LLP, the external auditors of WCB, has performed an independent audit of the financial statements of WCB in accordance with auditing standards generally accepted in Canada. The Auditors' Report outlines the scope of this independent audit and the opinion expressed.

Karen Adams, MBA, ICD.D
Chief Executive Officer

Maureen Boyd

Maureen Boyd, CPA, CA
Chief Financial Officer

Management Discussion and Analysis

The Management Discussion and Analysis (MD&A) is an integral part of the annual report, providing insight into the operations and financial position of the Workers' Compensation Board of Nova Scotia (WCB) as of the reporting date. The discussion and analysis should be read in conjunction with the audited financial statements and supporting notes, which are prepared according to International Financial Reporting Standards (IFRS).

Forward-looking Information

This report contains forward-looking information, and actual results may differ materially. Forward-looking information includes, but is not limited to, WCB strategies, targets, outlook and funding strategy. Risks and uncertainties affecting future assumptions include financial markets, industry mix of Nova Scotia's covered workforce, economic conditions, legislative changes, accounting standards, appeals and court decisions, and other known or unknown risks.

Strong Financial Results

In the second year of the Protect More Strategic Plan (2024–2030) – a strategy focused on better protecting Nova Scotia's workforce by keeping people safe, working, and on the job – WCB ended 2025 ahead of its funding strategy plan and in a strengthened financial position. The funded ratio increased to 117.1 per cent from 106.7 per cent in 2024.

This funded percentage marks sustained progress, after a journey that began decades ago. We have achieved this financial sustainability for a number of reasons.

It is certainly true that WCB has demonstrated solid financial stewardship, and that our strong investment returns have helped our funded position grow consistently over time.

And, alongside long-term financial management, every year, fewer and fewer Nova Scotians have been hurt at work. That number, measured as a rate, is about one third what it was in the early 2000s, thanks to strong collaborations with safety partners, a focus on employers where injuries have the biggest impact and province-wide awareness campaigns. WCB's focus on the first 30 days after an injury - the most critical period after getting hurt on the job - has helped more Nova Scotians stay connected to work and return to their full duties sooner. And because people are getting the support they need sooner, they're less likely to be off work for the long term.

There is still room to improve. We have much to do. But, all of these factors, together, have built the foundation for the system that we are pleased to report in these pages.

It is an accomplishment that is not the work of any one organization, but that is owed to the collective efforts of employers, workers, system partners and WCB.

IFRS Financial Results

As with all insurance companies and workers' compensation boards, WCB prepares its financial statements in accordance with IFRS. Upon adopting IFRS 17, Insurance Contracts, effective January 1, 2023, insurance contract liabilities are measured using a market-based discount rate. This rate can fluctuate significantly from period to period and is expected to produce short-term volatility in the financial statements.

IFRS 17 requires the use of a market-based discount rate for financial reporting; that rate does not fully reflect the long-term risks and economic realities of WCB. For this reason, a discount rate based on the long-term expected return on invested assets will continue to be utilized for funding purposes and for setting employer rates. WCB's commitment to a long-term outlook when setting rates and measuring funding ratios helps mitigate short-term fluctuations caused by changes in discount rates.

Highlights of financial results on an IFRS basis as at December 31, 2025:

- Assets of $3.13 billion, an increase of $324.8 million from December 31, 2024, primarily due to increases in investments.

- Total liabilities of $2.78 billion, an increase of $4.7 million from December 31, 2024, primarily due to higher payables and accrued liabilities. Insurance contract liabilities, calculated by an external actuary, include a $43.1 million decrease based on the increase in the discount rate during 2025. The market-based discount rate increased from 4.75 per cent at the beginning of the year to 4.95 per cent at year end.

- Comprehensive income of $320.1 million, improving the funded position to $351.2 million with funded ratio increasing to 112.6 per cent, from 101.1 per cent in 2024.

The remainder of the discussion and analysis focuses on the results under the going-concern long-term funding basis. The following tables reconcile the IFRS financial statements to the funding basis.

(in billions)	IFRS		Funding basis	
	2025	2024	2025	2024
Total assets	$3.13	$2.81	$3.17	$2.84
Primarily, investments	$3.03	$2.74	$3.03	$2.74
Total liabilities	$2.78	$2.78	$2.71	$2.66
Primarily, insurance contracts	$2.71	$2.71	$2.61	$2.58
Funded position *(in millions)*	$351	$31	$463	$177
Funded ratio	112.6%	101.1%	117.1%	106.7%
Discount rate	4.95%	4.75%	5.50%	5.50%

	IFRS	Measurement	Reclassification	Funding basis
Total Assets	$3,131,459		$36,585	$3,168,044
Total Liabilities	$2,780,262	($111,789)	$36,585	$2,705,058
Funded Ratio	112.6%			117.1%

The key difference between IFRS and the funding basis relates to the liability discount rate. The IFRS 17 discount rate is market-based (4.95 per cent), and the funding basis uses a longer-term expected return (5.5 per cent) based on the investment portfolio. There is potential for volatility of liability values with IFRS. At the end of 2025, a one per cent decrease in the market-based discount rate would decrease the funded ratio by about 8.6 per cent.

Financial Results: Funding Basis

The funded ratio increased to 117.1 per cent. Positive contributions from insurance revenue, investment income and favourable actuarial adjustments resulted – partially offset by benefit improvement via legislative change.

Total revenues were $740.4 million, as follows:

- $477.8 million in insurance and other revenues;
- plus $2.2 million in contributions from the Province of Nova Scotia;
- plus $260.4 million in investment income

Total revenues less total expenditures yielded $284.2 million, plus the gain on the re-measurement of post-employment benefit liabilities of $1.5 million, yielded total comprehensive income of $285.7 million.

Operating Results on a Funding Basis Attributed to	2025 millions	2024 millions
Insurance and other revenue in excess of current year costs*	$ 93.2	$ 82.7
Investment income above liability requirements	132.8	187.0
Net actuarial liabilities experience and change less than previously anticipated	58.2	39.5
Other comprehensive gain from actuarial re-measurement of post-employment benefits	1.5	3.9
Total comprehensive income	$ 285.7	$ 313.1

**Pursuant to Section 115/116, Workers' Compensation Act*

Key components of the financial statements

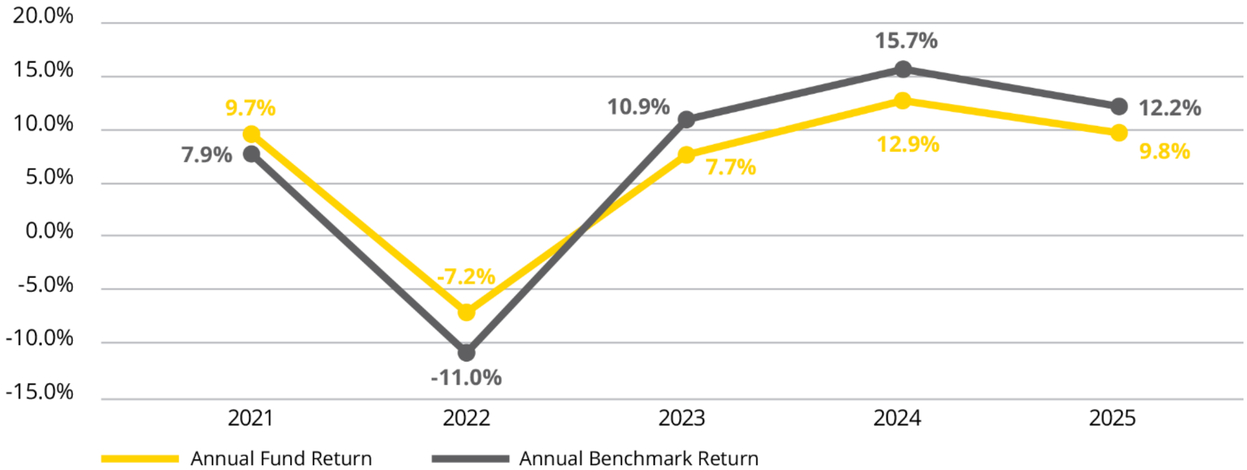
Investments

Investments included in the statement of financial position totaled $3.03 billion. The investment portfolio is held to secure benefit payment obligations that extend many years into the future. Benefits for injuries occurring in a year are paid in the year of injury and, for some workers, for many years after the injury. The valuation of investments is a point in time metric that is subject to change. Note 7 of the financial statements outlines key market factors, their volatility, and their anticipated effects on the portfolio. The investment portfolio is well diversified and periodically optimized through asset-liability modelling to enhance asset class expected returns relative to total portfolio risk.

WCB has a fund of fund managers' arrangement with Mercer Global Investments Canada Limited (MGI). The portfolio's long-term asset allocation forms a benchmark portfolio that reflects the fund's long-term risk tolerance. The portfolio is managed actively, and the benchmark is the primary reference for assessing the portfolio performance.

WCB continues to transition funds into alternative investments through limited partnerships. This shift is intended to enhance long-term returns by outperforming each asset class's public market equivalent, while strengthening diversification, reducing overall portfolio risk, and lowering exposure to public equities.

Portfolio Return, Benchmark Return & Funding Target



The fund's objective is to exceed the performance of the benchmark portfolio over a five-year moving average period after investment management fees. The five-year fund return net of fees of 6.0 per cent was lower than 6.8 per cent benchmark return. Not surprising with recent years out performance in concentrated segments of the equity markets, which outperformed the broader market. The Investment Committee – a sub-committee of WCB's Board of Directors – reviews performance relative to its benchmark at both the fund level and the asset-class level.

The Statement of Operations and Comprehensive Income includes investment income of $260.4 million for 2025, a decrease of $52.3 million from the 2024 gain of $312.7 million. This reflects a strong absolute investment return on the externally managed portfolio of 9.8 per cent (12.9 per cent, 2024), well ahead of the 3 per cent projected in the 2025 funding strategy. WCB recognizes changes in market value of investments in the year of occurrence. Note 6 of the financial statements provides additional context on investment income.

Insurance Contract Liabilities

WCB's insurance contract liabilities are the actuarial present value of all expected benefit payments that will be made in future years, which relate to claims arising from events that occurred on or before December 31, 2025. Using the discount rate based on the long-term expected return on invested assets, the insurance contract liabilities are calculated as the best estimate of the amount needed today to fully settle them.

The valuation considers claims costs incurred, claims payments made, growth in the present value of the insurance contract liabilities, legislated change, change in assumptions and actuarial experience adjustments.

The insurance contract liabilities changed by $30.4 million (1.2 per cent) during the year, as follows:

- Growth in the present value of the liability of $127.5 million.
- Favourable actuarial experience adjustments, decreasing the liability by $164.7 million.
- Legislative changes implementing full CPI indexing beginning in 2027 and expanding survivor benefits, increasing the liability by $97.4 million, and updated mortality assumption, increasing the liability by $9.1 million.
- Net payments greater than claims cost incurred of $38.9 million, decreasing the liability.

Growth in the present value of liabilities is the increase in the present value of prior years' obligations at an interest amount reflecting the time value of money.

Actuarial experience adjustments represent the difference between what was predicted based on the actuarial assumptions and methods used in the prior valuation, and what actually occurred in the year. In 2025, there was an overall favourable actuarial adjustment of $164.7 million. The most significant items were:

- The number and cost of new extended earnings replacement benefits (EERBs) granted in 2025 were lower than expected, while the number of new permanent impairment benefits granted was higher than expected, resulting in an overall net gain. In addition, the expected future costs for both were lowered, contributing further gains.
- Actual benefit payments were significantly lower than expected, in particular for health care and long-term disability benefit categories.
- Updates to the expected future payments produced gains for health care but this was partially offset by losses on short-term disability.

The mortality assumption used for the December 31, 2025 valuation was based on the Nova Scotia Life Table (2022–2024) published by Statistics Canada. Adoption of this updated table resulted in an increase of $9.1 million to the liability.

The Act was amended with Bill 144, and provides annual indexation of permanent periodic income awards, effective January 1, 2027, equal to 100 per cent of the rate of increase in the Consumer Price Index (CPI) capped at three per cent. In addition, survivor benefits were expanded to allow payment of death benefits to a claimant's estate. These amendments increase the liability by $97.4 million.

It is worth noting that the exceptionally strong operational and claims management results in 2025 resulting in net actuarial gains of $165 million were more than sufficient to fully offset the cost of the indexing change, and updated mortality assumption.

The actuarial gains are mainly attributed to long-term benefit and health care experience and are a direct result of WCB's initiatives around return-to-work and health services and cost management.

WCB's new approach to how it supports Nova Scotians injured at work is not only having better human outcomes – it is also creating a more financially sustainable system for generations to come.

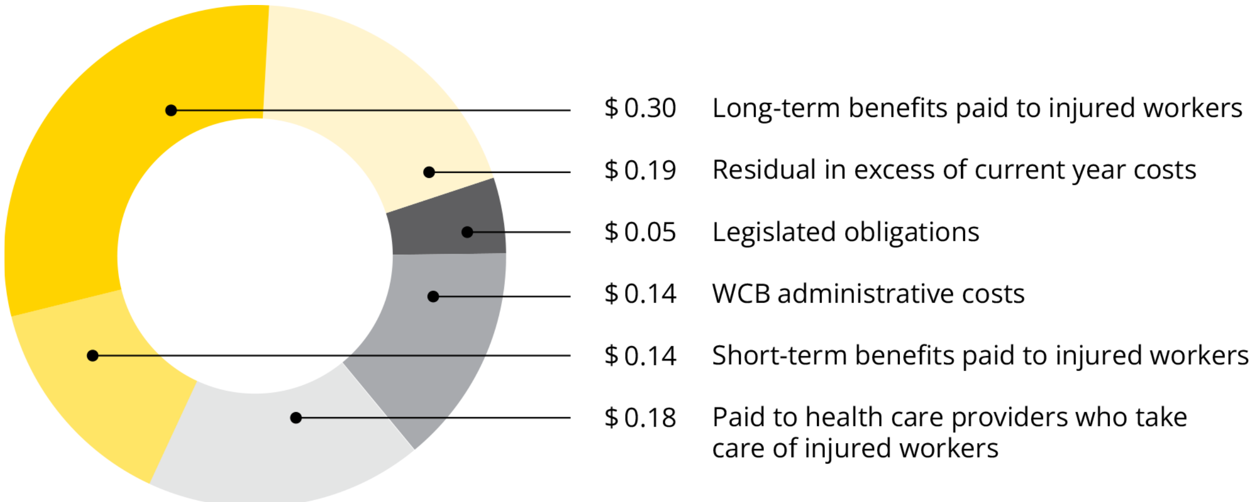
Insurance Revenue

WCB generates two types of insurance revenue. Most employers pay an insurance premium with rates established based on prior years' experience. Federal and provincial government agencies and departments are self-insured. Rather than paying an insurance premium, they reimburse WCB for claims payments made on their behalf plus an administration fee.

Total insurance revenue from insured firms of $467.7 million increased $35 million (8.1 per cent) from 2024. This was the result of a 6.3 per cent increase in the assessable payroll base to $17.5 billion, which reflects increases in the maximum assessable earnings, growth in average earnings of 3.8 per cent and an increase in the insured workforce of 4.5 per cent. Revenue estimates include remittances received and collected in the following year. The 2025 self-insured administration fees totaled $10.1 million, which are calculated based on prior year claim experience and administration costs.

The actual average assessment rate per $100 of assessable payroll, net of conditional surcharge refunds and practice incentive rebates, was $2.65 (2024 rate: $2.63). The actual average rate collected for a year can differ slightly from the target average rate for the year due to the actual payroll distribution among industries being different than the distribution assumed when rates were set.

$1 of Employer Premiums in 2025



Administrative Costs

Administrative expenditures in 2025 totaled $103.5 million, an increase of $24.7 million from 2024. The year-over-year increase is primarily due to investments aligned with the strategic plan, including to modernize business solutions, enhance service delivery, strengthen injury prevention, and support safe, timely and sustainable return to work outcomes. These initiatives focus on driving to results and achieving key performance indicators. And it is working – with lowest injury rates ever and safe, timely return to work for more Nova Scotians – resulting in lower costs in health care and claims costs. In addition, higher depreciation expense resulted from an update to the estimated useful life of the organization's core operating system which accelerated depreciation to align with the planned transition to a cloud-based solution.

Legislated Obligations

WCB reimburses the Province of Nova Scotia for the operating costs of the Occupational Health and Safety Division of the Department of Labour, Skills and Immigration ($16.7 million), the Workers' Advisers Program ($4.8 million), and the Workers' Compensation Appeals Tribunal ($2.1 million). Legislated Obligations account for about 20 per cent of the total legislated and administrative spending. WCB and the Province of Nova Scotia have different fiscal years. WCB's year-end is December 31, and the province's year-end is March 31. WCB's expenses for legislated obligations are estimates based on the forecasts of expenditures supplied by the Province of Nova Scotia. The legislated obligations expenses reported by WCB, and the amounts reported by the Province may differ.

Funding Strategy

WCB's funding strategy is the primary instrument for financial sustainability and resiliency, and provides the foundation for rate setting. The funding strategy incorporates assumptions about revenue from the covered workforce payroll base, operational results and investment returns. The funding strategy assumes a growing economy, reasonable long-term investment returns from a diversified portfolio and predictable claims costs within a financially sustainable system, supported by effective prevention and return-to-work performance. WCB collects premiums from employers to pay the benefits resulting from workplace injuries that occurred in the year. These are invested to create a sustainable workers' compensation system that ensures there are enough assets to pay future benefits already promised.

At the end of 2025, invested assets exceeded total liabilities. The funding strategy estimated total comprehensive income for 2025 of $40.5 million and a funded ratio of 106.3 per cent. The actual total comprehensive income for 2025 on a funding basis was $285.7 million – well ahead of plan.

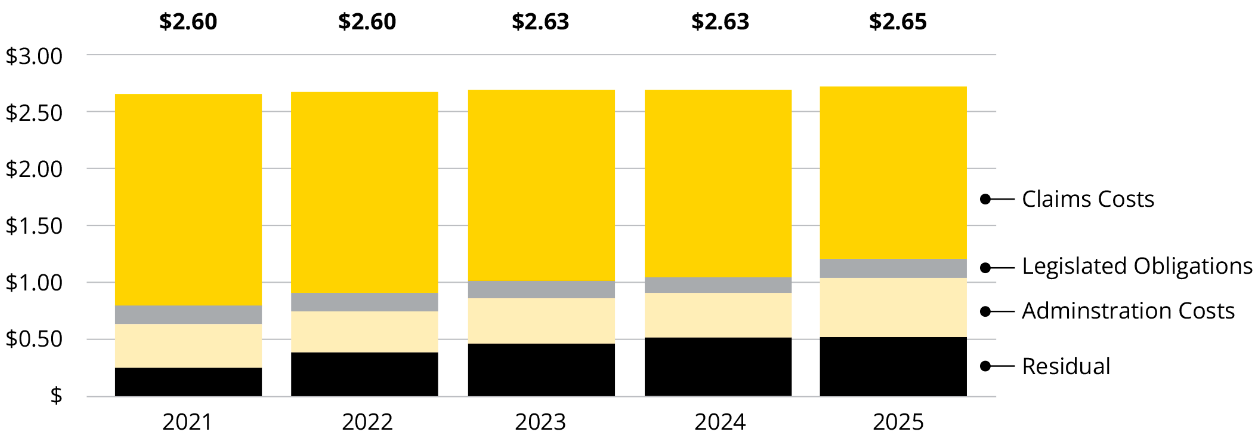
This outperformance reflects favourable economic conditions and strong operational performance across the system, including higher-than-expected investment returns and premium revenue, lower-than-expected claim costs supported by improved prevention and return-to-work outcomes, and favourable actuarial experience adjustments. These factors were partially offset by the introduction of enhanced benefits effective January 1, 2027, increasing indexation on qualifying awards from 50 per cent to 100 per cent.

The planned and actual average rates can vary each year, reflecting differences between the assumptions used in planning and the values ultimately realized. In 2025, the target and actual average rate were both $2.65. This is further detailed as the rate required to fund injuries that occurred in the year was $1.49, administration $0.51 and legislated obligations costs of $0.14, and the residual balance of $0.51. The $0.51 residual is about $0.14 higher than expected in the related funding strategy, primarily to a combination of lower than expected claim costs in the year ($0.09) and higher payroll base than expected ($0.05). Lower claim costs reflect strong service delivery performance, including timely decision-making, work-connected recovery and return-to-work, enhanced oversight of longer-duration claims and lesser impact of gradual onset of psychological injury claims cost experience to date.

The realized residual balance is dynamic and is a product of the variability in the underlying assumptions. The organization targets an average rate that recovers both claim costs incurred, administration costs and legislated obligations, while promoting system stability.

The composition of the average rate since 2021 is as follows:

Breakdown of Actual Average Rate



Financial progress over the past several years has been encouraging, reflecting strong performance supported by a sustainable funding approach. All funding assumptions are based on long-term expectations. By nature, annual investment returns are unpredictable, and it is expected that short-term results will periodically vary from the long-term expectations. Revenue from the covered workforce is dependent on economic activity and the size of the covered workforce, along with consistent claim cost experience. Sustained stability relies on consistent claim experience, particularly given the uncertainties described in the following section and in Note 11, where actuarial experience and other factors are identified as having the potential to significantly impact benefits liabilities and the funding strategy.

Key Risks

WCB is inherently susceptible to risks that, if unmitigated, could affect WCB's operating performance and financial results. An Enterprise Risk Management ("ERM") program has been embedded within WCB to enhance risk awareness and accountability in key aspects of the business. As part of the ERM program, management identifies, assesses, manages and reports, with WCB's Finance, Audit and Risk Committee oversight, key risks in alignment with strategic objectives and priorities. Key risks are generally categorized into strategic, financial, operational, and regulatory.

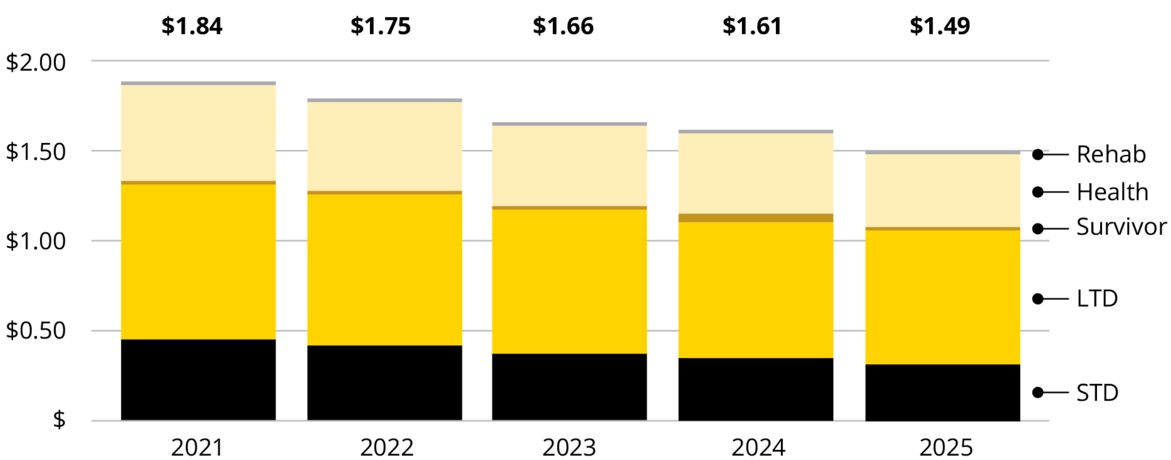
Benefit Costs and Duration

The organization strives for continuous improvement in outcomes for workers through prevention and safe, timely return-to-work. The strategic plan looks to continue the progress by reducing workplace injury, helping people stay connected to work during recovery, and improve return to work outcomes for people injured at work to reduce the human and financial cost of workplace injuries in Nova Scotia. Reducing workplace injuries and improving return to work outcomes require strong internal accountabilities. Legislative changes for Duty to Cooperate, effective July 15, 2025, reinforces accountabilities across the system, along with EERB review.

Management remains committed to the prevention mandate through the launch of the Safer Workplaces Together strategy, with mitigation measures in place to prevent injuries, reduce claims, and help more Nova Scotians. In October 2025, the Work Connected Recovery Program was initially launched—a significant step forward in how injured workers access care and remain connected to work throughout recovery.

The total volume of time loss claims was 4,834, a decrease over the prior year of volume of 5,260. Long-term disability is the largest component of benefits costs (50 per cent in 2025). Long-term disability costs were lower than actuarial estimates in 2025 primarily due to the number and average cost of long-term EERB awards being lower than assumed for valuation purposes. Additionally, healthcare costs were lower than actuarial estimates due to a decrease in healthcare costs incurred in 2025.

Benefit Costs Per $100 of Assessable Payroll



The provincial injury rate is one of the most significant drivers of benefit costs, and a key strategic focus for WCB. At the end of 2025, the injury rate was 1.21 time-loss claims per 100 covered workers, down from 1.38 in 2024.

Improving benefit duration and reducing costs requires collaborative action across the workers' compensation system. Employers play a critical role in these efforts. While WCB insures approximately 20,000 employers across Nova Scotia, a relatively small number – about 25 employers - account for approximately 40 per cent of claims, reflecting their size and the scale of their workforces. There has been encouraging progress but there is still more work to do to ensure safer workplaces across the province.

In recent years, WCB has focused on supporting these system-impact employers, where injuries have the greatest impact, through consistent engagement, performance monitoring, targeted support and an emphasis on work-connected recovery. This approach places a strong emphasis on stay-at-work and work-connected recovery, helping to keep workers connected to work wherever it is safe and appropriate.

Legislative enhancements, such as the Duty to Cooperate Legislation, further reinforce expectations that employers are accountable to support return-to-work planning and provide suitable work when available. These measures are intended to reduce claim durations, limit progression to long-term disability, and, over time, ease system cost pressures that ultimately affect employer assessments across Nova Scotia.

Time-loss days per 100 covered workers decreased from 269 days in 2024 to 226 days in 2025, reflecting the strategy to foster work connected recovery in support of return to work and enable vocational rehabilitation opportunities, for claims of longer durations.

Inflation Rate

The rate of inflation, or Canadian Consumer Price Index (CPI) annual growth, is a driver of insurance contract liabilities. The organization uses customized indexing assumptions based on benefit type, as benefits are indexed at varying percentages of the long-term expected inflation rate of 2.0 per cent. The long-term expectation aligns with the inflation target set by the Bank of Canada.

Investment Returns

WCB's assets are diversified across a variety of asset classes and fund managers optimize returns while managing risk. External investment managers must comply with WCB's Statement of Investment Policies and Objectives (SIPO), which outlines permissible investments. The SIPO is designed to ensure the portfolio provides secure and sustainable payment of the long-term insurance liabilities.

Some risks cannot be directly controlled, including market volatility and interest rates. Investment returns that differ from the long-term expectation in the funding strategy could significantly impact the funded ratio, particularly on an annual basis. The target asset mix is designed to balance risk and return and is reviewed through an asset-liability management study every four to five years. The most recent study, completed in December 2024, updated the target asset allocations to further enhance return opportunities while continuing to manage risk.

Cybersecurity

WCB relies on its IT systems, some of which are managed by third-party providers, to support daily operations. Cyber threats are continually evolving and could result in operational disruptions or the exfiltration of data. Management actively monitors and manages cyber risk through robust controls, audits and reviews, enterprise architecture, employee training, and review of third-party Service Organization Controls (SOC) reports. Management also maintains a crisis management plan which includes business continuity and disaster recovery plans.

Data Quality & Protection

Inaccurate, incomplete, unavailable, or inappropriately accessed information could lead to incorrect financial or operational reporting, as well as privacy breaches. Management mitigates this risk by performing data quality reviews and ensuring that system access is appropriately controlled to protect private and sensitive data. Tools are in place to monitor potential data leakages, and internal processes help ensure compliance with applicable privacy laws and regulations.

Looking ahead

Strong results in 2025 show that improvements are firmly on track to achieving strategic goals and objectives and strengthening the system for workers and employers. The 2024 – 2030 Protect More Strategic Plan sets ambitious goals to enhance outcomes and position Nova Scotia's workers' compensation system among the best in the country in prevention, return-to-work, service delivery and system sustainability, for both workers and employers.

Beginning in January 2026, workers with physical or psychological injuries will be connected to faster, more consistent care while staying connected to work as part of their recovery. The Work Connected Recovery Program puts workers first by simplifying system navigation, establishing consistent standards of care, strengthening integration between recovery and return to work, and creating a better customer experience for workers and employers - ensuring faster access to care and work-connected recovery.

In 2026, WCB will action key priorities laid out in the Safer Workplaces Together action plan, support legislative changes such as faster injury reporting, extended appeals timelines and quicker EERB reviews, and continue enhancing its digital services.

In October 2025, significant progress was highlighted in Nova Scotia's workers' compensation system. Beginning in 2027, benefits will be indexed to 100 per cent of CPI, capped at 3 per cent, providing greater stability for workers and their families while maintaining a balanced and sustainable compensation system. A reduction in the 2027 average employer rate has been announced. This will mark WCB's first rate reduction in more than 40 years and reflects the collective efforts of WCB, employers, workers, government, and safety partners to reduce injuries, support return to work and strengthen overall system performance and financial sustainability.

Funding Outlook

The funding strategy illustrates the organization's ability to continue to remain financially stable and sustainable while maintaining the overall system and balancing worker and employer perspectives. The funded ratio is a critical consideration in decisions around system improvements, such as increases to benefits and/or reductions of the average employer assessment rate. A strong funded position provides flexibility to consider these improvements when appropriate. WCB's approved rate range framework provides guidance on when system changes may be considered. The organization acknowledges that maintaining a strong funded ratio is essential for supporting system reforms and positions the system well to manage potential shocks, such as those arising from weak economic growth, unfavorable investment performance, or higher than expected claim costs.

The Government of Nova Scotia determines benefits, and the Courts interpret claims decisions to ensure they are consistent with legislation set forth in the Workers' Compensation Act. WCB is a neutral claims administrator and does not have full control over funding. Within this legislative framework, WCB continues to demonstrate prudent financial management and adaptability. The Act states that WCB's current year costs must be covered by the current year's premium revenue regardless of the funded ratio.

It is important to note that the funding strategy is an estimate of what could happen given the number of variables in the funded ratio over time. Given the number and nature of the assumptions the strategy contains, it is possible to read more certainty and precision into the strategy than intended. As noted in previous annual reports and funding strategy documents, actual results will differ from the projections, and these differences may be material.

WCB and other partners need to be aware that the funding ratio can change quickly. Global markets can move up or down without warning, which can cause investment assets to rise or fall quickly. Maintaining a strong funded position, combined with disciplined financial oversight, supports resilience in the face of this inherent volatility.

Independent Auditor's Report

To the members of the Board of Directors Workers' Compensation Board of Nova Scotia

Opinion

We have audited the financial statements of Workers' Compensation Board of Nova Scotia (WCB), which comprise the statement of financial position as at December 31, 2025, and the statement of operations and comprehensive income, statement of funded position and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Workers' Compensation Board of Nova Scotia as at December 31, 2025, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

Basis for Opinion

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

Information Other than the Financial Statements and Auditor's Report thereon

Management is responsible for the other information. The other information comprises the Annual Report but does not include the financial statements and our auditor's report thereon.

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

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. We have nothing to report in this regard.

Responsibilities of Management and those charged with governance for the financial statement

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

In preparing the financial statements, management is responsible for assessing the 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 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 these 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 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

Doane Grant Thornton LLP

Chartered Professional Accountants

Halifax, Canada
June 25, 2026

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31
(in thousands of dollars)

		December 31 2025		December 31 2024
Assets				
Cash and cash equivalents	$	**74,159**	$	26,750
Other receivables (Notes 5 and 20)		**10,568**		10,428
Investments (Note 6)		**3,027,225**		2,744,278
Property and equipment (Note 8)		**9,472**		3,179
Intangible assets (Note 9)		**10,035**		21,980
	$	**3,131,459**	$	2,806,615
Liabilities and funded position				
Other payables and accrued liabilities	$	**52,422**	$	41,864
Post-employment benefits (Note 10)		**20,901**		21,069
Insurance contract liabilities (Note 11)		**2,706,939**		2,712,592
		2,780,262		2,775,525
Funded position		**351,197**		31,090
Total liabilities and funded position	$	**3,131,459**	$	2,806,615

Commitments (Note 22)
Capital Management (Note 24)
Subsequent Event (Note 25)

Approved on behalf of the Board of Directors on June 25, 2026:

Saeed El-Darahali
Chair, Board of Directors

Angus Bonnyman, CPA, CA
Chair, Finance, Audit and Risk Committee

STATEMENT OF OPERATIONS AND COMPREHENSIVE INCOME

YEAR ENDED DECEMBER 31
(in thousands of dollars)

	2025	2024
Insurance service result		
Total insurance revenue (Notes 3 and 12)	$ 469,907	$ 437,094
Insurance service expenses (Note 13)	(284,421)	(282,015)
Insurance finance result		
Investment income (Note 6)	260,393	312,689
Insurance finance expense (Note 14)	(86,018)	(149,427)
Other revenues and expenses (Note 16)	(41,265)	(31,902)
Excess of revenue over expenses	318,596	286,439
Other comprehensive income		
Re-measurement of post-employment benefits income (Note 10)	1,511	3,923
Total comprehensive income	$ 320,107	$ 290,362

STATEMENT OF FUNDED POSITION

YEAR ENDED DECEMBER 31
(in thousands of dollars)

		2025		2024
Funded (unfunded) position excluding accumulated other comprehensive income				
Balance, beginning of year	**$**	**21,197**	$	(265,242)
Excess of revenues over expenses		**318,596**		286,439
		339,793		21,197
Accumulated other comprehensive income				
Balance, beginning of year		**9,893**		5,970
Other comprehensive income		**1,511**		3,923
		11,404		9,893
Funded position, end of year	**$**	**351,197**	$	31,090

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31
(in thousands of dollars)

		2025		2024
Operating Activities				
Cash received from:				
Employers, for insurance premiums and self-insured administration fees	**$**	**476,950**	$	440,821
Contribution from Province of Nova Scotia		**2,186**		4,371
Net investment income		**233,626**		115,374
Cash paid to:				
Claimants or third parties on their behalf		**(297,445)**		(324,880)
Suppliers, for administrative and other goods and services		**(107,708)**		(108,813)
Net cash provided by operating activities		**307,609**		126,873
Investing Activities				
Cash received from:				
Proceeds from sales of investments		**708,792**		234,572
Cash paid to:				
Investment activities, net		**(965,044)**		(362,742)
Purchases of equipment and intangible assets		**(3,948)**		(2,555)
Net cash used in investing activities		**(260,200)**		(130,725)
Net increase (decrease) in cash and cash equivalents		**47,409**		(3,852)
Cash and cash equivalents, beginning of year		**26,750**		30,602
Cash and cash equivalents, end of year	**$**	**74,159**	$	26,750

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(in thousands of dollars)

NATURE OF OPERATIONS

1. The Workers' Compensation Board of Nova Scotia (WCB) is a board established by the Nova Scotia Legislature in 1917, under the *Workers' Compensation Act (Act),* and is exempt from income tax. The address of the WCB's primary operations is 137 Venture Run, in Dartmouth, Nova Scotia. Pursuant to the Act, the WCB strives to prevent workplace injury, but when it occurs, supports injured workers and their employers to achieve a safe and timely return to work; administers the payment of benefits to injured workers and dependents; levies and collects insurance revenues from established classes of employers in amounts sufficient to cover the costs of claims and administration; and invests funds held for future benefit payments.

The current Act came into force February 1, 1996. Various amendments have since occurred to the Act and have received Royal Assent.

2. BASIS OF PREPARATION

Statement of compliance
These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board, in effect as at December 31, 2025. The principal accounting policies applied in preparation of these financial statements are set out below.

Basis of measurement
The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value as explained in the material accounting policies below. Historical cost is based on the fair value of the consideration given in exchange for assets.

These financial statements are prepared and rounded in thousands of Canadian Dollars unless otherwise stated. Certain 2024 comparative figures have been reclassified to conform with the 2025 presentation.

3. MATERIAL ACCOUNTING POLICIES

These financial statements have been prepared within the framework of the following accounting policies:

a) Insurance Contracts

The WCB has two types of employers registered: assessed and self-insured.

The Act outlines responsibilities and requirements of the insurance contract between employers and the WCB. Each individual assessed employer is required to report insurable earnings and remit premiums, and the WCB administers injured worker benefits. The arrangement with assessed employers is accounted for under IFRS 17, Insurance Contracts.

The nature of the arrangement with the self-insured employers (non-insured contracts) include federal and provincial government agencies and departments, is assessed under IFRS 15 - Revenue from Contracts with Customers (refer to Note 19 – Self-insured Employers).

The nature of the material accounting policies for the insurance contracts described above, recognized as Insurance Contracts under IFRS 17, can be summarized, as follows:

i. Level of aggregation

The WCB Nova Scotia provides one insurance product - one type of coverage protection in the event of a workplace injury. All policies are grouped as a single portfolio. The single portfolio includes both special protection policies and regular-classified employer policies.

IFRS 17 requires dividing a portfolio of contracts into annual cohorts based on time. There is one time cohort, commencing January 1 and concluding December 31, with employer policies re-priced annually.

The profitability of groups of contracts is assessed by actuarial valuation models that take into consideration existing and new business. The WCB assumes that no contracts in the portfolio are onerous at initial recognition unless facts and circumstances indicate otherwise. The WCB considers facts and circumstances to identify whether a group of contracts are onerous based on:

- Pricing information
- Results of similar contracts it has recognized
- Environmental factors, e.g., a change in market experience

ii. Recognition of Insurance Contracts

Recognition of the group of insurance contracts arises from the earliest of the following:

- The beginning of the coverage period of the group of contracts
- The date when the first payment from employer in the group is due or when the first payment is received if there is no due date
- For a group of onerous contracts, if facts and circumstances indicate that the group is onerous
- The coverage begins at the beginning of each calendar year on January 1, unless new policies are added to the group in the reporting period in which that contract meets one of the other criteria set out above.

iii. Contract boundary

Rates attached to insurance contracts are effective January 1, reflecting the risks for the calendar year. The contract boundary concludes at the end of each calendar year on December 31.

Included in the measurement of a group of contracts are all the future cashflows within the contract boundary of each contract in the group. Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the assessed employers are required to pay premiums and the WCB has a substantive obligation to provide the assessed employer with insurance contract services.

The WCB’s contract boundary ends at the end of each calendar year on December 31, which is when the WCB can set a price that fully reflects its risks for the following calendar year.

iv. Discount rate

Insurance contract liabilities are calculated by discounting expected future cash flows utilizing the Fiera Capital's Canadian Institute of Actuaries IFRS 17 market illiquid reference curve at December 31. The WCB uses a bottom-up approach to determine an additional illiquidity premium of 50 basis points that is added to the curve. The illiquid curve and illiquidity premium are used due to the long-term nature of WCB liabilities.

The WCB Nova Scotia will record the impact of discount rate and rate changes through profit or loss for the Insurance Contracts Liabilities; and therefore, directing fair value changes for both the Insurance Contracts Liabilities and Investments through profit and loss.

v. Insurance contracts – initial measurement

For recognition and measurement of insurance contract liabilities issued, the WCB applies the Premium Allocation Approach (PAA). The PAA simplifies the measurement of insurance contracts in comparison with the general measurement model. The insurance contract between the WCB and assessed employers is eligible for the PAA as the contract boundary is one year or less.

vi. Insurance contracts – subsequent measurement

At December 31, the liability for remaining coverage (LFRC) is equal to the premiums received for the next contract year.

The WCB estimates the liability for incurred claims (LFIC) as the fulfillment of cash flows related to incurred claims. Fulfillment cash flows include premiums receivable for contract years that have ended. The fulfillment cash flows incorporate all reasonable and supportable information available and a near nil adjustment for non-financial risk (the risk adjustment).

An independent actuary completes a valuation of the benefits liabilities of the WCB at each year-end. The benefits liabilities represent the actuarial present value of all future benefits payments expected to be made for injuries which occurred in the current fiscal year or in any prior year including exposure for occupational diseases. The benefits liabilities include provisions for all benefits provided by current legislation, policies and/or administrative practices in respect of existing claims and for future costs of administering existing claims. Changes to the benefits liability arising from growth in present value, changes in actuarial methods and assumptions and actuarial experience adjustments are recognized in expense annually.

vii. Insurance revenue

The insurance revenue for the period is the amount of expected premium from assessed employers and is allocated to each period of insurance contract services on the basis of the passage of time.

Premiums are billed when employers report their employees' insurable earnings for an applicable assessment year. For employers who have not reported, premiums are generally estimated, based on historical experience. A portion of premium income for the year is not received until after year end, with the amount recorded being a combination of actual and estimate based on statistical data. The difference between the estimate and the actual income received is adjusted to income in the following year. Historically, the difference has not been material.

viii. Onerous contracts

The WCB assumes that contracts are not onerous (operating at a loss) at initial recognition as insurance contract revenue covers the current year's costs of the system unless facts and circumstances indicate. Where, during the coverage period, circumstances indicate the group of insurance contracts are onerous, the loss is recognized immediately and is amortized through comprehensive income by the end of the year. A loss component is established for the liability for remaining coverage for such onerous contracts. Accordingly, by the end of the coverage period for the contract group, the loss component will be zero.

ix. Insurance service expense

These include payments to (or on behalf of) a policyholder (employers), claims costs, policy and claims administration costs, and an allocation of fixed and variable overhead costs. These costs are allocated to WCB Nova Scotia's insurance contracts using estimates and professional judgement applied with methods that are systematic and rational and are consistently applied to all costs that have similar characteristics.

x. Insurance finance income and expense

Insurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts arising from: the growth in present value of the liabilities and the effect of the discount rate is market based – this is referenced as changes in financial risk.

xi. Risk adjustment for non-financial risk

The risk adjustment for non-financial risk reflects the uncertainty about the amount and timing of the cash flows of groups of insurance contracts, and is a nil risk adjustment, and corresponds with a 50% confidence level.

b) Cash and Cash Equivalents

Money market instruments with original maturities of one year or less are considered to be cash equivalents and are recorded at cost, which approximates fair market value.

Bank indebtedness includes the utilization of a line of credit. Cash advances from the line of credit are to a maximum of $20,000 and bear interest at the bank's prime interest rate less 0.85 per cent.

c) Investments

All portfolio investments are designated as fair value through profit and loss. Realized gains and losses on the sale of investments and unrealized gains and losses arising from the change in the fair value of investments are recorded in investment income in the period in which they arise. All purchases and sales of portfolio investments are recognized on the date the trades are executed. Income from interest, dividends, and distributions from pooled funds and investment foreign currency gains and losses are recognized as investment income in the period incurred. Distributions from pooled funds are automatically reinvested within the pooled funds. Investment income is presented net of investment expenses.

The following determines fair value of investments:

- Pooled fund units (equities and fixed income) are valued at their year-end net asset values (NAV) as determined by the fund managers.
- Structured entities such as limited partnerships in infrastructure, private equity private debt, credit opportunities, global real estate, as well as hedge funds are valued at the most recent available NAVs as determined by the fund managers.
- The fair value of real estate fund units is based on independent property appraisals net of fund liabilities as determined by the fund manager.

Unconsolidated structured entities

Investments in limited partnerships for alternative asset classes do not satisfy the elements for control or significant influence and therefore have not been consolidated into these financial statements. Financial instruments accounting has been applied. The WCB's financial exposure is limited to the net carrying amount of the investments. Obligations are imposed on funds committed in structured entities; once committed, an investor is expected to fund the entire subscribed amount over the term of the agreement.

d) Property and Equipment

Property and equipment is stated at cost, less accumulated depreciation and when applicable, write-downs for impairment. Depreciation is charged using the straight-line method over the estimated useful life of the asset. A useful life of 3 to 40 years is used for building components and from 4 to 20 years for furniture and facilities, equipment and computer hardware. With the exception of equipment under finance leases, in the year of acquisition, a half year's depreciation is taken. The useful lives of items of property and equipment are reviewed at each balance sheet date and adjusted if required.

Leases

For new lease contracts entered into, a determination is made if the contract is or contains a lease. A lease is defined as a contract or part of a contract that conveys the right to use an asset for a period of time in which consideration is paid. The lease liability is measured at the present value of the remaining unpaid lease payments discounted using the interest rate implicit in the lease if readily determinable or the lessee's incremental borrowing rate. The right-of-use asset is measured at the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date, less any lease incentives received, any initial direct costs incurred, and an estimate of costs to be incurred, if any, in dismantling or removing the underlying asset or restoring the site. Right-of-use assets are depreciated over the useful life of the asset or over the lease term, whichever is shorter. Payments of short-term leases and leases of low-value assets are recognized as expense in profit or loss on a straight-line basis over the lease term, using the practical expedients options available.

e) Post-Employment Benefits

An independent actuary is appointed to prepare the post-employment benefit estimates. The amounts are accrued over the periods during which the employees render services in return for these benefits. The projected unit credit method is used to calculate the defined benefit obligations and current service costs. Actuarial gains and losses arise from the actual experience of the plan's liabilities for a period and are recorded through other comprehensive income with no subsequent reclassification to comprehensive income. Current service, past service (including curtailment and settlement) and interest costs are recorded through profit and loss in the period in which they arise. Discount rates are based on the market yields of high quality corporate bonds.

f) Foreign Currency Translation

Investments denominated in foreign currencies are converted to Canadian dollars at rates of exchange prevailing at the Statement of Financial Position date. The resulting translation adjustment is accounted for on a basis consistent with the accounting policy for investments.

g) Financial Instruments

The WCB uses IFRS 9 for financial instruments, which requires financial instruments to be classified as either amortized cost, or fair value through profit and loss. The applicable financial instruments for the WCB are as follows:

- Cash and cash equivalents – recorded at cost, which approximates fair value
- Accounts receivable and payable – recorded at amortized cost
- Investments – recorded as fair value through profit and loss

The carrying values of accounts receivables and payables approximate fair values due to the short-term maturity and/or underlying terms and conditions. Accounts receivable are not subject to material concentration of credit risk as the accounts are owed by a large number of employers, the Province of Nova Scotia and the Government of Canada on normal credit terms. Accounts receivable include an estimate for the lifetime expected credit losses using the simplified method with a provision matrix in the allowance for doubtful accounts and are regularly reviewed to determine whether the account should be written-off. Accounts are written-off when there is no reasonable expectation of recovery.

The investment portfolio does not contain any derivatives intended for speculation or trading purposes. The portfolio includes a currency hedging strategy by investing in the Hedged Mercer Global Equity Fund. The WCB does not apply hedge accounting.

h) Intangible Assets

Intangible assets are stated at cost, less accumulated depreciation and when applicable, write-downs for impairment. Intangible assets consist of externally purchased software applications, and process development costs. To qualify for capitalization, the intangible asset must be separately identifiable, the WCB must have control of the asset and the asset must have future economic benefits.

Depreciation is charged on a straight-line basis over a period of 5 to 10 years for internally generated software and process development costs, with one half year's depreciation taken in the year of completion. Intangible assets which are under development and not yet ready for its intended use are not subject to depreciation. Assets under development and not ready for their intended use are tested for impairment annually.

Expenditures related to the research phase of an internal project are recognized as an expense in the period incurred. Software purchases are depreciated on a declining-balance basis at an annual rate of 50 per cent. The useful lives of intangible assets are reviewed at each reporting date and adjusted if required.

i) Asset Impairment Testing

IFRS requires a test for impairment at least annually whenever there is objective evidence that the carrying value of an asset may exceed its fair value. Impairment tests must be conducted for an individual asset, an asset group or at the cash-generating unit level which is the smallest identifiable group of assets that generates cash inflows independent of cash inflows of other assets.

Based on the analysis of the entity and its cash flows, the WCB has determined that it is a single cash generating unit. Impairment of assets at the entity level is unlikely as the WCB has the power under the Act to revise premiums to ensure the continuity of the workers' compensation system. Therefore, individual assets are monitored for impairment using a variety of qualitative considerations including, but not limited to: obsolescence, damage, and reduction in asset performance, disposal or the existence of plans to discontinue the use of the asset. If an asset is deemed impaired, the asset is written off completely or subjected to accelerated depreciation, whichever is appropriate.

4. ACCOUNTING JUDGEMENTS & ESTIMATES

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, in particular, insurance contract liabilities, at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results may differ materially from those estimates. Decisions of the WCB may be appealed to the Workers' Compensation Appeals Tribunal, subsequently to the Nova Scotia Court of Appeal, and finally, to the Supreme Court of Canada. Rulings by these bodies have the potential to impact benefits liabilities. Legislated Obligations, excluding the Workers' Compensation Appeals Tribunal, are based on forecasts supplied by the Province of Nova Scotia with the actual billing through an Order in Council occurring post release of the annual report.

Information about the judgments and estimates in applying accounting policies that have the most material effect on the amounts recognized in the financial statements are discussed in detail in the following notes:

- Note 6 – Investments
- Note 7 – Financial risk management
- Note 10 – Post-employment benefits
- Note 11 – Insurance contracts
- Note 12 – Insurance revenue
- Note 15 – Administration costs

5. OTHER RECEIVABLES

	2025	2024
Self-insured employers	**$ 5,804**	$ 6,102
Other receivables	**4,764**	4,326
Total other receivables	**$ 10,568**	$ 10,428

6. INVESTMENTS

		2025		2024
Equities				
Canadian	**$**	**115,030**	$	114,884
Global		**422,259**		194,715
Global hedged		**94,992**		62,624
Global low volatility		**-**		115,963
Global small cap		**113,784**		88,697
Emerging markets		**116,790**		115,102
Private equity[1]		**542,480**		473,441
	$	**1,405,335**	$	1,165,426
Fixed income				
Liability-matching bonds[2]	**$**	**545,776**	$	484,186
Opportunistic fixed income		**-**		115,502
Private debt[3]		**252,861**		136,270
	$	**798,637**	$	735,958
Real estate[4]		**355,853**	$	335,554
Hedge Fund[5]		**-**		159,115
Infrastructure[6]		**407,737**		340,560
Cash and money market		**59,663**		7,665
Total investments	**$**	**3,027,225**	$	2,744,278

Investment Income

		2025		2024
Distributions from pooled funds	**$**	**111,291**	$	**83,657**
Unrealized fair value gain on investments		**4,448**		**197,511**
Realized gains from the sale of investments		**159,835**		**41,523**
Portfolio management expenses		**(15,181)**		**(10,002)**
Net investment income	**$**	**260,393**	$	**312,689**

[1] Private equity includes private equity, private equity co-investments and private equity secondary markets.
[2] Liability-matching bonds include synthetic federal real return bonds, synthetic mid-term provincial bonds, universe bonds and real return bonds.
[3] Private Debt includes private debt and credit opportunities.
[4] Real estate includes Canadian real estate and global real estate.
[5] Hedge fund fully redeemed in 2025.
[6] Infrastructure includes infrastructure and infrastructure sub funds.

Funding Commitments

The WCB has entered into limited partnership agreements with externally managed funds that commit the WCB to contribute into these investments which will be drawn down over the next several years. Unfunded commitments as of December 31, are as outlined in the table below:

Mandate (USD)		**2025 Undrawn Funding Commitments**		**Total Commitments**
Infrastructure	**$**	**64,952**	**$**	**308,148**
Private Equity	**$**	**87,731**	**$**	**377,776**
Private Debt	**$**	**131,049**	**$**	**287,203**
Global Real Estate	**$**	**102,431**	**$**	**222,862**

Mandate (USD)		2024 Undrawn Funding Commitments		Total Commitments
Infrastructure	$	74,213	$	278,588
Private Equity	$	111,118	$	357,147
Private Debt	$	64,803	$	146,179
Global Real Estate	$	72,294	$	164,102

7. FINANCIAL RISK MANAGEMENT

In accordance with IFRS 7 – Financial Instruments: Disclosure, the following provides qualitative and quantitative information relating to market risk (price risk, interest rate and currency risks), credit risk and liquidity risk.

The WCB manages its investments in accordance with a Statement of Investment Policies and Objectives and manages investment risk by using a diversified portfolio both across and within asset classes engaging fund managers with a broad range of investment practices and styles.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument or insurance contract will fluctuate as a result of changes in market prices. Market risk comprises three types of risk: market prices (price risk); market interest rates (interest rate risk); and foreign exchange rates (currency risk).

The nature of the WCB's exposure to market risks and its objectives, policies and processes used to manage and measure the risks have not changed from the previous period.

(a) Price risk:

Price risk is the risk that the fair value or future cash flows of financial instruments or insurance contract assets and/or liabilities will fluctuate because of changes in market prices (other than those arising from interest rate or foreign exchange rate risk), whether those changes are caused by factors specific to the individual financial instrument, or by factors affecting all similar contracts or financial instruments traded in the market.

The WCB's price risk exposure relates to financial assets or insurance contract assets and/or liabilities, whose values will fluctuate as a result of changes in market prices.

Equity investments are sensitive to market risks. The following table presents the decrease to total comprehensive income and funded position as a result of potential adverse change in the key risk variable – the sector benchmark – for each public equity mandate in the WCB's investment portfolio. Possible outcomes are estimated using the historical 5-year variability as measured by the standard deviation of each mandate.

	2025		2024	
Equities	**% Change**	**CI Impact**	% Change	CI Impact
	(1 Std Deviation)		(1 Std Deviation)	
Canadian	**12.0%**	**$ (13,827)**	16.0%	$ (18,335)
Global	**11.8%**	**$ (49,615)**	13.4%	$ (26,131)
Global hedged	**13.4%**	**$ (12,681)**	16.7%	$ (10,458)
Global low volatility	**11.8%**	**$ -**	13.4%	$ (15,562)
Global small cap	**14.0%**	**$ (15,884)**	17.4%	$ (15,389)
Emerging markets	**13.5%**	**$ (15,720)**	14.6%	$ (16,839)

A sensitivity analysis of fluctuations to Fiera Capital's CIA IFRS 17 market illiquid reference curve is shown in Note 11 – Insurance Contract Liabilities.

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument or insurance contract will fluctuate because of changes in market interest rates. Fluctuations in interest rates can impact the market value of the fixed-term investment portion of the portfolio.

Interest rate risk is mitigated through diversification of the term to maturities to partially match the duration of the benefits liabilities of 8.0 years. The duration of the fixed income investments are as outlined in the following table.

Duration of bond portfolios (in years)	**2025**	2024
Universe bonds	**7.0**	7.3
Synthetic mid-term provincial bonds	**19.0**	19.0
Synthetic federal real return bonds	**36.7**	41.1
Real return bonds	**11.6**	12.6
Opportunistic fixed income	**-**	4.5

The following table presents the effect of an increase in market interest rates for fixed income investments and the resulting decrease to comprehensive income.

	2025	2024
0.5% change	**CI Impact**	CI Impact
Universe bonds	**$ (5,479)**	$ (2,307)
Synthetic mid-term provincial bonds	**$ (19,781)**	$ (14,276)
Synthetic federal real return bonds	**$ (16,837)**	$ (23,492)
Real return bonds	**$ (4,973)**	$ (9,849)
Opportunistic fixed income[1]	**$ -**	$ (2,599)

[1] This fund holds debt securities that are outside of Canada. The holdings that are outside of Canada will not be impacted by a change in Canadian interest rates.

A sensitivity analysis of the impact of an inflationary increase on the insurance contract liabilities is presented in Note 11 – Insurance Contract Liabilities.

(c) Currency risk

Currency risk is the risk of gain or loss due to movements in foreign currency rates as compared to the Canadian Dollar. To mitigate these risks, the WCB holds approximately 15 per cent of its total currency-exposed assets in hedged products.

The following table presents the effect of a 10 per cent appreciation in the Canadian Dollar as compared to the US Dollar, Euro, Japanese Yen and British Pound and the decrease to comprehensive income.

Currency		2025 CI Impact		2024 CI Impact
USD	**$**	**(175,576)**	$	(145,108)
EURO	**$**	**(5,714)**	$	(4,744)
YEN	**$**	**(2,937)**	$	(2,324)
POUND	**$**	**(2,273)**	$	(1,869)

Credit risk

Credit risk with financial instruments and insurance contracts arises from the possibility that the counterparty to an instrument may fail to meet its obligations. There could be increased credit risk on trade receivables if employers are not able to pay on their accounts. The WCB mitigates credit risk through a well-diversified portfolio with limited exposure to any one entity, industry or country, and a Statement of Investment Policies and Objectives that addresses asset mix and investment constraints with respect to the credit quality of short-term investments, fixed-term investments, and foreign exchange forward contract counterparties.

The credit ratings of the WCB's fixed-income securities at December 31 are listed in the table below.

Credit Rating		2025 Total	%		2024 Total	%
Cash	**$**	**59,128**	**7.4%**	$	-	-
AAA		**209,870**	**26.3%**		293,356	39.9%
AA		**233,480**	**29.2%**		170,822	23.2%
A		**42,762**	**5.4%**		40,647	5.5%
BBB		**536**	**0.1%**		38,708	5.3%
Below BBB/Not Rated		**252,861**	**31.6%**		192,426	26.1%
Total	**$**	**798,637**	**100.0%**	$	735,959	100.0%

The WCB is also exposed to credit risk through its insurance contract related receivables and other receivables. The risk is mitigated through assigned staff monitoring and collecting overdue accounts. Risk is reduced due to the large number of customers and their different geographic areas and industries. The allowance for doubtful accounts is reviewed and updated on a regular basis.

Liquidity risk

The WCB has contractual obligations and financial liabilities and therefore is exposed to liquidity risk. The WCB generally generates sufficient cash to meet obligations from revenue from employers. The WCB monitors its current and expected cash flow requirements to ensure it has sufficient cash and cash equivalents to meet its liquidity requirements short and long term. In addition, the WCB maintains a line of credit with its principal banker to meet potential short-term liquidity requirements.

The WCB's investment portfolio is well diversified in pooled funds that are primarily highly liquid, or open-ended funds that have liquidity terms available within one year. Further exceptions are listed in the following table. Due to the absence of active markets and the contract terms, the investments cannot be sold or converted easily to cash in a timely and cost-effective manner.

Mandate		2025		2024
Infrastructure[1]	**$**	**407,737**	$	340,560
Private equity[1]		**542,480**		473,441
Private debt[1]		**252,861**		136,270
Global real estate[1]		**174,269**		132,592
Hedge funds[2]		**-**		159,115
Total	**$**	**1,377,347**	$	1,241,978

1 These funds are closed-end funds with a 12-14 year life expected to end between 2030 - 2036. The general partner has the option to extend the funds' lives by 1 year.
2 Hedge funds fully redeemed in 2025. In 2024, the liquidity profile of the fund was estimated to be 71 per cent redeemable within one year of a redemption request, 22 per cent within two years, 2 per cent within three years, and 5 per cent thereafter.

Fair value hierarchy

A fair value hierarchy is used to categorize valuation techniques used in the determination of fair value. Quoted market prices are categorized as Level 1, internal models using observable market information as inputs are Level 2, and internal models without observable market information as inputs are Level 3 reflecting assumptions about market pricing using the best internal and external information available.

The following fair value hierarchy table presents information about the financial assets measured at fair value on a recurring basis as of December 31. There were no transfers between levels during either year.

2025	**Level 1**	**Level 2**	**Level 3**	**Total – 2025**	Total - 2024
Short-term investments	**$ 59,663**	**$ -**	**$ -**	**$ 59,663**	$ 7,665
Equities	**-**	**862,855**	**542,480**	**1,405,335**	1,165,426
Fixed Income	**-**	**545,776**	**252,861**	**798,637**	735,958
Real estate	**-**	**-**	**355,853**	**355,853**	335,554
Hedge fund	**-**	**-**	**-**	**-**	159,115
Infrastructure	**-**	**-**	**407,737**	**407,737**	340,560
	$ 59,663	**$ 1,408,631**	**$ 1,558,931**	**$ 3,027,225**	$ 2,744,278

Investments classified as level 2 represent units held in pooled funds operated by a number of fund managers and units held in synthetic bonds. The pooled funds are comprised of publicly traded securities and fixed income holdings with observable market information with respect to value. Investments classified as level 3 include units of pooled funds in private equity, private debt, real estate, hedge funds and infrastructure investments. Valuations are provided by the fund managers for financial reporting purposes. Valuation techniques are selected based on the characteristics of the investments, with the overall objective of maximizing market-based information. Management is responsible for ensuring the technique is appropriate in the circumstances.

2025 Source of Change in Value of Level 3 investments	**Private Equities**	**Real Estate**	**Hedge Funds**	**Infra-structure**	**Private Debt**	**Total**
Value Dec. 31, 2024	**$473,441**	**$335,554**	**$159,115**	**$340,560**	**$136,270**	**$1,444,940**
Purchases & Capital Calls	**61,530**	**40,145**	**-**	**54,466**	**106,102**	**262,243**
Unrealized gains	**9,709**	**820**	**(45,896)**	**14,191**	**11,294**	**(9,882)**
Sales of Investments	**-**	**(19,328)**	**(112,753)**	**-**	**-**	**(132,081)**
Investment management fees	**(2,200)**	**(1,338)**	**(466)**	**(1,480)**	**(805)**	**(6,289)**
Value Dec. 31, 2025	**$542,480**	**$355,853**	**$ -**	**$407,737**	**$252,861**	**$1,558,931**
Value Dec. 31, 2024	$473,441	$335,554	$159,115	$340,560	$136,270	$1,444,940

Concentration Risk

The WCB has concentrations in countries other than Canada through investments in the global pooled funds, hedge fund, private equity and infrastructure totalling $1,909,459 at December 31 (2024 - $1,736,170). The WCB's most significant foreign country concentrations are summarized in the table below.

Significant exposure	**2025**	Significant exposure	2024
United States	**53.8%**	United States	53.5%
United Kingdom	**7.6%**	United Kingdom	8.2%
Germany	**3.1%**	Germany	4.5%
France	**4.5%**	France	3.9%
China	**3.4%**	China	3.4%
All other global	**27.6%**	All other global	26.5%
	100.0%		100.0%

8. PROPERTY AND EQUIPMENT

		Land and building[1]		Furniture and facilities		Equipment and computer hardware		Total
Historical Cost								
Balance at Jan.1, 2025	$	**3,962**	**$**	**1,795**	**$**	**4,077**	**$**	**9,834**
Additions		**-**		**6,884**		**894**		**7,778**
Disposals and retirements		**-**		**(1,407)**		**(2,680)**		**(4,087)**
Balance at Dec. 31, 2025	$	**3,962**	**$**	**7,272**	**$**	**2,291**	**$**	**13,525**
Depreciation and impairment								
Balance at Jan. 1, 2025	$	**(2,516)**	**$**	**(1,095)**	**$**	**(3,044)**	**$**	**(6,655)**
Current period depreciation		**(153)**		**(439)**		**(486)**		**(1,078)**
Impairment losses		**-**		**(208)**		**(199)**		**(407)**
Disposals and retirements		**-**		**1,407**		**2,680**		**4,087**
Balance at Dec. 31, 2025	$	**(2,669)**		**(335)**		**(1,049)**		**(4,053)**
Carrying amount at Dec. 31, 2025	$	**1,293**	**$**	**6,937**	**$**	**1,242**	**$**	**9,472**

		Land and building[1]		Furniture and facilities		Equipment and computer hardware		Total
Historical Cost								
Balance at Jan.1, 2024	$	4,667	$	2,644	$	4,027	$	11,338
Additions		38		397		355		790
Disposals and retirements		(743)		(1,246)		(305)		(2,294)
Balance at Dec. 31, 2024	$	3,962	$	1,795	$	4,077	$	9,834
Depreciation and impairment								
Balance at Jan. 1, 2024	$	(3,103)	$	(2,052)	$	(2,879)	$	(8,034)
Current period depreciation		(156)		(287)		(471)		(914)
Impairment losses		-		(2)		-		(2)
Disposals and retirements		743		1,246		306		2,295
Balance at Dec. 31, 2024	$	(2,516)	$	(1,095)	$	(3,044)	$	(6,655)
Carrying amount at Dec. 31, 2024	$	1,446	$	700	$	1,033	$	**3,179**

[1] Includes $155 cost of the land which has an indefinite useful life and is not depreciated.

Right-of-use assets

Included in Furniture and Facilities are right-of-use assets for office space and included in Equipment and Hardware are right of use assets for office copiers and postal equipment where the WCB is a lessee. The WCB has right to use assets totalling $5,371 (2024 - $307). The land and building with a net book value of $1,293 was sold. See Note 25 – Subsequent Event.

9. INTANGIBLE ASSETS

		Acquired software		Internally generated software		Total
Historical cost						
Balance at Jan. 1, 2025	**$**	**692**	**$**	**42,174**	**$**	**42,866**
Additions		**4**		**1,507**		**1,511**
Disposals and retirements		**(255)**		**(1,318)**		**(1,573)**
Balance at Dec. 31, 2025	**$**	**441**	**$**	**42,363**	**$**	**42,804**
Depreciation and impairment						
Balance at Jan.1, 2025	**$**	**(557)**	**$**	**(20,329)**	**$**	**(20,886)**
						(13,452)
Current period depreciation[1]		**(19)**		**(13,433)**		
Disposals and retirements		**251**		**1,318**		**1,569**
Balance at Dec. 31, 2025	**$**	**(325)**	**$**	**(32,444)**	**$**	**(32,769)**
Carrying amount at Dec. 31, 2025	**$**	**116**	**$**	**9,919**	**$**	**10,035**

[1] During the year, the estimated useful life of the core system was revised to reflect the organization's transition to a cloud-based platform. The change was accounted for prospectively as a change in accounting estimate and resulted in an increase in depreciation expense of $8,722 in the current year.

		Acquired software		Internally generated software		Total
Historical cost						
Balance at Jan. 1, 2024	$	738	$	40,317	$	41,055
Additions		44		1,879		1,923
Disposals and retirements		(90)		(22)		(112)
Balance at Dec. 31, 2024	$	692	$	42,174	$	42,866
Depreciation and impairment						
Balance at Jan.1, 2024	$	(617)	$	(16,297)	$	(16,914)
Current period depreciation		(30)		(4,054)		(4,084)
Disposals and retirements		90		22		112
Balance at Dec. 31, 2024	$	(557)	$	(20,329)	$	(20,886)
Carrying amount at Dec. 31, 2024	$	135	$	21,845	$	21,980

10. POST-EMPLOYMENT BENEFITS

The WCB provides post-employment benefits other than pensions (Note 23) consisting of retirement allowances, post-employment life insurance, dental and medical programs. An actuarial valuation was performed as at December 31, 2025.

The material actuarial assumptions adopted in measuring these accrued benefit obligations (ABO) are as follows:

	2025	2024
Discount rate, benefits expense for the year	**4.70%**	4.70%
Discount rate, accrued benefit obligation	**5.05%**	4.70%
Expected health care costs trend rate; reducing linearly to an ultimate rate of 3.6% in 2040	**5.85%**	5.85%
Drug claim increases trend rate; reducing linearly to an ultimate rate of 3.6% in 2040	**5.85%**	5.85%
Dental cost escalation; reducing linearly to an ultimate rate of 3.6% in 2027	**4.22%**	4.22%
Retirement age assumption (a)	**Later of 59 years and full eligibility**	Later of 59 years and full eligibility

Costs arising in the period		**2025**		2024
Current service costs	**$**	**752**	$	603
Interest costs		**1,016**		1,119
Total employee future benefits expense	**$**	**1,768**	$	1,722

Accrued benefit obligation		**2025**		2024
Beginning of year	**$**	**21,069**	$	23,658
Total employee future benefits expense		**1,768**		1,722
Actuarial losses (gains) on ABO through OCI (b)		**(1,511)**		(3,923)
Regular benefits paid		**(425)**		(388)
End of year	**$**	**20,901**	$	21,069

a) Full eligibility is the earliest of age 55 with 2 years of service (10 years if hired on or after October 1, 2018) and the earliest unreduced age under the Public Service Super Annuation Act.

b) In 2025, the net actuarial gains of $1,511 arise from a gain due to an increase in the discount rate and the actual premium payments being less than expected for retiree benefit costs.

In 2024, the net actuarial gains of $3,923 arise from the recognition of claims and premium experience, a gain due to an increase in the discount rate, a gain due to change in the termination rates, a gain due to the change in age difference assumption between retiree and spouse offset by a loss due to the change in the assumed portion of members electing family health and dental coverage upon retirement and a loss in prescription drugs and extended health cost increase.

Estimates are highly sensitive to changes in discount rates and health care usage and cost trends. The table below provides sensitivity for changes to the discount rate or the assumed health care cost trend rates with resulting increases (decreases) to Comprehensive Income (CI).

	2025 CI Impact	2024 CI Impact
1% decrease in the discount rate	**$ (4,335)**	$ (4,592)
1% increase in the discount rate	**$ 3,325**	$ 3,490
1% decrease in the assumed health care cost trend rate	**$ 3,195**	$ 3,182
1% increase in the assumed health care cost trend rate	**$ (4,108)**	$ (4,101)

11. INSURANCE CONTRACTS LIABILITIES

Roll-forward of liability for insurance contracts issued showing the liability for remaining coverage and the liability for incurred claims is disclosed in the table below:

	2025		
	Liabilities for remaining coverage	**Liabilities for incurred claims**	**Total**
	Excluding loss component	**Estimates of the PV of future cash flows**	
Insurance contract (assets) liabilities as at January 1	**$ 1,008**	**$ 2,711,584**	**$ 2,712,592**
Insurance revenue	**(469,907)**	**-**	**(469,907)**
Insurance service expenses			
Incurred claims and other expenses	**-**	**351,198**	**351,198**
Changes to liabilities for incurred claims	**-**	**(66,777)**	**(66,777)**
Insurance service result	**(469,907)**	**284,421**	**(185,486)**
Insurance finance expenses	**-**	**86,018**	**86,018**
Total changes in comprehensive income	**(469,907)**	**370,439**	**(99,468)**
Cash flows:			
Premiums received	**469,909**	**-**	**469,909**
Claims and other expenses paid	**-**	**(376,094)**	**(376,094)**
Total cash flows	**469,909**	**(376,094)**	**93,815**
Insurance contract (assets) liabilities as at December 31	**$ 1,010**	**$ 2,705,929**	**$ 2,706,939**

	2024		
	Liabilities for remaining coverage	Liabilities for incurred claims	Total
	Excluding loss component	Estimates of the PV of future cash flows	
Insurance contract (assets) liabilities as at January 1	$ 1,160	$ 2,682,877	$ 2,684,037
Insurance revenue	(437,094)	-	(437,094)
Insurance service expenses			
Incurred claims and other expenses	-	335,310	335,310
Changes to liabilities for incurred claims	-	(53,295)	(53,295)
Insurance service result	(437,094)	282,015	(155,079)
Insurance finance expenses	-	149,427	149,427
Total changes in comprehensive income	(437,094)	431,442	(5,652)
Cash flows:			
Premiums received	436,942	-	436,942
Claims and other expenses paid	-	(402,735)	(402,735)
Total cash flows	436,942	(402,735)	34,207
Insurance contract (assets) liabilities as at December 31	$ 1,008	$ 2,711,584	$ 2,712,592

Insurance Contracts Liabilities by Benefit Category

	Short-term Disability	Long-term Disability	Survivor Benefits	Health Care	Rehabilitation	Subtotal	Claims Administration	Total 2025
Balance, beginning of year[1]	**$178,827**	**$1,617,823**	**$120,846**	**$655,850**	**$2,368**	**$2,575,714**	**$154,543**	**$2,730,257**
Growth in present value	**8,402**	**76,491**	**5,537**	**31,288**	**110**	**121,828**	**7,310**	**129,138**
Change in discount rate (a)	**(1,670)**	**(23,895)**	**(2,133)**	**(12,965)**	**(16)**	**(40,679)**	**(2,441)**	**(43,120)**
Actuarial experience adjustments (b)	**2,485**	**(133,172)**	**(1,788)**	**(42,389)**	**232**	**(174,632)**	**(10,480)**	**(185,112)**
Other changes (c)	**1,733**	**95,393**	**7,337**	**7,172**	**0**	**111,635**	**6,700**	**118,335**
Total growth	**10,950**	**14,817**	**8,953**	**(16,894)**	**326**	**18,152**	**1,089**	**19,241**
Claims costs incurred	**56,910**	**140,752**	**2,328**	**74,908**	**694**	**275,592**	**16,536**	**292,128**
Less: Claims payments made	**(60,823)**	**(155,717)**	**(10,918)**	**(69,240)**	**(783)**	**(297,481)**	**(17,849)**	**(315,330)**
Balance, end of year[1]	**$185,864**	**$1,617,675**	**$121,209**	**$644,624**	**$2,605**	**$2,571,977**	**$154,319**	**$2,726,296**

	Short-term Disability	Long-term Disability	Survivor Benefits	Health Care	Rehabilitation	Subtotal	Claims Administration	Total 2024
Balance, beginning of year	$173,601	$1,619,050	$120,633	$615,858	$2,513	$2,531,655	$151,899	$2,683,554
Growth in present value	8,312	77,703	5,750	29,770	119	121,654	7,299	128,953
Change in discount rate (a)	780	11,113	1,019	6,396	7	19,315	1,159	20,474
Actuarial experience adjustments (b)	576	(56,167)	(2,422)	7,902	(168)	(50,279)	(3,016)	(53,295)
Total growth	9,668	32,649	4,347	44,068	(42)	90,690	5,442	96,132
Claims costs incurred	59,443	130,663	6,407	80,399	661	277,573	16,654	294,227
Less: Claims payments made	(63,885)	(164,539)	(10,541)	(84,475)	(764)	(324,204)	(19,452)	(343,656)
Balance, end of year[1]	$178,827	$1,617,823	$120,846	$655,850	$2,368	$2,575,714	$154,543	$2,730,257

[1] Reconciliation of insurance contracts liabilities to insurance contract sub liabilities table at December 31:

	2025	2024
Insurance contracts sub-liabilities at December 31	**$ 2,726,296**	$ 2,730,257
Insurance contracts-related assets	**(36,586)**	(35,556)
Insurance contracts-related liabilities	**17,229**	17,891
Insurance contracts liabilities at December 31	**$ 2,706,939**	$ 2,712,592

The Actuarial Standards Board requires workers' compensation organizations to include an estimation of liabilities for occupational disease during the latency period rather than when the occupational disease is confirmed through diagnosis. The liability for latent occupational disease is estimated at $259,060 (2024 - $259,436) and is included in the total Insurance Contracts Liabilities.

a) In 2025, the discount rate used to present value the insurance contracts liabilities changed from 4.75 percent at January 1 to 4.95 per cent at December 31, resulting in a $43,120 gain. In 2024, the discount rate changed from 4.85 per cent to 4.75 per cent, resulting in a $20,474 loss.
b) Actuarial experience adjustments represent the difference between what was predicted based on the actuarial assumptions and methods used in the prior valuation and what actually occurred in the year.

In 2025, actuarial experience adjustments decreasing the insurance contracts liabilities totalled $185,112.

Decreases of:

- $86,000 as a result of lower than expected volume and cost of new long term awards.
- $24,200 as a result of actual benefit payments being lower than expected, primarily in long-term disability and health care benefit categories.
- $23,800 as a result of lower than expected costs for future extended earnings replacement benefits and future permanent impairment benefits.
- $19,848 as a result of change in provision for occupational disease awards.
- $13,300 as a result of mortality and termination experience.
- $9,800 for changes in claiming patterns across all benefit categories. This was composed of a decrease for health care costs partially offset by an increase for later duration short-term disability.
- $9,356 as a result of changes in the provision for future administrative costs.
- $108 for other unallocated items.

Offset by increases of:

- An increase of $1,300 as a result of changes in the provision for outstanding permanent impairment benefits.

In 2024, actuarial experience adjustments increasing the insurance contracts liabilities totalled $53,295.

Decreases of:

- $37,100 as a result of lower than expected volume and cost of new Extended Earnings Replacement Benefits and new survivor awards.
- $13,400 as a result of lower than expected costs for future Extended Earnings Replacement Benefits and future Permanent Impairment Benefits.
- $9,900 as a result of change in provision for occupational disease awards.
- $8,800 as a result of mortality experience.
- $6,100 as a result of lower than anticipated inflation on awards in pay.
- $2,500 as a result of changes in the provision for future administrative costs.
- A net increase of $14,400 for changes in claiming patterns across all benefit categories, primarily Health Care.

Offset by increases of:

- $5,700 as a result of changes in actual payments across all benefit categories being higher than expected, primarily Long-Term Disability and Health Care.
- $3,900 as a result of changes in the provision for outstanding Extended Earnings Replacement Benefits and Permanent Impairment Benefits.
- $505 for other unallocated items.

c) In 2025, other changes increased the benefits liabilities by $118,335. This was comprised of:

- The mortality assumption has been updated to the Nova Scotia Life Table 2022-2024 obtained from Statistics Canada, which resulted in an increase in the liability of $10,256.
- The Act was amended October 3, 2025 with Bill 144, to provide annual indexation of qualified awards based on 100 per cent of change in CPI (previously 50 per cent), effective January 1, 2027. In addition, changes were made to expand survivor benefits to allow payment of death benefits to a worker's estate. These amendments increased the liability by $108,079.

Liability for remaining coverage:

At December 31, 2025, a Liability for Remaining Coverage (LFRC) of $1,010 (2024 - $1,008) relating to prepaid premiums related to the 2026 insurance year.

Liability for incurred claims:

Actuarial Assumptions and Methods

In 2025, the liabilities were calculated using Fiera Capital's CIA IFRS 17 market illiquid reference curve at December 31, 2025 plus an illiquidity premium of 50 basis points for a total discount rate of 4.95 per cent (2024 - 4.75 per cent). With an underlying long-term assumption of an increase to CPI of 2.00 per cent per annum, the resulting net discount rate is 2.95 per cent (2024 - 2.75 per cent). The inflation assumptions and the resulting net discount rates are presented below:

2025Expected Category	**Expected Inflation**	**Inflation Rate**	**Resulting Net Discount Rate**
Supplementary Benefits (LTD)	**0.50% + CPI**	**2.50%**	**2.45%**
All other LTD, Survivor Pensions	**100% * CPI**	**2.00%**	**2.95%**
Health Care	**2.25% + CPI**	**4.25%**	**0.70%**
All Others	**CPI**	**2.00%**	**2.95%**

2024 Expected Category	Expected Inflation	Inflation Rate	Resulting Net Discount Rate
Supplementary Benefits (LTD)	0.50% + CPI	2.50%	2.25%
All other LTD, Survivor Pensions	50% * CPI	1.00%	3.75%
Health Care	2.25% + CPI	4.25%	0.50%
All Others	CPI	2.00%	2.75%

General Statement – Given the statutory nature of its operations, the WCB adopts a long-term view for running its business. A long-term perspective avoids overreaction to what may be a temporary trend and provides for more stable assessment rates. Economic assumptions are chosen to be consistent with the WCB's approved investment and funding strategies, both of which consider very long-term trends. Demographic assumptions are chosen to reflect the WCB's actual underlying experience. Given the significant statistical volatility associated with workers' compensation benefits, demographic assumptions are not updated each year in response to emerging experience. Rather, they are updated over time once enough experience is available to credibly suggest that deviations are due to actual trends rather than statistical fluctuations.

Discount Rate – Insurance contract liabilities are calculated by discounting expected future cash flows utilizing the Fiera Capital's CIA IFRS 17 market illiquid reference curve at December 31 plus an illiquidity premium of 50 basis points. The illiquid curve and illiquidity premium are used because WCB liabilities are viewed as illiquid as claimants generally cannot elect to receive a lump sum payout in lieu of future claims payments.

The table below shows Fiera Capital's CIA IFRS 17 Reference Curve sample spot rates, each includes a 50 basis point illiquidity premium, and the single equivalent rate used to discount future cash flows.

Year	2025	2024
1	**3.30%**	3.82%
3	**3.81%**	3.97%
5	**4.13%**	4.20%
10	**4.84%**	4.73%
20	**5.41%**	5.07%
30	**5.38%**	4.97%
Single equivalent rate	**4.95%**	4.75%

Consumer Price Index **–** The 2.00 percent assumption for 2025 (2024 – 2.00 per cent) for the rate of increase in CPI is chosen to be consistent with assumptions used by the Bank of Canada inflation-controlled target rate range of 1.00 to 3.00 per cent. This rate is consistent with long-term averages and assumptions on the assets backing the benefits liabilities.

Benefit Inflation **–** The inflation rates assumed for the specific benefit categories are based on their relation to general consumer price inflation, as follows:

LTD & Survivor Benefits – In 2025, the Act was amended to index these benefits at a rate equal to 100 per cent of the change in the Consumer Price Index, effective January 1, 2027. The assumption is 100 per cent of CPI or 2.00 per cent (i.e. 100 per cent of 2.00 per cent); (2024 – 1.00 per cent). The impact of the amendment is reflected in the December 31, 2025, liabilities.

Medical Aid Benefits – The cost of medical care has historically increased at rates exceeding the general rate of inflation. To account for this, the assumption is that increases due to medical inflation and utilization will be 2.25 per cent higher than the general rate of inflation. As a result, medical inflation assumption is 4.25 per cent (i.e. 2.25 per cent + 2.00 per cent; (2024 – 4.25 per cent). The appropriateness of this rate is monitored on a regular basis.

Supplementary Awards – Supplementary awards provide an income tested benefit to certain claimants injured prior to March 23, 1990. The assumption is that indexing for supplementary awards will be 0.50 per cent higher than the general rate of inflation, or 2.50 per cent (2.00 per cent + 0.50 per cent); (2024 – 2.50 per cent). Past reviews of supplementary award experience have shown this assumption to be adequate.

All Other Benefits – All other benefits are subject to general inflation; therefore, utilizing the same assumption as used for CPI (i.e. 2.00 per cent); (2024 – 2.00 per cent).

Future Administration **–** Future administrative expenses are assumed to be equal to 6.0 percent of future benefit payments. This assumption is based on an internal review of past administrative expenses conducted by WCB staff and is assessed each year to ensure that it remains appropriate.

Occupational Disease – The valuation includes a provision for all recognized occupational diseases that are expected to arise from past workplace exposures. The 2025 assumption consistent with 2024 is 10.50 per cent of the benefits liabilities.

Mortality **–** Mortality for permanent awards is based on the Nova Scotia Life Table 2022-2024 obtained from Statistics Canada. The previous valuation used the 1983 Group Annuitant mortality (with the 10% margin).

Future Permanent Awards – Future Extended Earnings Replacement Benefits (EERB) and Permanent Impairment Benefit (PIB) awards are assumed to occur in accordance with claims run-off tables. These run-off tables are based on the past claims patterns for the WCB and are updated from time to time as emerging experience dictates. The run-off tables currently in use for EERB awards were developed for the 2008 valuation. In 2017, the run off tables for PIBs were updated to reflect increasing PIB experience. The average accident age for future EERB awards is 47 years. The average accident age for future PIB awards is 48 years. Each year, actual claim experience is compared to that expected by the table and minor experience adjustments are implemented when warranted.

Risk adjustment for non-financial risk
The risk adjustment for non-financial risk is the compensation that the WCB requires for bearing the uncertainty about the amount and timing of the cash flows of groups of insurance contracts.

The risk adjustment reflects an amount that an insurer would rationally pay to remove the uncertainty that future cash flows will exceed the expected value amount and is separate from the discount rate assumptions. Insurance contract revenue is set to cover the current costs of the system and therefore, actuarial assumptions used in projecting future claims cash flows (for purposes of determining liability for remaining coverage and liability for incurred claims) will be determined on a best estimate basis, implying a nil risk adjustment, and corresponds with a 50% confidence level.

Sensitivity Analysis of Insurance Risk
The insurance contract liabilities determined in the report are estimated using many actuarial assumptions. The two most material assumptions are the discount rate (4.95 per cent) and the long-term inflation rate (2.00 per cent). The liability estimates are highly sensitive to small changes in these assumptions. The following table provides examples of their sensitivity along with the implied investment rate for the test.

Section 2800 of the actuarial standards of practice for Public Personal Injury Compensation Plans requires that plans (at minimum) provide sensitivity testing for certain specified scenarios. These mandated scenarios are tested, along with other plausible scenarios, in the table below. The scenarios tested can be summarized as follows:

1. Scenario 1 tests the impact of a 1.00 per cent decrease in the discount rate with all other assumptions are held equal.
2. Scenario 2 tests the impact of a 1.00 per cent increase in the discount rate with all other assumptions are held equal.
3. Scenario 3 provides an integrated test of the impact of a high inflation, low real rate of return environment.
4. Scenario 4 provides the impact of a 1.00 per cent increase in the assumed healthcare inflation rate.

Sensitivity of Valuation Assumptions

	Assumptions			Change to insurance contract liabilities		
Scenario	**Net Discount Rate**	**Inflation**	**Gross Discount Rate**	**Effect**	**Insurance contract liabilities**	**Incurred claims**
1	1.95%	2.00%	3.95%	Increase	$ 230,474	$ 23,510
2	3.95%	2.00%	5.95%	Decrease	$ (196,469)	$ (19,966)
3	1.95%	3.00%	4.95%	Increase	$ 228,351	$ 23,505
4	Increase healthcare inflation rate by 1.0%			Increase	$ 74,890	$ 5,697

Claims risk management

(a) <u>Managing insurance risk</u>

The WCB has an objective to manage claims risk. In addition to the inherent uncertainty of claims risk, which can lead to significant variability in the loss experience, performance from operations are significantly affected by factors external to the WCB.

Insurance risk associated with the volume and cost of claims is managed by focusing on performance at the system level, the industry level and the employer level. The balanced scorecard includes corporate performance measures for financial and operational results. Annually, these metrics are linked to the funding strategy and go through a targeting exercise where corporate targets are developed. Metrics are tracked and reported to the Board of Directors quarterly.

At the industry level, Integrated Service Teams are aligned by industry, in order to focus on a single industry, and add value from an injury prevention and return-to-work perspective. Work includes assisting the industry safety associations to understand the trends in their industries and target areas where value can be added. At the employer level, employer injury rate and trends are used to identify those employers that could improve results from a prevention and return-to-work perspective. In addition, the rate-setting model provides incentives through Experience Rating for employers to manage injuries and work to prevent future injuries.

(b) <u>Concentration of insurance risk</u>

A large proportion of the covered workers are employed in a relatively small number of workplaces. These workplaces receive more personalized services through Integrated Service Teams, including relationship management, prevention and return-to-work consulting. In addition to focusing on workplaces with a large number of employees, the Nova Scotia Department of Labour, Skills and Immigration is provided with data to allow targeted occupational health and safety inspections.

Financial risk management

(a) <u>Liquidity risk of insurance contract liabilities</u>

The following tables show the estimated claims payments underlying the valuations. These payments are the projected cash flows before any discounting is applied. These estimates involve substantial uncertainty as they extend far into the future.

Estimated Future Claims Payments

Year	**2025**
2026	**$ 260,650**
2027	**230,008**
2028	**210,100**
2029	**197,987**
2030	**189,029**
2031 and subsequent years	**2,723,223**
Total	**$ 3,810,997**

Estimated Future Claims Payments

Year	2024
2025	$ 264,385
2026	232,672
2027	212,652
2028	198,506
2029	189,401
2030 and subsequent years	2,581,323
Total	$ 3,678,939

(b) Market risk of insurance contract liabilities

The WCB's exposure to market risks, including price risk, foreign exchange risk and interest rate risk, arises primarily in relation to the investment portfolio. Information about the WCB's exposure to each of the above risks, including objectives, policies and processes for monitoring and managing the risk, is presented in Note 7, Financial Risk Management.

Claims Development Table

The following claims development table is a required disclosure under International Financial Reporting Standards. The top section of the table shows the total dollar amount expected to be paid on claims incurred in the accident year as estimated at various times. Note that claims paid are referred to as “cash flows” in the table so to be clear that these figures do not include discounting.

To put the top section of the table in context, consider the entry in accident year 2016, and year of estimate 2016 (i.e. $309,241). This figure was the estimated total cash flows expected to be paid on accidents in 2016, as measured at December 31, 2016. The amount in accident year 2016, and year of estimate 2025 (i.e. $256,994) provides the same figure re-estimated at December 31, 2025. Estimated cash flows in respect of individual accident years will continue to change over time to the extent there are changes in actuarial assumptions and experience is different than expected.

The lower section of the table shows the development of the liability (or present value of future cash flows associated with each accident year) for accident years 2016 through 2025, as well as the liability for accident years prior to 2016.

	Year of Estimate	Accident Year 2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Total
Estimated Total Cash Flow	2016	$ 309,241										$ 309,241
(Including Past and Future Cash Flows)	2017	282,282	$ 299,129									581,411
	2018	274,944	299,625	$ 322,735								897,304
	2019	255,353	276,400	306,018	$ 320,637							1,158,408
	2020	252,742	268,077	299,132	315,688	$ 332,965						1,468,604
	2021	259,661	291,813	328,299	331,960	334,081	$ 356,472					1,902,286
	2022	264,282	301,651	348,902	365,007	351,674	367,101	$ 381,980				2,380,597
	2023	265,268	306,506	362,864	378,710	363,745	363,094	391,328	$ 401,945			2,833,460
	2024	259,471	306,709	364,988	378,909	361,391	354,362	364,083	385,808	$ 420,664		3,196,385
	2025	256,994	296,542	357,876	366,409	342,246	336,935	332,207	333,507	384,871	$ 402,728	3,410,315
Current (2025) Estimate of Total Cash Flow		256,994	296,542	357,876	366,409	342,246	336,935	332,207	333,507	384,871	402,728	3,410,315
Total Cash Flows Paid to December 31, 2025		(142,046)	(151,050)	(171,926)	(170,542)	(141,685)	(138,818)	(120,753)	(102,058)	(73,170)	(29,871)	(1,241,919)
Estimated Future Cash Flows		114,948	145,492	185,950	195,867	200,561	198,117	211,454	231,449	311,701	372,857	2,168,396
Impact of Discounting		(39,619)	(48,777)	(65,190)	(66,971)	(71,065)	(70,147)	(75,915)	(80,755)	(107,922)	(125,693)	(752,054)
Liability in Respect of Accident Years 2016 to 2025		$ 75,329	$ 96,715	$ 120,760	$ 128,896	$ 129,496	$ 127,970	$ 135,539	$ 150,694	$ 203,779	$ 247,164	1,416,342
Liability for Acc. Years 2015 and prior												911,240
Claims Administration												139,655
Latent Occupational Disease Provision												259,060
Liability for Incurred Claims, Including Latent Occupational Disease Provision												2,726,297
Insurance Contracts Fulfilment Cash Flows at December 31, 2025												(19,358)
Insurance Contracts Liabilities at December 31, 2025												**$ 2,706,939**

12. TOTAL INSURANCE REVENUE

	2025	2024
Insurance revenue	**$ 471,126**	$ 435,609
Practice incentive rebates and surcharge rebates[1]	**(3,405)**	(2,886)
Insurance Revenue before Other Contribution	**467,721**	432,723
Other contribution – Province of Nova Scotia[2]	**2,186**	4,371
Total Insurance Revenue	**$ 469,907**	$ 437,094

[1] Practice incentive rebates and surcharge refund programs are voluntary and offer refunds and rebates to those registered workplaces that have met certain eligibility requirements. They are payable in the following year.

[2] Effective July 1, 2022, amendments to the Firefighters' Compensation Regulations expanded the number of cancers with presumptive benefits from six to 19 and also expanded coverage to include heart attacks that occur within 24 hours of an emergency call, with off-setting contributions received from the Province of Nova Scotia.

13. INSURANCE SERVICE EXPENSES

	2025	2024
Claims costs incurred (Note 11)		
Short-term	**$ (56,910)**	$ (59,443)
Long-term	**(140,752)**	(130,663)
Survivor	**(2,328)**	(6,407)
Health care	**(74,908)**	(80,399)
Rehabilitation	**(694)**	(661)
	(275,592)	(277,573)

	2025	2024
Assumptions change and actuarial experience adjustment (Note 11)		
Assumptions, legislation changes and actuarial experience	**58,174**	43,419
Latent occupational disease experience adjustment	**8,603**	9,876
	66,777	53,295
Administration costs (Note 15)	**(75,606)**	(57,737)
Insurance service expenses	**$ (284,421)**	$ (282,015)

14. INSURANCE FINANCE EXPENSE

	2025	2024
Growth in present value of the liabilities (Note 11)	**$ (129,138)**	$ (128,953)
Effect of changes in the discount rate[1] (Note 11)	**43,120**	(20,474)
Insurance finance expense	**$ (86,018)**	$ (149,427)

[1]The discount rate used to calculate present value of the future cash flows related to the Insurance Contracts Liabilities increased from 4.75 per cent (4.85 per cent - 2024) at January 1, 2025 to 4.95 per cent (4.75 per cent - 2024) at December 31, 2025.

15. ADMINISTRATION COSTS

	2025	2024
Salaries and staff expense	**$ 63,441**	$ 55,015
Depreciation (Note 8 and 9)	**14,663**	4,777
Professional fees, and consulting	**12,199**	7,206
Services contracted	**8,913**	7,757
Building operations	**1,513**	1,367
Supplies	**704**	657
Communications	**699**	731
Training and development	**689**	708
Travel and accommodations	**662**	549
	103,483	78,767
Change in liability for future administration costs (Note 11)	**(1,313)**	(2,798)
Total	**$ 102,170**	$ 75,969
Attributable expenses (Included in insurance service expenses)[1]	**$ 75,606**	$ 57,737
Non-attributable expenses (Included in other expenses)	**26,564**	18,232
Total	**$ 102,170**	$ 75,969

[1]Administration costs attributable to insurance service expenses are allocated using a detailed and systematic approach with significant estimates and judgments. When allocating costs related to the provision of insurance services, a review of costs associated with the service and management employer policies and all services related to and supporting claims, plus an allocation of overhead expenses. In 2025, the allocation was calculated to be 74 per cent, down from 76 per cent in 2024.

16. OTHER REVENUE AND EXPENSES

	2025	2024
Self-insured revenue (Note 19)	**$ 10,070**	$ 9,413
Other administration expenses (Note 15)	**(26,564)**	(18,232)
System support (Note 17)	**(1,220)**	(1,186)
Legislated obligations (Note 18)	**(23,551)**	(21,897)
Other revenue and expenses	**$ (41,265)**	$ (31,902)

17. SYSTEM SUPPORT

	2025	2024
System support	**$ 1,220**	$ 1,186

System support costs are costs associated with providing support and funding for the Workplace Safety Insurance System (WSIS) agencies – the Office of the Employer Advisor and the Office of the Worker Counsellor. Both offices are focused on improving the ease of stakeholders interacting with the Workplace Safety and Insurance System agencies.

18. LEGISLATED OBLIGATIONS

	2025	2024
Occupational Health and Safety	**$ 16,663**	$ 16,154
Workers' Advisers Program	**4,745**	3,823
Workers' Compensation Appeals Tribunal	**2,143**	1,920
	$ 23,551	$ 21,897

The WCB is required by the Act to reimburse the Province of Nova Scotia for part of the operating costs of the Occupational Health and Safety Division of the Nova Scotia Department of Labour, Skills and Immigration.

The Workers' Advisers Program (WAP) offers legal advice and assistance to eligible injured workers on workers' compensation matters. The WAP operates autonomously from the WCB. The WCB is required by the Act to absorb the operating costs of the WAP.

Combined with the Workers' Advisers Program are the Injured Workers' Associations which provide advice and assistance to workers on workers' compensation issues. The WCB is required by the Act to provide funding to Injured Workers' Associations on such terms and conditions as the Minister of the Nova

Scotia Department of Labour, Skills and Immigration deems appropriate, or the Governor in Council prescribes.

The Workers' Compensation Appeals Tribunal (WCAT) is an independent organization formed to hear appeals of workers' compensation claims and assessment decisions. The WCB is required by the Act to absorb the operating costs of the WCAT.

19. SELF-INSURED EMPLOYERS

Self-insured employers - federal and provincial government bodies directly bear the costs of their own incurred claims. The WCB administers these claims and charges self-insured employers an administration fee based on their pro-rata share of WCB administration costs and it is included in revenue on the Statement of Comprehensive Income.

The benefits liabilities related to self-insured employers have not been included in the WCB's Insurance contract liabilities. Section 134.3 of the Act references that self-insured employers are liable individually to pay an amount based on the cost of claims plus administrative costs incurred by the WCB with respect to those claims. As these liabilities will be borne by those employers when paid in future years, they do not add to the WCB's unfunded liability.

During the year, the following self-insured revenue and claims cost reimbursements were levied:

	2025	2024
Self-insured revenue	**$ 10,070**	$ 9,413
Claims cost reimbursements		
Short-term disability	**$ 12,003**	$ 11,890
Long-term disability	**22,349**	22,976
Survivor benefits	**3,204**	2,827
Health care	**12,138**	12,258
	$ 49,694	$ 49,951

20. RELATED PARTY TRANSACTIONS

The WCB provides self-insured coverage to provincial government agencies and departments. The Province is considered a related party as the Province administers the Act through which the WCB is governed. The Province, as a self-insured employer, reimburses the WCB for its own incurred claims and a share of WCB administration costs. The amounts included in Note 19 for the Province of Nova Scotia are as follows:

	2025	2024
Self-insured revenue	**$ 3,666**	$ 3,315
Claims cost recoveries	**$ 11,741**	$ 12,089

These transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. The balances due from the Province of Nova Scotia are non-interest bearing and under normal credit terms. In 2025, the amount receivable from the Province of Nova Scotia was $3,223 (2024, $3,553) for claims payments made and administration costs.

Key management personnel of the WCB (CEO, C-Suite Officers, Vice Presidents and the Board of Directors) are deemed related parties. In addition, close family members of the key management personnel are also related parties of the WCB. There were no transactions or relationships with these related parties, with the exception of salaries and benefits shown below, that require disclosure.

WCB Salaries and Benefits (in actual dollars)

	2025						2024	
	Number of Individuals	**Salary**	**Benefits**	**Other**	**Total**	Notes	Number of Individuals	Total
Board of Directors	**10**	**$ 198,346**	**$ 7,786**	**$ -**	**$ 206,132**	1	10	$ 178,858
Executive Leadership Team	**7**	**1,639,149**	**230,404**	**40,783**	**1,910,336**		7	1,676,696
All Employees	**569**	**49,439,874**	**9,612,483**	**640,556**	**59,692,913**	2	548	51,535,775
Post-employment Benefits			**1,767,438**		**1,767,438**			1,749,721
Salaries & Benefits	**586**	**$ 51,277,369**	**$ 11,618,111**	**$ 681,339**	**$ 63,576,819**	3	565	$ 55,141,050

1 The Chair's combined remuneration was based on a daily per diem allowance of $300 in addition to an honorarium of $20,000 annually, to a maximum of $50,000 per year. All other Board members received a daily allowance of $300 for attendance at Board meetings and related work. In addition to the per diem, the Deputy Chair received an honorarium of $5,000 per annum and the Committee Chairs received an honorarium of $2,000 per annum.

2 This figure represents the average number of employees on payroll during the fiscal year.

3 Salary includes regular base pay, and settlement provisions of the collective agreement. Benefits include the employer's share of the employee benefits - CPP, EI, pension, health/dental, life insurance and long term disability. 'Other' includes vacation payout and travel allowance. Total salaries and benefits in 2025 of $63,576,819 (2024 of $55,141,050) varies by $135,489 (2024 - $125,970) from Note 15 in the financial statements due to travel allowance disclosed in 'Other', which is posted to 'Travel and accommodations' in Note 15.

21. INDUSTRY LEVIES

As a result of Orders-in-Council or agreements with the industry associations, the WCB has levied a surcharge against the industries listed below to fund a portion of the operating costs of health and safety programs conducted by the industries. The amounts collected have been disbursed as directed by the Orders-in-Council or agreements with the industry associations. As the funds collected on behalf of these industries are not those of the WCB, they have not been included as revenue or costs in the Statement of Comprehensive Income.

Industry	Payee	**2025**	2024
Construction	Construction Safety Nova Scotia	**$ 3,611**	$ 3,384
Fishing	Fish Safe NS	**478**	427
Trucking	Nova Scotia Trucking Safety Association	**381**	419
Forestry	Forestry Safety Society of Nova Scotia	**129**	127
Auto Retailers	Nova Scotia Automobile Dealers Safety Association	**172**	167
Retail Gasoline	Retail Gasoline Dealers Association	**40**	37
		$ 4,811	$ 4,561

22. COMMITMENTS

Leases

The WCB leases an office space and various items of equipment, which have been recorded in the financial statements as right-of-use assets.

The WCB leases two office locations:

- One office location is under a 5-year lease, with two optional renewal periods of 5 years each.
- In 2025, the WCB entered into a lease for an additional office space with a lease term of 10 years, with two optional renewal periods of 5 years each.

The WCB also has right-of-use asset leases for various items of equipment. Lease terms range from 3 to 5 years and contain no renewal terms, purchase options, or escalation clauses. Leased equipment assets are pledged as collateral for the related right-of-use liabilities.

The maturity analysis of all lease liabilities at December 31 is as follows:

	Within One Year	**Within one to five years**	**More than five years**	**Total**
2025				
Lease payments (principal and interest)	**$545**	**$2,423**	**$3,617**	**$6,585**

	Within One Year	Within one to five years	More than five years	Total
2024				
Lease payments (principal and interest)	$93	$217	-	$310

The WCB's liquidly risk inherent in the maturity of lease liabilities is low. The WCB has a capital management plan to fund current operations. See Note 24 for further details.

The future aggregate minimum lease payments relating to leases that are short-term or low value in nature, which are not included in the measurement of lease liabilities, and are not material to the financial statements.

Investment Commitments

There are undrawn investment commitments for certain limited partnerships and pooled funds. See Note 6 *"Investments"*.

23. EMPLOYEE PENSION PLAN

Employees of the WCB participate in the Public Service Superannuation Fund (Plan), a contributory pension plan administered by the Pension Services Superannuation Plan Trustee Incorporated, which provides pension benefits based on length of service and earnings. Contributions to the Plan are required by both employees and the WCB. Total WCB employer contributions for 2025 were $4,038 (2024 - $3,564) and are recognized as an expense in the period. The WCB is not obligated for any unfunded liability, nor does the WCB have entitlement to any surplus that may arise in this Plan.

24. CAPITAL MANAGEMENT

The capital management objective reflects the mandate to pay benefits and to ensure the long-term financial sustainability of the Workers' Compensation System. The funding strategy outlines the WCB's planned approach to secure financial obligations of current and future benefits to workers and operations. Funding of the Workers' Compensation System requires consideration of a number of complex variables and assumptions (rates, benefits, funding period and investment returns).

For funding purposes and rate setting purposes, a going-concern discount rate that reflects the best estimate of the long-term rate of return on assets consistent with the strategic asset allocation adopted by the Board's statement of investment policies and objectives. The discount rate as at December 31, 2025 is 5.50 per cent (unchanged from 2024).

The funded ratio is monitored, the funding percentage calculated by the ratio of total assets to total liabilities for rate setting purposes is 117.1 per cent (2024 – 106.7 per cent).

Reconciliation between IFRS and Funding Basis
2025

	IFRS	Measurement	Reclassification	Funding Basis
Total Assets	$3,131,459		36,585	$3,168,044
Total Liabilities	$2,780,262	($111,789)	36,585	$2,705,058
Funded Ratio	112.6%			117.1%

25. SUBSEQUENT EVENT

Management has evaluated subsequent events through June 25, 2026, the date the financial statements were approved for issue.

The sale of the land and office building located at 5668 South Street in Halifax, Nova Scotia was completed on March 31, 2026. As the transaction occurred after the reporting date, it represents a non-adjusting subsequent event in accordance with IAS 10, and accordingly no adjustment has been made to the financial statements for the year ended December 31, 2025.

As of December 31, 2025, the building and land had a combined carrying amounts of $1.3 million. The property was sold for proceeds of $19 million, resulting in a gain of $17.7 million, which will be recognized in the financial statements for the year ending December 31, 2026. The proceeds from the sale were invested in the accident fund.

Actuarial Certificate

ECKLER

We have completed an actuarial valuation of the benefit liabilities for insured employers under the Workers' Compensation Act of Nova Scotia (the "Act") in accordance with IFRS 17 as at December 31, 2025, for the purpose of providing input to the financial statements of the Workers' Compensation Board of Nova Scotia (the "Board"). The valuation is in respect of assessed firms only and does not include any provision for future payments in respect of self-insured firms.

Our estimate of the benefits liabilities of $2,726,297,000 represents the actuarial present value at December 31, 2025, of all expected health-care payments, short-term disability benefits, long-term disability benefits, survivor benefits, rehabilitation and other payments which will be made in future years, and which relate to claims arising from events which occurred on or before December 31, 2025. The liabilities include a provision for future administrative expenses. The liabilities also include a provision for potential occupational diseases in the latency period. No allowance has been made in these liabilities for any future deviations from the present policies and practices of the Board or for the extension of new coverage types.

Data required for the valuation has been provided by the Board. We have reviewed the valuation data to test for reasonableness and consistency with the data used in prior years.

The liabilities have been allocated into six categories, namely: short-term disability; long-term disability; survivors' benefits; health care; rehabilitation and administration.

All liabilities have been calculated using underlying assumptions of 2.95% per annum for the real rate of return on invested assets and 2.00% per annum for the rate of increase in the Consumer Price Index.

In the prior valuation, the CPI assumption equated to inflation rates for indexing benefits of 1.00% per annum in respect of long-term disabilities and permanent survivor benefits, because indexing for these benefits was previously specified under the Act as 50% of the rate of increase in the Consumer Price Index. In 2025, the Act was amended to provide annual indexation of permanent periodic income awards, effective January 1, 2027, equal to 100% of the rate of increase in the Consumer Price Index. The impact of this amendment is reflected in the December 31, 2025 liabilities.

Liabilities in respect of permanent long-term disability and survivor benefits in-pay have been determined by projecting cash flows on an individual claimant basis using mortality as the only decrement.

Liabilities in respect of future permanent long-term disability and survivor benefits awards have been determined based on factors developed from historical patterns of permanent awards and using mortality and valuation interest rate assumptions identical to those used in determining the existing pension and long-term disability liabilities.

The liabilities in respect of short-term disability, health care, rehabilitation and the non-permanent portion of survivors' benefits have been determined from projections of future claim

Actuarial Certificate

payments. These projections have been based on continuation of recent payment patterns by years since the injury. An inflation rate of 2.00% per annum has been used to project future cash flows for short-term disability claims, rehabilitation, and the non-permanent portion of survivors' benefits. For health care, an inflation rate of 4.25% per annum was used, reflecting the greater expected inflation and utilization rate for this benefit category. In 2025, the Act was amended to provide lump sum death benefits payable to the injured worker's estate in the event the death is a result of the injury and there is no surviving spouse or dependent child. The impact of this amendment is reflected in the December 31, 2025 liabilities.

Effective September 1, 2024, amendments to the Act allow workers to be compensated for gradual onset psychological injury. Early indications suggest that any emerging claim volumes have been offset by the Board's favourable results in other areas. We will continue to monitor gradual onset psychological injury claims relative to the Board's experience in other areas to see if any specific adjustments need to be made for this new coverage in a future valuation. We are not aware of any events subsequent to the valuation date that would have a material impact on our liability calculations.

It is our opinion that:

- the data on which the valuation is based are sufficient and reliable for the purpose of the valuation;
- the assumptions are appropriate for the purpose of the valuation;
- the methods employed in the valuation are appropriate for the purpose of the valuation; and
- the amount of the benefits liabilities makes appropriate provision for all personal injury compensation obligations, and the financial statements fairly present the results of the valuation.

Our valuation report has been prepared, and our opinions have been given in accordance with accepted actuarial practice in Canada.

Further information on the data, assumptions, methods, and valuation results can be found in our actuarial valuation report.

Jeff Turnbull, FSA, FCIA

Scott Mossman, FSA, FCIA

Toll Free	**1-800-870-3331**
Email	**info@wcb.ns.ca**
Website	**wcb.ns.ca**
LinkedIn	**@WCB Nova Scotia**

Halifax Office
200-137 Venture Run
Dartmouth, NS B3B 0L9

Sydney Office
101-404 Charlotte Street
Sydney, NS B1P 1E2