Annual Accountability Report

2025-2026

Invest NOVA SCOTIA

Table of Contents

Accountability Statement

The Accountability Report of Invest Nova Scotia for the year ended March 31, 2026, is prepared pursuant to the Finance Act and government policies and guidelines. These authorities require the reporting of outcomes against Invest Nova Scotia's Business Plan for the fiscal year just ended. The reporting of Invest Nova Scotia's outcomes necessarily includes estimates, judgements, and opinions by Invest Nova Scotia's management. We acknowledge that this Accountability Report is the responsibility of Invest Nova Scotia's management. The report is, to the extent possible, a complete and accurate representation of outcomes relative to the goals and priorities set out in Invest Nova Scotia's 2025-2026 Business Plan.

The Honourable Colton LeBlanc
Minister of Growth and Development

Chris Morrissey
Invest Nova Scotia CEO

Message from the Minister of Growth and Development

Nova Scotia businesses continue to demonstrate that they are ready to compete, adapt, and grow in a rapidly changing global economy.

When Invest Nova Scotia's 2025-2026 Business Plan was developed, businesses were facing significant uncertainty. Global trade relationships were evolving, supply chains remained under pressure, and companies were navigating new risks and opportunities at home and abroad. In response, Invest Nova Scotia focused on helping businesses become more productive, diversify markets, attract investment, and strengthen their competitiveness.

The results of this year's accountability report demonstrate the determination and confidence of the businesses Invest Nova Scotia serves.

Client companies not only maintained payroll and export performance during the reporting period, they went further. Client payroll and export sales both increased, despite the more cautious outlook that informed this year's performance targets. At the same time, businesses continued to invest in productivity improvements, pursue new customers in new markets, and attract private capital to support future growth.

Market diversification remained a key priority. More than one-third of clients reported expanding into an additional export market, significantly exceeding target. Businesses also committed nearly $36 million in private-sector investment through the Innovation Rebate Program, helping strengthen productivity and competitiveness across multiple sectors. Invest Nova Scotia-supported start-ups attracted more than $24 million in private capital, while the organization exceeded its target for attracting innovative companies to establish in, or relocate to, Nova Scotia.

These results tell an encouraging story. Businesses supported by Invest Nova Scotia are responding to change with innovation, investment, and ambition. They are exploring new opportunities, making strategic investments, and building the foundations for long-term success. Their efforts are strengthening communities, creating opportunities, and contributing to a more competitive and resilient future.

“The results of this year’s accountability report demonstrate the determination and confidence of the businesses Invest Nova Scotia serves.”

While uncertainty remains a feature of today’s global economy, Nova Scotia has many advantages to build upon: entrepreneurial businesses, talented people, abundant natural resources, a growing culture of innovation, and burgeoning opportunities across many sectors, including defence and energy. Our government remains committed to creating the conditions that help businesses succeed and ensuring Nova Scotia remains a place where companies can start, grow, invest, and compete.

I would like to thank the businesses, entrepreneurs, investors, partners, and Invest Nova Scotia employees whose efforts contributed to these results. Together, we are helping create new opportunities and supporting sustainable growth across our province.

The Honourable Colton LeBlanc
Minister of Growth and Development

Performance

Invest Nova Scotia is the business development agency for the Province of Nova Scotia, reporting through the Department of Growth and Development and its Minister.

Working directly with businesses and in support of the Province's priorities and strategic goals, in 2025-2026, Invest Nova Scotia's key areas of focus were:

- Enabling market diversification and helping businesses be more productive.
- Investing in new ideas and entrepreneurship to attract capital and create better jobs.
- Ensuring all communities experience growth and prosperity.

2025-2026 Results Against Target Measures

Goal 1: Clients maintain their payroll.	**Result:** Client payroll was maintained and **increased by 4.8%**, from $1.17 billion in 2024 to **$1.23 billion** in 2025.
Goal 2: A minimum of 10 innovative companies establish in, or relocate to, Nova Scotia.	**Result: 12 innovative companies** established in, or relocated to, Nova Scotia.
Goal 3: A minimum private sector commitment of $36 million in capital investment for productivity improvements.	**Result:** $35.6 million in private-sector investment was committed for productivity improvements, with total project value **exceeding $47 million.**
Goal 4: Investments in Nova Scotia start-ups leverage a minimum of $12 million of private capital (i.e., $2 leveraged for every $1 invested through the Nova Scotia First Fund).	**Result: $24.2 million** in private capital was leveraged through direct and fund investments.
Goal 5: A minimum of 20% of clients diversify exports through sales to an additional market.	**Result: 37%** of reporting clients diversified exports through sales to an additional market.
Goal 6: Clients maintain value of exports.	**Result:** Client export sales were maintained and **increased by 7.4%**, from $5.54 billion in 2024 to **$5.94 billion** in 2025.

2025-2026 Analysis/ Discussion for Invest Nova Scotia

During the reporting period, Invest Nova Scotia collected and reviewed annual data from clients across its programs, services, and business development activities. These results form the foundation of our performance assessment.

Performance Insights

During 2025-2026, businesses supported by Invest Nova Scotia demonstrated resilience and adaptability in the face of continued global economic uncertainty, shifting trade dynamics, and evolving market conditions. Given this uncertain outlook, Invest Nova Scotia's Business Plan established maintenance targets for client payroll and export values rather than the growth-oriented targets from previous years.

Client companies ultimately exceeded those expectations. Clients maintained and grew both payroll and export sales during the reporting period, while continuing to invest in productivity improvements, expand into new markets, and attract private capital. These results suggest that many supported businesses remained focused on strengthening their competitiveness and positioning themselves for long-term success.

Market diversification was a significant focus throughout the year, with more than one-third of reporting clients recording sales in an additional export market. This significantly exceeded the target of 20 per cent of clients diversifying exports through sales to a new market, indicating that many supported businesses were actively pursuing opportunities beyond their existing customer base and expanding their market reach.

Invest Nova Scotia clients also continued to invest in productivity-enhancing projects. Through the Innovation Rebate Program, businesses committed approximately $35.6 million in private-sector investment toward capital projects designed to improve productivity and competitiveness, effectively achieving the organization's target of a minimum $36 million private-sector commitment. These investments included improvements to equipment, facilities, technology, and production capacity that will support future growth.

Entrepreneurship and innovation remained important drivers of client activity throughout the year. Through direct investments and fund partnerships supported by the Nova Scotia First Fund, start-ups leveraged more than $24 million in private capital, substantially exceeding the program target of $12 million. This result reflects continued investor confidence in innovative Nova Scotia companies and demonstrates the ability

> “These results indicate that Invest Nova Scotia clients continued to invest, innovate, expand into new markets, attract capital, and pursue growth opportunities.”

of supported ventures to attract additional investment from private sources.

Invest Nova Scotia also exceeded its business attraction target during the reporting period. Twelve innovative companies established operations in, or relocated to, Nova Scotia, surpassing the target of 10. These investments contribute to the province’s innovation ecosystem and create new opportunities for future business growth and employment.

Taken together, these results indicate that Invest Nova Scotia clients continued to invest, innovate, expand into new markets, attract capital, and pursue growth opportunities despite a challenging external environment. While businesses continue to navigate changing global economic conditions, the results demonstrate the resilience of supported companies and their commitment to building long-term competitiveness.

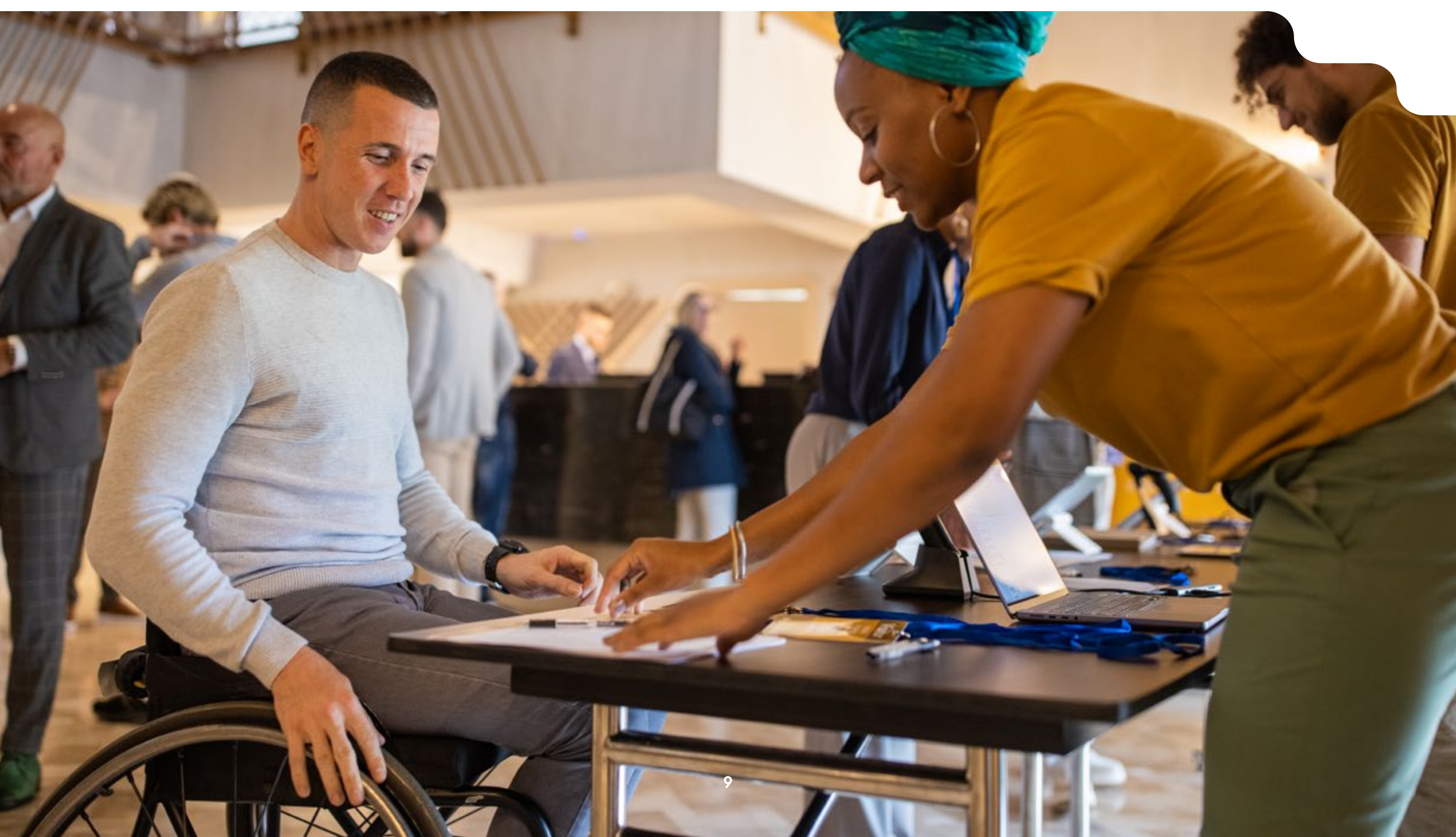
Looking Ahead

The ongoing shifts in the economic landscape will continue to bring new challenges to Nova Scotia businesses, but will also provide new opportunities. As Canada renews its focus on defence, companies across all sectors can benefit from finding their place in the supply chain. Nova Scotia’s commitment to growing key sectors will also open doors for new partnerships and investment. Together, we can advance through and beyond new challenges and find continued opportunities for growth.

Measures to Advance Accessibility Initiatives

Invest Nova Scotia's initial three-year accessibility plan came into effect in 2023–2024. Building on th work, an updated three-year accessibility plan was completed for the period of April 1, 2026 to Mar 2029. The plan outlines a vision and commitment for accessibility across all business offerings, incluc programs, services, employment, and physical spaces provided by Invest Nova Scotia, and informs the development of future accessibility plans and actions. In 2025-26, Invest Nova Scotia and its employees continued working through action items associated with the commitments in its multi-year accessibility planning.

Download Accessibility Plan



Appendix A

Public Interest Disclosure of Wrongdoing Act

The *Public Interest Disclosure of Wrongdoing Act* was proclaimed into law on December 20, 2011. The Act provides for government employees to be able to come forward if they reasonably believe that a wrongdoing has been committed or is about to be committed and they are acting in good faith. The Act also protects employees who do disclose from reprisals, by enabling them to lay a complaint of reprisal with the Labour Board.

A Wrongdoing for the purposes of the Act is:

a) a contravention of provincial or federal laws or regulations

b) a misuse or gross mismanagement of public funds or assets

c) an act or omission that creates an imminent risk of a substantial and specific danger to the life, health or safety of persons or the environment, or

d) directing or counselling someone to commit a wrongdoing

Information required under Section 18 of the Act	Fiscal Year 2025-2026
Number of disclosures received:	0
Number of investigations commenced:	0
Findings of wrongdoing:	0
Corrective action taken:	Not applicable
Reason no corrective action taken:	Not applicable

Appendix B

Audited Financial Statements and Notes

(includes Independent Auditor's Report)

Consolidated financial statements of Invest Nova Scotia

March 31, 2026

Management's Report

Management's Responsibility for the Financial Statements

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the consolidated financial statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the consolidated financial statements.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

Those charged with governance are responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. They review external audited consolidated financial statements annually and delegated the President & CEO to review the internal financial statements during the course of the year.

The external auditors, Deloitte LLP, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the consolidated financial statements. The external auditors have full and free access to financial management of Invest Nova Scotia and meet with them when required.

On behalf of Invest Nova Scotia

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Chris Morrissey
CEO

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Kyle Gillis
VP Finance

____
Ferdinand Makani
Controller

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Independent Auditor's Report

To the Minister, Department of Growth & Development for
Invest Nova Scotia

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the financial statements of Invest Nova Scotia (the "Organization"), which comprise the consolidated statement of financial position as at March 31, 2026, and the consolidated statements of operations and changes in accumulated surplus, changes in net financial assets, cash flows, and remeasurement (loss) gain for the year then ended, and notes to the consolidated financial statement, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2026, and the results of its operations, its remeasurement gains and losses, changes in its net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards ("PSAS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). 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 Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PSAS, 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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization'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 GAAS 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 GAAS, 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 Organization'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 Organization'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 Organization 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Organization as a basis for forming an opinion on the financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

Deloitte LLP

Chartered Professional Accountants
June 26, 2026
Halifax, Nova Scotia

Invest Nova Scotia

Consolidated statement of operations and changes in accumulated surplus

Year-ended March 31, 2026

(in thousands of dollars)

	Notes	Budget $	2026 $	2025 $
Revenue				
Provincial				
Operating grant		**38,828**	**37,007**	35,320
Strategic investment grant - payroll rebates	9	**18,400**	**13,757**	13,821
Miscellaneous		**272**	**226**	184
Miscellaneous - Nova Scotia Fund		**-**	**6**	2
Other		**1,539**	**1,820**	2,362
Ordinary recoveries		**1,180**	**1,249**	1,174
Nova Scotia Fund revenue and recoveries		**989**	**1,192**	897
Federal revenue		**394**	**268**	726
Interest on loans receivable	7	**4,619**	**59**	91
Nova Scotia Independent Production Fund ("NSIPF") revenue	Schedule 1	**-**	**11**	554
Investment income		**5**	**-**	55
		66,226	**55,595**	55,186
Expenses				
Operating expenses	Schedule 2	**42,582**	**40,571**	39,755
Strategic investment expenses - payroll rebates		**18,400**	**13,757**	13,821
Nova Scotia Fund expenses	Schedule 3	**884**	**782**	478
NSIPF expenses	Schedule 1	**-**	**11**	554
Interest on long-term debt	7	**4,567**	**-**	-
		66,433	**55,121**	54,608
Operating surplus (loss)		**(248)**	**474**	578
Statutory capital contributions		**11,000**	**6,192**	14,694
Realized gains on portfolio investments		**-**	**895**	1,625
Recovery on previously impaired and allowed for portfolio investments		**-**	**3,135**	-
Capital grant		**146**	**183**	521
Loss on sale of tangible capital assets		**-**	**(1)**	-
Net provision for impairments on portfolio investments and loans receiveable		**(600)**	**(673)**	(2,110)
Transfer payments to the Province of Nova Scotia	7	**-**	**-**	(19,866)
		10,546	**9,731**	(5,136)
Surplus (deficit)		**10,298**	**10,205**	(4,558)
Accumulated surplus, beginning of year		**100,092**	**100,092**	104,650
Accumulated surplus, end of year		**110,390**	**110,297**	100,092

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

Invest Nova Scotia

Consolidated statement of changes in net financial assets

Year-ended March 31, 2026

(in thousands of dollars)

	Notes	Budget	2026	2025
		$	$	$
Surplus (deficit)		**10,298**	**10,205**	(4,558)
Net remeasurement loss		**-**	**(79)**	(391)
		10,298	**10,126**	(4,949)
Change in tangible capital assets				
Acqusition of tangible capital assets		**-**	**(36)**	-
Amortization of tangible capital assets		**400**	**357**	351
Net change in tangible capital assets		**400**	**321**	351
Change in other non-financial assets				
Decrease (increase) in prepaid assets		**-**	**44**	(364)
Increase (decrease) in net financial assets		**10,698**	**10,491**	(4,962)
Net financial assets, beginning of year		**94,609**	**94,609**	99,571
Net financial assets, end of year		**105,307**	**105,100**	94,609

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

Invest Nova Scotia

Consolidated statement of financial position

As at March 31, 2026

(in thousands of dollars)

	Notes	2026 $	2025 $
Financial assets			
Cash and cash equivalents		**40,486**	34,604
Restricted cash and cash equivalents - NSIPF		**257**	643
Interest receivable		**1,104**	1,209
Other receivables	7	**97,780**	110,693
Receivables - NSIPF		**7**	1
Due from the Province of Nova Scotia	7	**23,146**	16,790
Loans receivable	3,6,11	**1,984**	3,142
Portfolio investments	4,6,11	**72,333**	69,180
		237,097	236,262
Liabilities			
Accounts payable and accrued liabilities		**28,759**	25,163
Accounts payable and accrued liabilities - NSIPF		**11**	11
Asset Retirement Obligation Liability		**283**	246
Deferred revenue		**354**	725
Deferred revenue - NSIPF		**32**	23
Deferred capital contributions		**740**	886
Employee benefits and other liabilities	15	**4,612**	4,423
Due to shareholder	7	**97,097**	109,678
Film production assistance commitments payable - NSIPF	17	**109**	498
		131,997	141,653
Net financial assets		**105,100**	94,609
Non-financial assets			
Tangible capital assets	5	**4,287**	4,608
Prepaid expenses		**752**	796
		5,039	5,404
Accumulated surplus	8	**110,139**	100,013
Accumulated surplus is comprised of:			
Accumulated operating surplus		**110,297**	100,092
Accumulated remeasurement		**(158)**	(79)
		110,139	100,013

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

On behalf of the Province of Nova Scotia

______________________________, Minister

Invest Nova Scotia

Consolidated statement of cash flows

Year-ended March 31, 2026

(in thousands of dollars)

	Notes	2026	2025
		$	$
Operating transactions			
Surplus (deficit)		**10,205**	(4,558)
Items not affecting cash and cash equivalents			
Amortization of tangible capital assets		**357**	351
Loss on sale of tangible capital assets		**1**	-
Allowance for portfolio investments		**1,936**	2,586
Recovery of loans receivable		**(1,263)**	(476)
Nova Scotia First Fund income		**-**	4,124
Changes in non-cash working capital	13	**9,625**	(111,364)
		20,861	(109,337)
Capital transactions			
Net acqusition of tangible capital assets		**(37)**	-
		(37)	-
Investing transactions			
Portfolio investments advanced		**(5,549)**	(6,358)
Proceeds on sale or redemption of portfolio investments		**124**	9,499
Return of capital on portfolio investments		**257**	-
Loans receivable advanced		**(250)**	(500)
Principal repaid on loans receivable		**2,671**	1,625
		(2,747)	4,266
Financing transactions			
New borrowings from the Province of Nova Scotia		**-**	117,000
Principal repayments to the Province of Nova Scotia		**(12,581)**	(7,322)
		(12,581)	109,678
Increase in cash and cash equivalents		**5,496**	4,607
Cash and cash equivalents, beginning of year		**35,247**	30,640
Cash and cash equivalents, end of year		**40,743**	35,247
Cash and cash equivalents consist of			
Cash and cash equivalents		**40,486**	34,604
Restricted cash and cash equivalents		**257**	643
		40,743	35,247
Supplementary cash flow information	13		

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

Invest Nova Scotia

Consolidated statement of remeasurement gain (loss)

Year-ended March 31, 2026

(in thousands of dollars)

	Notes	2026	2025
		$	$
Accumulated remeasurement (loss) gain, beginning of year		**(79)**	312
Remeasurement gain arising during the year			
Remeasurement loss on equity investments quoted in an active market		**(79)**	(4,158)
Amounts reclassified to the statement of operations			
Realized gains on equity investments quoted in an active market		**-**	3,767
Net remeasurement loss		**(79)**	(391)
Accumulated remeasurement loss, end of year		**(158)**	(79)

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

1. Business overview

Nova Scotia Business Incorporated ("NSBI") and Nova Scotia Innovation Corporation ("Innovacorp") (collectively formerly "Corporations") were amalgamated and continued as a body corporate known as Invest Nova Scotia, ("Corporation") in pursuant of the *Invest Nova Scotia Act, Chapter 37 of the Acts of 2022 ("Act")* passed the Province of Nova Scotia on December 1, 2022. Pursuant to this Act, all shares of the former Corporations were cancelled and all their matters, affairs, actions, assets (including rights), titles and interests, obligations and liabilities including employee benefits and entitlements were assed to the Corporation. Also, all employees of the former corporations were transferred to the Corporation. The Corporation is wholly-owned by the Province of Nova Scotia and its management and control of affairs are vested in the Minister of Economic Development ("Minister").

The Corporation's mission is to promote economic growth and community economic development in the Province by enabling business, innovation and entrepreneurship. The Corporation is not subject to Provincial or Federal taxes.

On December 1, 2022, Nova Scotia Independent Production Fund ("NSIPF") became a subsidiary of Invest Nova Scotia under the *Invest Nova Scotia Act, Chapter 37 of the Acts of 2022* coming into force.

NSIPF's purpose continues to be as was Film and Creative Industries ("FCINS") as an IPF, to support Nova Scotia and Canadian television programming by receiving contributions as a restricted independent production fund under the Broadcasting Regulations and to distribute such contributions to productions determined to be eligible for funding in accordance with the requirements of the Canadian Radio-television and Telecommunication Commission ("CRTC").

2. Summary of significant accounting policies

Basis of accounting

The consolidated financial statements of the Corporation have been prepared by management in accordance with Canadian public-sector accounting standards ("PSAS") as established by the Public Sector Accounting Board ("PSAB").

The Corporation follows the accrual method of accounting for revenues and expenses. Revenues are recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods and services and/or the creation of a legal obligation to pay. Assets are carried at the lower of cost and net recoverable value except that certain financial instruments are carried at fair market value. Liabilities and financial obligations to outside organizations are recorded at the estimated amount ultimately payable.

Both financial and non-financial assets are reported on the consolidated statement of financial position. Non-financial assets are used to provide services in future periods and are charged to expense through amortization or upon utilization. These assets do not normally provide resources to discharge the liabilities of Invest Nova Scotia unless they are sold. As a result, non-financial assets are not taken into consideration when determining the net financial assets of Invest Nova Scotia, but rather are added to the net financial assets to determine the accumulated surplus.

2. Summary of significant accounting policies (continued)

Reporting entity

These consolidated financial statements reflect the assets, liabilities, revenues, expenditures and changes in net financial assets and cash flows of the reporting entity. The reporting entity is comprised of the following entities which are owned or controlled by the Corporation:

- Invest Nova Scotia
- Nova Scotia Independent Production Fund
- 1402998 Nova Scotia Limited
- 3087532 Nova Scotia Limited

All inter-departmental and inter-entity balances and transfers between the entities have been eliminated on consolidation.

Cash and cash equivalents

Cash includes petty cash and amounts on deposit with financial institutions. Cash equivalents include short-term highly liquid investments with a term to maturity of 365 days or less at acquisition. All are measured at fair market value.

Restricted cash and cash equivalents

Restricted cash and cash equivalents include funds held in the Nova Scotia First Fund ("NSFF") for future investments and Nova Scotia Independent Production Fund ("NSIPF") for future film production incentives . The restricted cash equivalents comprise short-term investments with a term to maturity of three months or less at the date of acquisition.

Accounts receivable

Receivables are measured at amortized cost using the effective interest method. A valuation allowance is used to reduce the recorded value to the lower of its cost or net recoverable value.

Loans receivable

Loans receivable include promissory notes and convertible debentures which are carried at cost (including conversion features), with cost being equal to the fair value of the assets given up or liabilities assumed, with the exception of significantly concessionary notes and debentures which are carried at the discounted value of the note or debenture after the grant portion has been charged to the consolidated statement of operations.

For significantly concessionary loans, subsequent to the initial measurement, the loans are carried at amortized cost using the effective interest method. Loans receivable are recognized at amortized cost using the effective interest rate method. Loans receivable are classified as impaired when, in the opinion of management, there is reasonable doubt as to the timely collection of the full amount of principal and interest. A specific valuation allowance is established to reduce the recorded value of the impaired loan to its estimated net recoverable value.

A general allowance of 5% of cost against Nova Scotia Fund ("NSF") loans receivable is recorded to reflect anticipated future losses for all loans receivable which do not have a specific allowance. A general allowance was recorded on loans receivable with a net carrying value of $1,984 ($3,142 in 2025) in Note 3.

2. Summary of significant accounting policies (continued)

Initial and subsequent changes in the amount of valuation allowance are recorded as a charge or credit to the statement of operations.

Loans receivable are written off after all reasonable restructuring and collection activities have taken place, and management believes that there is no realistic prospect of recovery. Once all or a part of a loan receivable has been written off, the write-off is not reversed, unless the loan receivable is recovered, in which case the recovery is credited to the statement of operations upon receipt.

Portfolio investments

Portfolio investments include:

(a) *Investments which are publicly held and quoted in an active market*

Portfolio investments which are publicly held and quoted in an active market are carried at fair value. Unrealized gains and losses are reported in the consolidated statement of remeasurement gains and losses until they are realized or impaired, at which time the cumulative gain or loss is transferred to the consolidated statement of operations.

(b) *Direct and external funds investments*

These investments are carried at cost with realized gains and losses recognized in the consolidated statement of operations in the period they are sold. When the terms associated with a particular investment are so concessionary that the substance of the transaction is that all or a significant part of the investment is in the nature of a grant, the investment is carried at its discounted value after the grant portion of the transaction has been charged to the consolidated statement of operations.

(c) *Investments in equity instruments of later stage private enterprises*

Investments in equity instruments of private enterprises are carried at cost with realized gains and losses recognized in the statement of operations in the period they are derecognized.

Investments in equity instruments of private enterprises are classified as impaired when, in the opinion of management, there has been a loss in the value of the equity instruments that is other than a temporary decline. A specific valuation allowance is established to reduce the recorded value of the impaired investments to their estimated net recoverable value.

A general allowance of 10% of cost is recorded against NSF portfolio investments to reflect anticipated future losses for all investments in private enterprises receivable which do not have a specific allowance. A general allowance was recorded on portfolio investments with a net carrying value of $nil ($nil in 2025).

A write-down of an investment to reflect a loss in value is not reversed if there is a subsequent increase in value.

The non-publicly traded investments and loans receivables are reviewed twice yearly for the NSF and annually for the NSFF, for potential declines in value. The fair market values for publicly traded investments for the NSFF are determined on a quarterly basis.

2. Summary of significant accounting policies (continued)

Fair value

Fair value is the estimated amount for which a financial instrument could be exchanged between willing parties, based on the current market for instruments with the same risk, principal and remaining maturity. Certain fair value estimates are significantly affected by assumptions for the amount and timing of estimated cash flows and discount rates, all of which reflect varying degrees of risk. As a result, the fair values may not necessarily be indicative of the amounts that would be realized if these instruments were actually settled. The methods and assumptions used to estimate the fair value of financial instruments are described in the following paragraphs.

The fair values of investments in securities which are publicly held and quoted in an active market are based on quoted closing prices. The fair values of impaired investments for which there is no quoted market value are determined based on values indicated by transactions in the financial instruments of the investee. Where transactions in the financial instruments of the investee are not available, other factors, such as milestone progress, are considered in determining fair value.

Due to the short period to maturity, the fair value of cash, accounts receivable, and payables and accruals approximate their carrying values as presented in the consolidated statement of financial position.

Financial Liabilities

Financial liabilities are measured at amortized cost using the effective interest method. With gains and losses recognized in the consolidated statement of operations in the period that the liability is derecognized.

Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

Tangible capital assets

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of assets. The cost, less residual value, of the tangible capital assets, excluding land, is amortized over their estimated useful lives as follows:

Asset	Basis	Rate
Buildings	Declining balance	5%
Computer hardware	Declining balance	50%
Computer software	Declining balance	50%
Furniture, equipment & technology	Declining balance	12 - 20%
Land improvements	Declining balance	5%
Leasehold improvements	Straight line	Terms of lease
Utilities	Declining balance	15%
Wharves	Declining balance	5%

Assets not in use are not amortized until the asset is available for productive use.

2. Summary of significant accounting policies (continued)

Contributions of tangible capital assets

Tangible capital assets received as contributions are recorded in revenues at their fair value at the date of donation, except in circumstances where fair value cannot be reasonably determined, in which case they are recognized at nominal value.

Impairment of long-lived assets

Tangible capital assets are written down when conditions indicate that they are no longer contribute to the Corporation's ability to provide goods and services, or when the value of the future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for the expenses in the consolidated statement of operations and are not reversed.

Leases

The Corporation accounts for the lease of its premises as an operating expense, as substantially all the risks of benefits and risk of ownership have been retained by the lessor. Payments made under operating leases are charges to the consolidated statement of operations on a straight line basis over the term of the lease.

The aggregate benefit on incentives received from the lessor are initially recorded as a lease inducement liability and subsequently recognized as a reduction of expense over the term of the lease, on a straight line basis (unless another systematic method is more appropriate).

Government transfers

Government transfers are recognized in the consolidated financial statements in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made. The transfer payments recorded by the Corporation are flow-through arrangements of proceeds from the sale of crown assets which the Corporation administers and any funds transfers pursuant to Section 12(1) of the Invest Nova Scotia Act and to the Province of Nova Scotia. In accordance with PS 3410, government transfers do not include flow-through arrangements where a government agrees to act merely as an intermediary to administer funds on behalf of another party and has no ability to make decisions regarding the use of the funds.

Similarly, when funds are received as a result of an administrative flow-through arrangement in which a recipient government serves only as a cash conduit (i.e., it has no direct financial involvement in the program nor decision-making capability in relation to the program) the receipt and disbursement of cash would not be recognized as transfers in that recipient government's consolidated financial statements.

2. Summary of significant accounting policies (continued)

Revenue recognition

Government contributions are recognized as revenue in the period the transfer is authorized, and all eligibility criteria have been met, except when, and to the extent, the transfer includes stipulations which have not yet been met.

Government contributions with stipulations are initially deferred and recognized as revenue as related stipulations are met:

(a) Operating grants are recognized as revenue in the period the transfer is received but adjusted at year end for any portion which does not meet the eligibility stipulations to be treated as revenue, which is booked as a payable to the Province for future reimbursement.

(b) Strategic investment grants are recognized when expenditure is recorded in accordance with the Corporation's approved budget and shall be provided in accordance with policies and procedures set out in the Corporation's business plan.

(c) Advances of statutory capital by the Province of Nova Scotia to finance investments are recognized at the later of the date that the funds are received and the date an eligible investment is made.

(d) Miscellaneous consists of various contracts for trade programs. Revenue is recognized in the period the transfer is authorized, and all eligibility criteria have been met, except when and to the extent the transfer includes stipulations which have not yet been met.

Interest revenue on the loans receivable is recognized on an accrual basis unless the ultimate collectability of the loan is in doubt. When a loan is classified as impaired, interest revenue is no longer recognized, and any interest income that is accrued is reversed. A loan is considered impaired when there is risk of loss to the Corporation of the full and timely collection of principal and interest; generally, when it is more than three months in arrears. In the event a loan is no longer considered to be impaired, interest revenue is recognized in the year of recovery.

Incubation revenue, found within Other and Ordinary recoveries, is recognized as earned and collection reasonably assured and includes monthly rent and recoveries from tenants for utilities, photocopies, and other administration services. As it pertains to rent, the Corporation has retained substantially all the benefits and risks of ownership of the properties; therefore, it accounts for these leases as operating expenses.

Investment revenue includes dividends, and capital gains and losses, as well as interest on cash balances, fixed income securities, and loans receivable, including amortization of premiums or discounts arising upon initial recognition in accordance with the effective interest method.

Other revenue is recognized when earned and collection is reasonably assured.

Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the exchange rate prevailing at year-end. Foreign currency transactions are translated at the exchange rate prevailing at the date of the transactions. Adjustments to monetary assets and liabilities arising as a result of a change in the exchange rate from the original transaction date to settlement are credited or charged to operations at the time the adjustments arise.

2. Summary of significant accounting policies (continued)

Employee future benefits

Invest Nova Scotia provides certain employee benefits which will require funding in future periods. These benefits include vacation pay and retirement health benefits care plan. The Corporation pays 65% of the cost of health plan for substantially all retirees or surviving spouses of the retirees ("post-retirement benefits"). The program is funded each year by the payment of the required premiums.

Invest Nova Scotia accrues its benefits liabilities under the above noted plan as the employees render the services necessary to earn the future benefits and has adopted the following policies:

(a) The liabilities are valued using the projected benefit method prorated on service and actuarial assessment and best estimates of the probability of retirement salary escalation, inflation, expected health care costs, retirement ages and mortality rates.

(b) The discount rate applied is based on the Province's weighted-average cost of borrowing.

(c) Net actuarial gains or losses are amortized over the average remaining service period.

Adjustments for the plan related to prior period employees services, net of offsetting unamortized actuarial gain/losses, are recognized in the consolidated statement of operations in the period of plan amendment.

Permanent employees of the Corporation participate in the Public Superannuation Fund (the "Plan"), a contributory defined benefit pension plan administered by the Province, which provides pension benefits based on the length of service and earnings. Contributions to the Plan are required by both the employees and the employer. The costs of the employer pension benefits are the Corporation's contributions due to the Plan in the period.

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

The Corporation accounts for severance pay on an accrual basis and the amount is calculated based upon accumulated years of service. The amount is payable when the employee ceases employment with the Corporation.

Use of estimates

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the year. Significant estimates included in the consolidated financial statements relate to the valuation of the loans receivable and equity investments. Actual results could differ materially from these estimates.

(in thousands of dollars)

2. Summary of significant accounting policies (continued)

Adoption of new accounting policy

Effective April 1, 2022, the Corporation had adopted the newly issued accounting standard, asset retirement obligations under PSAS Section 3280 "Section 3280"). Which provided guidance relating to the accounting for the asset retirement obligations associated with the retirement of tangible capital assets.

The application of this amendment does not have a material impact on the Corporation's financial statements.

3. Loans receivable

Loans receivable include promissory notes and convertible debentures which were issued under the mandate of the NSFF and have yet to earn significant revenues from their intended business activities or establish their commercial viability. The recovery of loan principal amounts and the realization of investment returns are dependent upon the successful resolution of scientific, regulatory, competitive and other risk factors, as well as the eventual commercial success of these enterprises.

	2026	2025
	$	$
Principal due		
Term loans	**1,327**	6,519
Promissory notes	**322**	333
Convertible debentures	**1,772**	2,022
	3,421	8,874
Allowance for impairments (Note 6)	**(1,437)**	(5,732)
	1,984	3,142

Annual interest charged on these loans ranges from 0% to 10% (0% to 12% in 2025). The maturity dates of the loans receivable are as follows:

	$
Past due	1,120
Year ended March 31, 2027	252
Year ended March 31, 2028	1,347
Year ended March 31, 2029	—
Year ended March 31, 2030	614
Year ended March 31, 2031	—
Fully allowed for loans receivable	88
	3,421

The level of security on loans is also negotiated between the Corporation and the debtor based on the risk associated with the individual loan. The security can include life insurance, company assets, personal guarantees or the value of the parent company. Security can range from an unsecured position to a fully secured position.

The debentures are convertible at the option of the Corporation into common or preferred shares of the borrower either on demand, in the event of default or at maturity. During the year, the Corporation converted debentures of $nil ($376 in 2025) into common shares.

(in thousands of dollars)

4. Portfolio investments

Portfolio investments include investments which are publicly held and quoted in an active market, as well as investments in early-stage private enterprises that have yet to earn significant revenues from their intended business activities or establish their commercial viability.

The recovery of the investments in early-stage enterprises and the realization of investment returns are dependent upon the successful resolution of scientific, regulatory, competitive, and other risk factors, as well as the eventual commercial success of these enterprises. Therefore, these factors have been considered in determining the write-down of these investments. Future adverse developments could result in further write-downs of the carrying values of these investments.

	2026	2025
	$	$
Investments quoted in an active market	**58**	138
NSF direct investments	**14,495**	14,495
NSFF direct investments	**49,450**	50,842
NSFF external fund investments	**35,741**	33,330
	99,744	98,805
Allowance for impairments (Note 6, 12)	**(27,411)**	(29,625)
	72,333	69,180

Included in investments quoted in an active market are investments of the NSFF with a fair value of $58 ($138 in 2025). In current year, at cost, fixed income bonds of $nil ($5,73 in 2025) were transferred to the Province at $nil and, shares of $nil ($2,311 in 2025) and fixed income bonds of $nil ($6,464 in 2025) were redeemed.

NSF direct investments are valued at cost, after allowance for portfolio investments, of $nil ($nil in 2025) consisting of common shares of $8,595 ($8,595 in 2025) and preferred shares of $6,000 ($6,000 in 2025).

NSFF direct investments and NSFF external funds investments are valued at cost less other than temporary impairment in the amount of $72,274 ($69,042 in 2025).

In the year, the Corporation redeemed not publicly traded shares with a carrying value of $500 ($1,661 in 2025).

(in thousands of dollars)

5. Tangible capital assets

	Cost	Accumulated amortization	2026 Net book value	2025 Net book value
	$	$	$	$
Land	**1,228**	**-**	**1,228**	1,229
Buildings	**1,481**	**211**	**1,270**	1,302
Computer equipment / hardware / software	**72**	**65**	**7**	14
Furniture, equipment and technology	**170**	**57**	**113**	129
Leasehold improvements	**1,999**	**772**	**1,227**	1,472
Land improvements	**131**	**22**	**109**	115
Utilities	**14**	**6**	**8**	8
Wharves	**407**	**82**	**325**	339
	5,502	**1,215**	**4,287**	4,608

During the year, tangible capital assets in the amount of $1 ($nil in 2025) were sold.

6. Allowance of impairments of portfolio investments and loans receivables

	Gross balance outstanding	**Specific allowance**	**General allowance**	**Total allowance**	**2026 Net balance outstanding**
	$	**$**	**$**	**$**	**$**
Loans receivable (Note 3)	**3,421**	**1,372**	**65**	**1,437**	**1,984**
Portfolio investments (Note 4)	**99,744**	**27,411**	**—**	**27,411**	**72,333**
	103,165	**28,783**	**65**	**28,848**	**74,317**

	Gross balance outstanding	Specific allowance	General allowance	Total allowance	2025 Net balance outstanding
	$	$	$	$	$
Loans receivable (Note 3)	8,874	5,615	117	5,732	3,142
Portfolio investments (Note 4)	98,805	29,625	—	29,625	69,180
	107,679	35,240	117	35,357	72,322

During the year, investments and loan receivables in the amount of $500 ($1,611 in 2025) and $7,182 ($495 in 2025) were redeemed and written-off, respectively.

7. Related party balances

Due from the Province of Nova Scotia

The balance due from the Province is non-interest bearing with no set terms of repayment and includes $1,414 ($nil in 2025) of earned operating grant and, $6,907 ($5,305 in 2025) of statutory capital grant.

Accounts payable and accrued liabilities

Accounts payable and accrued liabilities includes $nil ($22 in 2025) of unused operating grant revenue.

Transfer payments

In current year, proceeds of $nil ($19,866 in 2025) from the sale and redemption of investments quoted in an active market less investment management fees, mutual funds and related restricted cash which were externally managed were remitted to the Province in the form of transfer payments. This was a result of winding down of the investment portfolio.

Due to shareholder

Pursuant to Order in Council 2024-29 the Governor in Council approved a loan to the Corporation in the amount of $117,000 principal amount (plus interest at 4.38% with quarterly repayments) maturing on April 29, 2034. This payable was wholly used to purchase portion of the Nova Scotia Power Incorporated ("NSPI") Fuel Adjustment Mechanism ("FAM") balance (the "FAM Customer Purchased Receivables"), whereby the collection will be remitted to the Corporation from NSPI over a period not exceeding 10 years.

NSPI shall forward to the Corporation all amounts recovered from its customers on the account of the FAM Customer Purchased Receivables until such time as the Purchased Receivables, including interest accrued thereon at the Provincial Rate, have been fully paid to the Corporation. These recoveries are subject to annual third-party audit.

In current year as at March 31, 2026, the outstanding balance for the Corporation's loan due to shareholder was $97,097 ($109,678 in 2925) and the FAM Customer Purchased Receivables was $97,097 ($109,678 in 2025).

In the current year, the Corporation earned interest revenue of $4,655 ($4,971 in 2025) and incurred interest expense of $4,655 ($4,971 in 2025). No commission is earned by the Corporation on the FAM Customer Purchased Receivables, and therefore recognized on a net basis on the statement of operations.

8. Share capital

The Corporation is authorized to issue capital stock of one share with a par value of $1. At year-end, the share has been issued to the Province. Share capital is grouped with accumulated surplus on the consolidated statement of financial position.

(in thousands of dollars)

9. Contractual obligations

The Corporation provides strategic investments that permit approved businesses to receive a percentage of payroll taxes paid as a rebate. Expenses incurred by the Corporation are match-funded by the Province of Nova Scotia in the form of a Strategic Investment Grant.

As at March 31, 2026, transactions were approved with maximum annual payments over the next five years of $82,595 (maximum annual payments over five years of $103,027 in 2025) as shown below:

	$
2027	19,076
2028	20,794
2029	25,320
2030	14,504
2031	2,901
	82,595

The Corporation entered into operating lease arrangements for buildings and equipment. Future minimum annual lease payments for the next five years of $7,234 (minimum annual lease payments over five years of $7,040 in 2025) as shown below:

	$
2027	1,994
2028	1,310
2029	1,310
2030	1,310
2031	1,310
	7,234

Office lease agreement

The Company is in the process of relocating its office premises. As at March 31, 2026, a lease agreement has not yet been finalized. While it is expected that the relocation will occur, the terms of the lease, including the future rental commitments, have not been determined and therefore no liability has been recognized in the financial statements. The financial impact of this commitment cannot be reasonably estimated at this time.

10. Contingencies

Litigation

There are other outstanding claims against the Corporation for events that have arisen in the normal course of carrying on the operations of the Corporation. It is not possible at this time to determine the amount that may be assessed, or the impact to the Corporation's consolidated financial statements, with respect to these claims.

Contaminated Site

The Corporation had a long-term lease agreement at the Port of Sheet Harbor with ScoZinc Limited (now Scotia Mine Limited), a wholly owned subsidiary of EDM Resources Inc., and its predecessors for storage and shipment of Lead & Zinc through the Port form the Scotian Mine in Gay's River. In July 2020, Scozinc Limited provided 60 days notice of its intent to terminate the lease. Under the terms and conditions of the agreement, Scozinc is responsible for the remediation of any contamination discovered because of its use of the site to the satisfaction of the Corporation and Nova Scotia Environment Contaminated Sites Regulations ("regulations").

According to the Ph. II Environmental Site Closure Assessment and Remedial Action Plan completed by the Scozinc Limited as per the terms of the lease, lead-zinc concentration exceedances, within surface water discharge, and lead concentrate exceedances in surficial soil samples were identified throughout the property. This contamination exceeds the acceptable standards, including Nova Scotia Environment Tier 1 Environmental Quality Standards for Groundwater, Non-Potable, Commercial Land Use Standards and are not acceptable to the Corporation.

The Corporation does not accept responsibility for the contamination and related remediation costs and currently holds a $100 reclamation bond from Scozinc Limited. The Corporation has filed an Application in Court against Scozinc Limited (aka EDM Resources Inc.) for specific performance requiring Scozinc Limited to carry out remediation pursuant to the terms of the lease for its Lead & Zinc Biosolids Handling Facility at the Port of Sheet Harbor. Management has not disclosed the ranges of possible outcomes of the estimated clean-up costs due to the potentially adverse effect on the Company's position with respect to this matter. However, the Corporation will proceed with the clean-up, still not accepting responsibility, and will continue seeking recourse through the courts.

(in thousands of dollars)

11. Financial instruments

Classification of financial instruments

The carrying amounts of financial assets and liabilities recorded at cost or at fair value as at March 31, 2026 are as follows:

	2026		2025	
	Classification		Classification	
	Fair value	**Cost**	Fair value	Cost
	$	**$**	$	$
Financial assets				
Cash and cash equivalents		**40,486**		34,604
Restricted cash and cash equivalents - NSIPF		**257**		643
Accounts receivable				
Interest receivable		**1,104**		1,209
Other receivables		**97,780**		110,693
Receivables - NSIPF		**7**		1
Due from the Province of Nova Scotia		**23,146**		16,790
Loans receivable		**1,984**		3,142
Portfolio investments				
Investments quoted in an active market (Level 1)	**58**		138	
External fund investments (Level 3)		**24,708**		31,781
Direct investments (Level 3)		**47,625**		37,399
	58	**237,097**	138	236,262

Fair value

Fair value estimates are made as of a specific point in time, using available information about the financials instruments and current market conditions.

Fair value measurements in connection with the allowance for credit losses recognized in Notes 3 and 4 are categorized using the fair value hierarchy that reflects the significance of inputs used in determining the fair values:

Level 1 - unadjusted quoted prices in the active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the assets or liability, either directly or indirectly; and

Level 3 - inputs for assets and liabilities that are not based on observable market data.

Cash and cash equivalents and portfolio investments quoted in an active market have been recorded as Level 1 using the fair value hierarchy.

Financial risk factors

Risk management relates to the understanding and active management of risks associated with all areas of the Corporation's business and the associated operating environment. The Corporation is primarily exposed to credit, interest rate, market price and liquidity risk, arising from its financial assets and labilities.

11. Financial instruments (continued)

Financial risk factors (continued)

Credit risk

Credit risk is the risk that an issuer or counterparty will be unable to meet a commitment that it has entered into with the Corporation. To mitigate this risk, the Corporation has developed the following policies:

Before financing is approved, a risk assessment is performed on the client. Each application is designated a risk rating based on the industry and business, quality of management, financial history and projections, the level of other creditor involvement and shareholder participation, and environmental risks. The terms and conditions of the approved financing are reflective of the assessed risk. Applications with unacceptable levels of risk are not approved.

The risk rating for all clients is monitored on an on-going basis. Clients identified as higher risk are further assessed at year end to determine the extent of potential loss, taking into account the value of the security pledged in support of the financial assistance. This assessment could result in a reduction in the carrying value of the investment via the impairment of portfolio investments.

Interest rate risk

Interest rate risk is the risk that the market value or future cash flows of the Corporation's investments and debt will fluctuate due to changes in the market interest rates. It is management's opinion that the Corporation is not exposed to significant interest rate risk arising from financial instruments, as the loans receivable bear interest at fixed rates of interest and the balances due from and to the Province are non-interest bearing or bear interest at fixed rates.

Other price risk

Other price risk is the risk that the value or future cash flows of an investment will fluctuate as a result of changes in the market prices, whether those changes are caused by factors specific to the individual financial instrument, its issuer or factors affecting similar financial instruments traded in the market. The corporation's exposure to the other price risk is limited, as it does not presently hold investments quoted in the active market of $58 in 2026 ($138 in 2025); however, the fair value of investments in equity instruments of private enterprises carried at cost could fluctuate based on changes in the fair value of similar equity instruments traded in the active market.

Liquidity risk

Liquidity risk is the risk that the entity will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity requirements are managed through the receipt of provincial grants, income generated from loans receivable and equity investments, and principal repayments received on loans receivable. These sources of funds are used to pay operating expenses and debt servicing payments to the Province of Nova Scotia. In the normal course of business the Corporation enters into contracts that give rise to commitments for future payments which also impact the Corporation's liquidity. The Corporation also maintains cash on hand for liquidity purposes and to pay accounts payable and accrued liabilities.

(in thousands of dollars)

11. Financial instruments (continued)

Financial risk factors (continued)

Liquidity risk (continued)

The following table summarizes the fixed contractual maturities for all financial liabilities as at March 31, 2026:

	Within 1 year	**2 to 5 years**	**6 to 10 years**	**Over 10 years**	**2026 Total**	2025 Total
	$	**$**	**$**	**$**	**$**	$
Financial liabilities						
Accounts payable and accrued liabilities	**28,759**	**-**	**-**	**-**	**28,759**	25,163
Accounts payable and accrued liabilities - NSIPF	**11**	**-**	**-**	**-**	**11**	11
Asset Retirement Obligation Liability	**28**	**-**	**-**	**255**	**283**	246
Deferred revenue	**254**	**100**	**-**	**-**	**354**	725
Deferred revenue - NSIPF	**32**	**-**	**-**	**-**	**32**	23
Deferred capital contributions	**142**	**539**	**59**		**740**	886
Employee benefits and other liabilities	**1,022**	**364**	**455**	**2,771**	**4,612**	4,423
Due to shareholder	**10,297**	**45,987**	**40,813**	**-**	**97,097**	109,678
Film production assistance commitments payable - NSIPF	**109**	**-**	**-**	**-**	**109**	498
	40,654	**46,990**	**41,327**	**3,026**	**131,997**	141,653

12. Fund activities

The following are summaries of the Funds as at March 31, 2026:

(a) Nova Scotia Fund ("NSF")

	Gross	**Less allowance for impairments**	**2026 Net total**	2025 Net total
	$	**$**	**$**	$
Assets				
Loans receivable	**1,419**	**185**	**1,234**	2,409
Portfolio investments	**14,495**	**14,495**	**-**	-
Tangible capital assets	**653**	**-**	**653**	690
	16,567	**14,680**	**1,887**	3,099

	2026	2025
Funding authorized and committed		
Fund balance, authorized, net of write offs, transfers and OIC changes	**109,806**	112,328
Less: undisbursed fund balance	**93,239**	90,533
Disbursed fund balance	**16,567**	21,795
Less: allowance for impairments (Note 6)	**14,680**	18,696
	1,887	3,099

(in thousands of dollars)

12. Fund activities (continued)

(b) Nova Scotia First Fund ("NSFF")

			2026	2025
	Gross	**Less allowance for impairments**	**Net total**	Net total
	$	**$**	**$**	$
Assets				
Loans receivable	**2,002**	**1,252**	**750**	733
Portfolio investments	**85,191**	**12,916**	**72,275**	69,042
	87,193	**14,168**	**73,025**	69,775

	2026	2025
Funding authorized and committed		
Fund balance, authorized, net of write offs, transfers and OIC changes	**165,953**	170,615
Less: undisbursed fund balance	**78,760**	84,179
Disbursed fund balance	**87,193**	86,436
Less: allowance for impairments (Note 6)	**14,168**	16,661
	73,025	69,775

13. Supplementary cash information

Changes in non-cash working capital

	2026	2025
	$	$
Interest receivable	**105**	(1,136)
Other receivables	**12,913**	(109,088)
Receivables - NSIPF	**(6)**	37
Due from the Province of Nova Scotia	**(6,356)**	(8,468)
Prepaid expenses	**44**	(364)
Accounts payable and accrued liabilities	**3,596**	7,991
Accounts payable and accrued liabilities - NSIPF	**-**	1
Asset Retirement Obligation Liability	**37**	-
Deferred revenue	**(371)**	216
Deferred revenue - NSIPF	**9**	(537)
Deferred capital contributions	**(146)**	(521)
Lease inducement liability	**-**	(10)
Employee benefits and other liabilities	**189**	179
Film production assistance commitments payable - NSIPF	**(389)**	336
	9,625	(111,364)

Interest income

During the year, cash received for the interest income was $58 ($3,926 in 2025).

(in thousands of dollars)

14. Related party transactions

During the year, there were no companies controlled or otherwise not independent of the Corporation eligible for incentives offered by the Corporation. As at March 31, 2026, there were no companies controlled by, or otherwise not independent of Advisory Board members, for financial assistance therefore no specific allowances were recorded against any such investments. Furthermore, there were no incentives issued under this category in the current year.

The Corporation receives legal services free of charge from the Province. Management estimates the annual cost of these services would be approximately $440 ($383 in 2025).

These transactions were carried out in the normal course of operations and on terms and conditions that would be similar to those of non-related parties.

15. Employee benefits, post-retirement benefits and other liabilities

The employee benefits, post-retirement benefits and other liabilities, reported on the statement of financial position, are made up of the following:

	2026	2025
	$	$
Retirement Health Benefits Care Plan	3,262	3,189
Other payroll	900	796
Vacation pay	450	438
	4,612	4,423

Invest Nova Scotia pays 65% of the cost of dental and health care benefits for substantially all employees after retirement. Invest provides these benefits through unfunded defined benefit plan. The benefit costs and liabilities related to this plan are included in the consolidated financial statements.

The accrued benefit liability as a result of the Retirement Health Benefits Care Plan, which are based on actuarial assumptions and calculations for former employees and retirees as at March 31, 2026 is as follows:

	$	$
Accrued benefit obligation - beginning of year	3,189	3,114
Experience gain due to change in discount rate		
- beginning of year	(167)	(217)
Current service cost	84	85
Benefits paid	(54)	(57)
Interest of average liability	102	90
Accumulated unamortized experience (gain) loss		
- end of year	(338)	102
Unamortized actuary gains	446	72
Accrued benefit obligation - end of year	3,262	3,189

(in thousands of dollars)

15. Employee benefits, post-retirement benefits and other liabilities (continued)

In current year, the significant assumptions adopted by management in measuring the benefit obligations were as follows:

	2026	2025
	%	%
Discount rate	**4.06**	3.67
Inflation rate	**2.00**	2.00
Healthcare cost trend rate assumptions		
Extended health coverage	**4.00**	7.00
Prescription drug coverage	**4.00**	7.00
Hospital coverage	**4.00**	4.00
Vision coverage	**-**	-
Other key assumptions		
Retirement age		
at age 50	**10.00**	10.00
at age 60	**20.00**	20.00
at age 61 - 64	**10.00**	10.00
at age 65 - 69	**50.00**	50.00
at age 70	**100.00**	100.00
Mortality tables	**CPM-1214 Public Sector Table**	CPM-1214 Public Sector Table

The unamortized actuarial gains and losses are amortized over the average remaining service life of active employees which has been estimated to be 14 years (2025 - 14 years) as at March 31, 2026.

Actuarial gains and losses due to changes in the discount rate are assumed to have occurred at the beginning of the year and all other actuarial gains and losses are assumed to have occurred at the end of the year.

Pension benefits

All full-time employees are entitled to receive pension benefits pursuant to the provisions of a pension plan established under the Public Service Superannuation Act (“PSSP”) based on the employees’ length of service and earnings. The plan is funded by the employee and the employer contributions. The employer’s contributions for 2026 were $1,013 ($948 in 2025) and are recognized as an operating expense in the year.

(in thousands of dollars)

16. Deferred capital contributions

	2026	2025
	$	$
PNS - Fibre MAN (a)	**-**	5
ACOA - 1344 Summer St. (b)	**68**	85
PNS - Building Energy Retrofit (c)	**68**	72
ACOA - 1344 Summer St. (d)	**144**	173
ACOA - 1344 Summer St. (e)	**153**	183
ACOA - 1344 Summer St. (f)	**176**	206
ACOA - 1344 Summer St. (g)	**131**	162
	740	886

(a) In 2005, the Province of Nova Scotia ("PNS") provided Innovacorp with $98 to connect Innovacorp to the Halifax Area Dark Fibre Network. Additionally, $90 was paid to the operator of the network, which entitled Innovacorp to use it for 20 years. These funds are being recognized over the period for which their cost entitles Innovacorp to access the ark fibre network.

(b) In 2011, Atlantic Canada Opportunities Agency ("ACOA") provided Innovacorp with $348 in assistance to fit-up space at the Innovacorp Enterprise Centre ("IEC"). These funds are being recognized on the same basis as the assets they funded are amortized.

(c) In 2012, under the Government Building Energy Retrofit program, the Nova Scotia Department of Public Works covered the $122 cost of converting Innovacorp' s air handling unit at 1 Research Dive from electric to natural gas. The associated costs have been deferred and will be recognized on the same basis as the asset they funded is amortized.

(d) In 2013, ACOA provided Innovacorp with $500 in assistance to fit-up space at IEC. These funds will be recognized on the same basis as the related assets are amortized.

(e) In 2014, ACOA provided Innovacorp with $500 in assistance to fit-up space at IEC. These funds will be recognized on the same basis as the related assets are amortized.

(f) In 2015, ACOA provided Innovacorp with up to $500 in assistance to fit-up space at IEC. These funds will be recognized on the same basis as the related assets are amortized and were fully recognized as revenue in the current year.

(g) In 2016, ACOA provided Innovacorp with up to $430 in assistance to fit-up space at IEC. These funds will be recognized on the same basis as the related assets are amortized.

17. Nova Scotia Independent production fund ("NSIPF")

NSIPF through The Eastlink TV Independent Production Fund program provides production assistance in the form of film production equity investments to eligible producers for the financing of production that will support employment and economic benefits to Nova Scotia. Film production equity investments are made with the condition of repayment through participation in revenues by projects. Revenue is recorded as reported by producers. Funds received under the IPF are externally restricted and included on the statement of financial position in cash and cash equivalents and are deferred until committed.

During the year, the Corporation through its subsidiary, NSIPF, received $nil ($nil in 2025) from the funding partner to invest in qualifying projects, and $13 (nil in 2025) in the recovery of equity investments. The cumulative total of equity investments made by the IPF, assumed and originated, as at March 31, 2026 is $6,809 ($6,809 in 2025) due to investments made of $nil ($543 in 2025). As at March 31, 2026, $13 ($nil in 2025) was recouped and $109 ($498 in 2025) remains undisbursed and is booked as a commitments payable.

18. Comparative figures

Certain comparative figures have been reclassified to conform with the financial presentation adopted in the current year.

Invest Nova Scotia

Schedule 1 - Nova Scotia Independent Production Fund ("NSIPF") revenue and expenses

Year-ended March 31, 2026

(in thousands of dollars)

	Notes	2026	2025
		$	$
Revenue			
Eastlink contributions	17	**11**	537
Interest income		**—**	17
		11	554
Expenses			
Equity investments		**—**	543
Administrative expenses		**11**	11
		11	554

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

Invest Nova Scotia

Schedule 2 - Operating expenses

Year-ended March 31, 2026

(in thousands of dollars)

	Notes	Budget $	2026 $	2025 $
Incentives, grants and contributions		**18,527**	**18,327**	18,236
Salaries and benefits		**13,571**	**13,800**	12,705
Office		**3,133**	**2,956**	2,801
Business development		**4,504**	**2,806**	3,247
Telecommunications and technical support		**1,057**	**1,000**	1,133
Repairs and maintenance		**689**	**655**	689
Amortization		**359**	**317**	307
Travel		**270**	**273**	214
Other		**290**	**280**	293
Legal and audit		**182**	**157**	130
		42,582	**40,571**	39,755

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

Invest Nova Scotia

Schedule 3 - Nova Scotia Fund revenue and recoveries and expenses

Year-ended March 31, 2026

(in thousands of dollars)

	Notes	Budget $	2026 $	2025 $
Revenue				
Revenue		**925**	**782**	478
Recoveries		**64**	**410**	419
Miscellaneous		**—**	**6**	2
		989	**1,198**	899
Expenses				
Repairs, maintenance, salaries and other		**833**	**721**	419
Amortization		**41**	**40**	44
Legal		**10**	**21**	15
		884	**782**	478
Surplus		**105**	**416**	421

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

Appendix C

Annual Activities/ Output Disclosures

From starting up and raising capital, to incubation and acceleration, export development and investment attraction, Invest Nova Scotia supports the growth and momentum of Nova Scotia businesses of all sizes, and we welcome businesses from elsewhere to join us here.

Productivity Innovation Voucher Program (PIVP) 2025-2026

Rainbow Roses	$15,000.00
Malus Ecolife Inc.	$15,000.00
PhyCo Technologies Inc.	$15,000.00
Fundy Language Analytics, Inc.	$25,000.00
Truro Cannabis Inc.	$25,000.00
Detectica Inc.	$15,000.00
Hfx. Learning Centres Inc.	$25,000.00
Oltre Financial Inc.	$25,000.00
Rising Tide Nursery	$25,000.00
Outdoor-Fit Exercise Systems Inc.	$15,000.00
Nova Scotian Sustainable Resources Inc.	$15,000.00
Minas Select Inc.	$15,000.00
Flytbox Aerial Solutions Inc.	$15,000.00
Porrima Technologies Inc.	$25,000.00
SEVO Bioscience Inc.	$25,000.00
Integrative Nanotech Ltd.	$15,000.00
Motionbed Inc.	$25,000.00
Grand Pre Wines Ltd.	$25,000.00
(U)Biquity Health Inc.	$14,985.00

Productivity Innovation Voucher Program (PIVP) 2025-2026 (cont.)

11979787 Canada Inc.	$25,000.00
Iotpower Canada Inc.	$15,000.00
Kinesic Sport Lab Ltd.	$15,000.00
alterBiota Inc.	$15,000.00
Luume Food Ingredients	$25,000.00
Food For Thought Software Solutions Ltd.	$15,000.00
4447078 Nova Scotia Ltd.	$15,000.00
Aruna Revolution Health Inc.	$25,000.00
Hermetik Trading Technologies Inc.	$25,000.00
Delong Farm Products Ltd.	$25,000.00
Hestaband Therapeutics	$15,000.00
The Station Food Company (2019) Ltd.	$15,000.00
R D A Atlantic Inc.	$15,000.00
pHathom Technologies Inc.	$15,000.00
ABCO Industries Inc.	$15,000.00
Stokdijk Greenhouses Ltd.	$15,000.00
Waterlogged Robotics	$15,000.00
Tracker Inventory Systems Inc.	$15,000.00
Kinetic Physiotherapy	$14,997.79
XO Technology Inc.	$15,000.00
Hexsor Scientific Canada Inc.	$25,000.00
Realmeta Studios Inc.	$15,000.00
Surrette Battery Company Ltd.	$15,000.00
3310959 Nova Scotia Ltd.	$25,000.00
Arduro Nova Scotia Ltd.	$25,000.00
Lovage Nutrition Inc.	$15,000.00
Tala Technologies Inc.	$15,000.00
Glass Wave Consulting Inc.	$15,000.00
High Wheeler Cafe Inc.	$15,000.00
Biolabmate Composite Inc.	$15,000.00
Besociable Medias Inc.	$15,000.00
Altheda Wellness Innovation Inc.	$15,000.00
Zeuron Inc.	$15,000.00
Alaagi Inc.	$15,000.00

Approved Applications: 53*

Total Approved Funding: $964,982.79

* Invest Nova Scotia disbursed $907,868.97 on 52 PIVP projects in FY 2025-26

Supplier Diversity Certification Program (SDCP) 2025-2026

Aljo Care Crew Inc.	$750.00
Bethany Deshpande	$750.00
Candid Brewing Company Inc.	$750.00
Collaborative Cause Consulting Inc.	$750.00
Empowering The Potential Within Coaching	$750.00
Hey Nova Inc.	$750.00
Katy Baker Pricing For Profit Inc.	$750.00
Oak Bay Hr Inc.	$750.00
Pisces Oceans Inc.	$750.00
Ren Thomas Research & Planning	$750.00
Ripple Research & Strategy Inc.	$750.00
Rousseau Chocolatier Ltd.	$750.00
The Warrington Group Inc.	$750.00

Approved Applications: 13*

Total Approved Funding: $9750

* Invest Nova Scotia disbursed $9750 on 13 SDCP projects in FY 2025-2026

Early-Stage Commercialization Fund (ESCF) 2025-2026

Mita Dasog – Dalhousie University	$50,000
Dmitry Trukhachev – Dalhousie University	$45,000
Alan Doucette – Dalhousie University	$50,000
Paolo Marcato – Dalhousie University	$50,000
Michael Freund – Dalhousie University	$50,000
Paola Marignani - Dalhousie University	$50,000
Joel Cox - Dalhousie University	$50,000
Brendan Leung - Dalhousie University	$50,000
Andrew Glennie - Nova Scotia Health Authority	$50,000
Lee Kirby - Nova Scotia Health Authority	$50,000

Approved Applications: 10*

Total Approved Funding: $495,000

* Invest Nova Scotia disbursed $445,000.00 on 9 ESCF projects in FY 2025-2026.

Accelerate 2025-2026

Elle, MD Biotechnologies Inc.	$40,000.00
LaunchPal Inc.	$12,552.80
Ranchflow AI Inc.	$37,849.12
Pain Coach Inc.	$35,899.05
XO Technology Inc.	$39,848.32
Biolabmate Composite Inc.	$25,144.34
Petite Riviere Farming Company Ltd.	$21,207.72
Kweeq Technology Inc.	$12,013.79
Stellar Futures Inc.	$40,000.00
Novabench Inc.	$39,827.13
Suddrop Laundry Services	$40,000.00
iNav4u	$39,924.54
Theranib Inc.	$39,999.09
Nifty Vector Corporation	$40,000.00
NovaBrew Solutions	$39,597.64
Alaagi Inc.	$40,000.00
Nova Storms Data Analytics Inc.	$40,000.00
Bean AI	$40,000.00
Nova Scotian Sustainable Resources Inc.	$40,000.00
Central Septic	$39,301.96
Tala Technologies Inc.	$40,000.00
Pilot X Technologies	$39,988.91

Approved Applications: 22

Total Approved Funding: $783,154.41

GreenShoots 2025-2026

Petite Riviere Farming Company Ltd.	$40,000
BryoSphere Biotechnologies Inc.	$40,000
Karyotica Labs Inc.	$35,000
Elevina Inc.	$35,000
Levare Biotech NS Ltd.	$40,000
Ranchflow AI Inc.	$35,000
UPLI Ltd.	$40,000
Supercool Earth	$40,000

Approved Applications: 8

Total Approved Funding: $305,000

Export Development Program (EDP) Stream One 2025-2026

Approved Applications: 1231*

Total Approved Funding: $3,381,900.55

* Invest Nova Scotia disbursed $2,463,012.37 on 1,038 EDP stream 1 projects in FY 2025-26.

Export Development Program (EDP) Stream Two 2025-2026

Approved Applications: 200*

Total Approved Funding: $1,563,423.78

* Invest Nova Scotia disbursed $1,247,691.51 on 176 EDP stream 2 projects in FY 2025-26

Nova Scotia Loyal Producer Labelling Program (NSLPLP) 2025-2026

Approved Applications: 152*

Total Approved Funding: $297,826.77

* Invest Nova Scotia disbursed $236,351.13 on 129 projects in FY 2025-2026

Innovation Rebate Program (IRP) 2025-2026

Sissiboo Coffee Roaster Ltd.	$98,645.00
Larch Wood Ent Inc.	$328,750.00
Casey Concrete Ltd.	$688,729.00
MacKay's Trucking Ltd.	$295,888.00
Rayleigh Solar Tech Inc.	$961,485.00
Halifax Bread Factory	$808,898.00
Living Stone Ltd.	$437,636.00
Twin Rivers Park Ltd.	$221,662.50
Wm. R. Murphy Fisheries Ltd.	$160,025.00
Maritime Gourmet Mushrooms Inc.	$296,250.00
Mansteel Rebar Ltd.	$435,314.00
ACE Machining	$221,000.00
Maritime Pressure Works Ltd.	$151,050.00
Surrette Battery Company Ltd.	$293,700.00
IMP Aerospace & Defence	$1,156,875.00
Stock Home Ltd.	$415,329.88
Kohltech International Ltd.	$1,938,892.00

* Projects were approved in-year; work may be completed in the current or future fiscal years.

Total Amount Approved: $8,910,129.38

Direct venture capital investments from the Nova Scotia First Fund 2025-2026

3D BioFibR	$999,995.24
Blue Charm Adherence	$1,000,000.00
Elle, MD Biotechnologies	$100,000.00
Marin X Inc. (Sensor Globe)	$599,998.83
Novagevity (Sperri)	$250,000.00
pHathom Technologies	$500,000.00
RFINE Biomass Solutions	$57,459.00
Total (7)	**$3,507,453.07**

Limited Partnerships - Private Sector Funds 2025-2026 (Disbursed Amt)

Atlantic Regional Venture Fund II Limited Partnership (Build II)	$1,576,487.28
Concrete Ventures Fund Limited Partnership	$872,552.59
Sandpiper Ventures Fund Limited Partnership	$222,923.99
Two Small Fish Ventures Fund II, L.P.	$11,643.17
Total (4)	**$2,683,607.03**

Payroll Rebate

DXC Technology Canada Co.	$5,812,128
TMF Canada Inc.	$1,246,700
Kainos Canada Inc. (amendment)	$1,743,840
Total	**$8,802,668**

Project Management

XR and D Engineering Inc. DBA 30 Ninjas

4793434 Nova Scotia Limited DBA Marble Aerospace Canada

ADGA Group Consultants Inc.

Nucleus Stratégie Inc.

Red Diamond Interactive Inc.

TEKsystems, Inc.