



# 2025 FINANCIAL ANALYSIS AND DISCUSSION

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Our consolidated financial statements are prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations. These consolidated financial statements include the assets, liabilities, revenue, and expenses of EfficiencyOne and its subsidiaries, Halifax Climate Investment, Innovation and Impact Fund (HCi3) and EfficiencyOne Services Inc.

## **Overview**

In 2025, EfficiencyOne achieved 129.44 GWh of electricity savings and 23.56 MW of demand savings, above the targets of 138.57 GWh and 21.32 MW, respectively. In addition, 6.8 MW of available capacity attributed to demand response programs was achieved. Total investment was \$60.4 million. We also achieved 353,585 GJ of energy savings and 23,635 tonnes of GHG reductions from Government Funded Programs in 2025, which helped us get closer to achieving our multi-year energy and carbon emissions savings targets on behalf of the Province of Nova Scotia and the Government of Canada. Total investment to achieve these savings was \$98.9 million. We received \$110.9 million from Natural Resources Canada to distribute grants under the Canada Greener Homes Grant and Oil to Heat Pump Affordability programs.

Our subsidiary, HCi3 continued to support carbon reduction initiatives in the Halifax region in 2025. This was a year focused on market and impact investing. HCi3's activities are included in the Other Business Fund.

## **Our Revenues**

EfficiencyOne has two primary revenue sources, represented in our financial statements as two distinct "funds" – the Demand-side Management Fund and the Provincial Fund. The Other Business Fund reports funding from Natural Resources Canada, activities of our subsidiaries, HCi3 and EfficiencyOne Services Inc., and funding received from other sources.



### The Demand-Side Management Fund

Under a fee-for-service agreement as approved by the Nova Scotia Energy Board, EfficiencyOne received \$173.0 million from Nova Scotia Power from 2023 – 2025 to provide Demand Side Management (DSM) services. In 2025, the amount received was \$62.5 million. Total investment for the year was \$60.1 million resulting in an underspend of \$2.4 million, reflective of the mix of programs achieving the savings. The unspent funds will be reinvested in 2026 to ensure contractual performance targets are met.

### The Provincial Fund

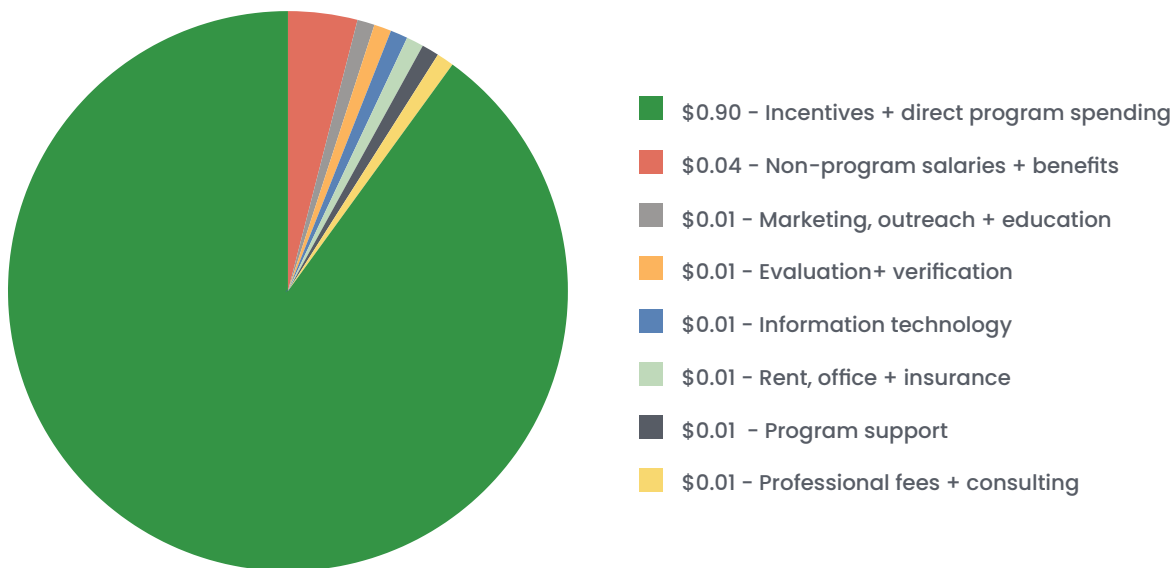
In 2025, EfficiencyOne received \$39.0 million from the Province of Nova Scotia under fee-for-service agreements to support non-electric efficiency and low carbon services. Total investment was \$98.9 million including \$7.6 million of interest earned on excess cash placed in Guaranteed Income Certificates, along with \$52.3 million from previously deferred contributions.

### The Other Business Fund

In 2025, EfficiencyOne received \$110.9 million in funding from Natural Resources Canada to execute the Canada Greener Homes Grant and Oil to Heat Pump Affordability initiative. HCl3 earned \$0.8 million in investment income and recognized \$0.7 million in other revenue. In 2025, EfficiencyOne Services reported net income of \$0.016 million.

### Our Investment

This chart provides a breakdown of how each dollar invested in energy efficiency was spent in 2025. Approximately 90 cents of every dollar was directly spent on programs. This includes spending on customer incentives, as well as compensation for staff who work directly on programs.





### Accountability and Oversight

EfficiencyOne has several controls and processes in place to ensure transparency and oversight of performance. DSM services are regulated by the Nova Scotia Energy Board, which approves DSM plans that outline the overall investment in DSM services and the corresponding savings for ratepayers. EfficiencyOne files publicly available, quarterly, and annual reports with the Nova Scotia Energy Board highlighting DSM spending and activity.

Non-electric efficiency and low carbon agreements are governed by a fee-for-service agreement with the Province of Nova Scotia, which receives monthly, quarterly and annual reports from us on non-electric efficiency and low carbon spending and activity.

An Affiliate Code of Conduct governs all interactions between EfficiencyOne and its subsidiaries. To further ensure the transparency and accountability of spending and other activity, EfficiencyOne is subject to a number of independent, third-party audits and evaluations. These are summarized in the following table:

INDEPENDENT AUDITS AND EVALUATIONS	
Financial Statement Audit	Ensures financial statements are free of material misstatement
Cost Allocation Audit	Ensures just and reasonable allocation of costs between electrical efficiency and non-electrical efficiency services
Program Evaluation	Ensures effectiveness of EfficiencyOne's program design and delivery, and that energy savings are measured accurately
Program Verification by the Nova Scotia Energy Board	Verifies that efficiency projects were implemented effectively, and that energy savings are correctly measured
Other Audits and Evaluations	Examines EfficiencyOne's organizational practices and internal systems



**EFFICIENCYONE**  
CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2025

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# Independent auditor's report

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To the Board of Directors of EfficiencyOne,

## Opinion

We have audited the consolidated financial statements of EfficiencyOne ("the Corporation"), which comprise the consolidated statement of financial position as at December 31, 2025, and the consolidated statements of operations, changes in fund balances and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of EfficiencyOne as at December 31, 2025, and its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

## Basis for Opinion

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

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

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Corporation'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 Corporation or to cease operations, or has no realistic alternative but to do so.

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

## Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation'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 Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Corporation and the corporations it controls to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance 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.

### **Report on Other Legal and Regulatory Requirements**

We have audited the Corporation's compliance, as at December 31, 2025, with the cost allocation criteria established by the Efficiency Nova Scotia Cost Allocation Methodology Report as filed with the Nova Scotia Energy Board. Compliance with the Cost allocation criteria is the responsibility of the Corporation's management. Our responsibility is to express an opinion on this compliance based on our audit.

*Doane Grant Thornton LLP*  
Chartered Professional Accountants

Halifax, Canada  
April 1, 2026

## EFFICIENCYONE

### CONSOLIDATED STATEMENT OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2025 (IN THOUSANDS)

	Demand-Side Management Fund	Provincial Fund	Other Business Fund	2025	2024
<b>REVENUES</b>					
Efficiency Nova Scotia (Note 3)	\$ 60,133	\$ 91,310	\$ -	\$ 151,443	\$ 120,473
Other (Note 3)	-	-	111,547	111,547	79,524
Investment income (Note 4)	-	-	835	835	651
Interest	243	7,598	71	7,912	12,604
	<u>60,376</u>	<u>98,908</u>	<u>112,453</u>	<u>271,737</u>	<u>213,252</u>
<b>DIRECT COSTS</b>					
Incentives	41,953	85,256	106,724	233,933	173,779
Evaluation and verification	1,654	256	-	1,910	2,033
Program support	633	63	564	1,260	3,693
	<u>44,240</u>	<u>85,575</u>	<u>107,288</u>	<u>237,103</u>	<u>179,505</u>
<b>OTHER PROGRAM AND ADMINISTRATIVE COSTS</b>					
Amortization (Note 7)	213	133	-	346	346
Bad debts	-	-	-	-	57
Information technology	872	1,091	970	2,933	2,068
Marketing, outreach, education, and research	1,992	1,522	262	3,776	5,145
Meetings and travel	135	123	136	394	361
Office and insurance	160	189	159	508	608
Professional fees and consulting	593	379	657	1,629	1,535
Rent	305	244	68	617	611
Salaries and benefits	11,732	9,473	2,731	23,936	22,373
Training and development	134	179	182	495	643
	<u>16,136</u>	<u>13,333</u>	<u>5,165</u>	<u>34,634</u>	<u>33,747</u>
<b>TOTAL COSTS</b>	<u>60,376</u>	<u>98,908</u>	<u>112,453</u>	<u>271,737</u>	<u>213,252</u>
NET SURPLUS FROM OPERATIONS	-	-	-	-	-
INCOME PICKUP FROM SUBSIDIARY (Note 5)	-	-	16	16	1
<b>TOTAL SURPLUS</b>	-	-	\$ 16	\$ 16	\$ 1

See accompanying notes to the consolidated financial statements

## EFFICIENCYONE

### CONSOLIDATED STATEMENT OF CHANGES IN FUND BALANCES FOR THE YEAR ENDED DECEMBER 31, 2025 (IN THOUSANDS)

	Unrestricted	Endowment	2025	2024
<b>Fund balance, beginning of the year</b>	\$ 151	\$ 22,291	\$ 22,442	\$ 21,579
Net surplus	16	-	16	1
Unrealized fair market value adjustments (Note 4)	-	(589)	(589)	862
<b>Fund balance, end of the year</b>	<b>\$ 167</b>	<b>\$ 21,702</b>	<b>\$ 21,869</b>	<b>\$ 22,442</b>

See accompanying notes to the consolidated financial statements

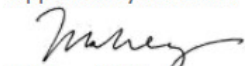
# EFFICIENCYONE

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2025 (IN THOUSANDS)

	Demand-Side Management Fund	Provincial Fund	Other Business Fund	2025	2024
<b>ASSETS</b>					
<b>CURRENT</b>					
Cash	\$ 1,533	\$ 51,261	\$ 5,261	\$ 58,055	\$ 88,873
Accounts receivable	7,033	13,398	5,501	25,932	10,337
HST receivable	479	522	263	1,264	997
Prepays	3,189	1,656	429	5,274	2,633
Short-term investments (Note 4)	-	85,000	-	85,000	100,000
	12,234	151,837	11,454	175,525	202,840
INVESTMENTS (Note 4)	-	15,000	22,849	37,849	57,360
INVESTMENT IN EFFICIENCYONE SERVICES INC. (Note 5)	-	-	162	162	147
LOAN RECEIVABLE (Note 6)	-	-	200	200	200
CAPITAL ASSETS (Note 7)	516	324	-	840	1,187
	\$ 12,750	\$ 167,161	\$ 34,665	\$ 214,576	\$ 261,734
<b>LIABILITIES</b>					
<b>CURRENT</b>					
Accounts payable and accrued liabilities	\$ 8,522	\$ 5,223	\$ 7,668	\$ 21,413	\$ 13,990
Deferred revenue (Note 9)	1,600	84,500	2,199	88,299	52,711
HST payable	723	7	21	751	758
	10,845	89,730	9,888	110,463	67,458
DEFERRED REVENUE (Note 9)	1,905	77,431	2,908	82,244	171,833
	12,750	167,161	12,796	192,707	239,291
<b>FUND BALANCES</b>					
Unrestricted	-	-	167	167	151
Endowment	-	-	21,702	21,702	22,291
	-	-	21,868	21,868	22,442
	\$ 12,750	\$ 167,161	\$ 34,665	\$ 214,576	\$ 261,734

### CONTINGENCIES (Note 10) AND COMMITMENTS (Note 11)

Approved by the Board



William (Bill) Lahey  
Chair, Board of Directors



Sean O'Connor  
Chair, Finance Committee

See accompanying notes to the consolidated financial statements

## EFFICIENCYONE

### CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2025 (IN THOUSANDS)

	Demand-Side Management Fund	Provincial Fund	Other Business Fund	2025	2024
<b>CASH PROVIDED BY (USED FOR):</b>					
<b>OPERATING</b>					
Total surplus	\$ -	\$ -	\$ 16	\$ 16	\$ 1
Items not affecting cash:					
Amortization	213	133	-	346	346
	213	133	16	362	347
Changes in non-cash working capital items					
Accounts receivable	(6,442)	(3,982)	(5,171)	(15,595)	50,238
HST receivable	48	(151)	(162)	(265)	137
Prepays	(2,096)	(491)	(54)	(2,641)	(865)
Accounts payable and accrued liabilities	428	871	6,124	7,423	(22,450)
Deferred revenue	2,367	(52,352)	(4,016)	(54,001)	(25,842)
HST payable	(10)	1	2	(7)	(192)
	(5,492)	(55,971)	(3,261)	(64,724)	1,373
<b>INVESTING</b>					
Loans advanced	-	-	-	-	(200)
Purchase of investments	-	(80,000)	(29,430)	(109,430)	(150,953)
Proceeds on sale of investments	-	115,000	28,430	143,430	195,943
Returned (reinvested) distributions, net	-	-	(78)	(78)	(15)
Income pickup from subsidiary	-	-	(16)	(16)	(1)
	-	35,000	(1,094)	33,906	44,774
<b>CHANGE IN CASH</b>	(5,492)	(20,971)	(4,355)	(30,818)	46,147
<b>CASH - BEGINNING OF YEAR</b>	7,025	72,232	9,616	88,873	42,726
<b>CASH - END OF YEAR</b>	\$ 1,533	\$ 51,261	\$ 5,261	\$ 58,055	\$ 88,873

See accompanying notes to the consolidated financial statements

## EFFICIENCYONE

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2025 (IN THOUSANDS)

#### 1. NATURE OF OPERATIONS

EfficiencyOne (“the Corporation”) was incorporated in July 2014 under the Canada Not-for-profit Corporations Act.

Under Section 79C of the Public Utilities Act, the Corporation, as the franchise holder, has the exclusive right to supply Nova Scotia Power Inc. (“NS Power”) with reasonably available, cost-effective demand-side management.

The Corporation is a not-for-profit organization under the meaning assigned in the Income Tax Act and as such is exempt from income taxes under Section 149(1)(l). The Corporation holds endowment funds, through its subsidiary Halifax Climate Investment, Innovation and Impact Fund (“HCi3”), in trust on behalf of the Federation of Canadian Municipalities (“FCM”) as trustee of the Green Municipal Fund, and on behalf of the Province of Nova Scotia. The endowment funds are to be maintained in perpetuity. Investment income earned on endowment funds is attributable to the contributor for tax purposes. Accordingly, no provision has been made in the accounts for income taxes.

#### 2. SIGNIFICANT ACCOUNTING POLICIES

##### Basis of accounting and consolidation

These consolidated financial statements include the assets, liabilities, revenue and expenses of the Corporation and its subsidiary HCi3.

The Corporation accounts for investment in EfficiencyOne Services Inc. using the equity method.

These consolidated financial statements have been prepared in accordance with Canadian Accounting Standards for Not-For-Profit Organizations.

##### Fund accounting

a) The Demand-Side Management (“DSM”) Fund is used to account for the operations of the Corporation including the fee-for-service revenues received and expenses incurred for the delivery of DSM programs and services. The Supply Agreement for Electricity Efficiency and Conservation Activities (“EECA”) with Nova Scotia Power is approved by the Nova Scotia Energy Board

(“NSEB”). Cash received under the DSM Fund is only used for operations of the fund. Interest income earned on cash received is retained within the fund and restricted for operations of the fund.

b) The Provincial (“PNS”) Fund is used to account for the operations of the Corporation including the fee-for-service revenues received and expenses incurred for the delivery of PNS programs and services according to the terms of the contracts with the Province of Nova Scotia. Cash received under the PNS Fund is only used for operations of the fund. Interest income earned on cash received is retained within the fund and restricted for operations of the fund.

c) The Other Business Fund is used to account for subsidiary operations and other non-DSM and non-PNS activities. Interest and investment income earned on cash received is retained within the fund and restricted for operations of the fund.

##### Revenue recognition

The Corporation follows the deferral method of accounting for revenue. Restricted fee-for-service or contribution revenue is recognized as revenue within the appropriate fund in the year in which the related expenses are incurred. Restricted contributions for the purchase of capital assets are recognized on the same basis as the amortization expense related to the acquired assets. Endowment contributions are presented as direct increases to net assets.

Restricted interest income on interest bearing deposits is recognized as revenue in the DSM, PNS or Other Business Fund in the year in which the revenue is earned.

Investment income earned on the HCi3 endowments and available for expenditure is allocated to the Other Business Fund, as determined by externally imposed restrictions. All other investment income earned on the HCi3 endowments is recorded as direct increases or decreases to net assets.

## EFFICIENCYONE

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2025 (IN THOUSANDS)

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#### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

##### **Expense recognition**

The Corporation recognizes incentive costs, such as customer rebates, when energy savings are recognized. Energy savings are recognized at milestones within a contract or when the contract is complete. An accrued liability for incentive costs is established when energy savings have been recognized and payment is yet to be made. All other expenses are recorded when incurred.

##### **Cloud computing arrangements**

The Corporation has adopted the simplification approach for cloud computing arrangements. Implementation costs are expensed over the term of the arrangement. Subscription fees are expensed when incurred. During the year, the total amount expensed for cloud computing arrangements was \$1,104 (2024 - \$859) and is included in Information technology expenses.

##### **Cash**

The Corporation recognizes bank balances and interest-bearing deposits with a maturity period of three months or less from the date of acquisition under cash. The Corporation manages its cash according to its cash needs, in accordance with the Corporation's investment policy.

##### **Financial instruments**

The Corporation initially measures its financial assets and financial liabilities at fair value. Investments in pooled funds are subsequently measured at fair value and all remaining financial assets and financial liabilities at amortized cost. Financial assets measured at amortized cost include cash, accounts receivable, loan receivable, and investments in private equities. Financial liabilities measured at amortized cost include accounts payable.

##### *Impairment*

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of any write-down is recognized in net surplus. Any previously recognized impairment loss may be reversed to the extent of its improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of a reversal is recognized in net surplus.

##### *Related party transactions*

Financial assets and financial liabilities obtained in related party transactions are initially measured at cost. Gains or losses arising on initial measurement differences are generally recognized in net surplus when the transactions are in the normal course of operations, and in equity when the transaction is not in the normal course of operations, subject to certain exceptions.

Financial assets and financial liabilities recognized in related party transactions are subsequently measured based on how the Corporation initially measured the instrument. Financial instruments initially measured at cost are subsequently measured at cost, less any impairment for financial assets.

##### **Investments**

Investments consist of a mix of guaranteed investment certificates, pooled fund investments, and investments in private equity. Pooled fund investments and guaranteed investment certificates are stated at fair value on a trade date basis. Any change in fair value is reflected as direct increases or decreases to net assets. Pooled fund investments are valued at the unit values supplied by the pooled fund administrator, which represent the Corporation's proportionate share of underlying net assets at fair values determined using closing market prices. Investments in private equities are measured at amortized cost.

Fixed income investments maturing within one year from the Consolidated Statement of Financial Position date are reflected as short-term investments.

## EFFICIENCYONE

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2025 (IN THOUSANDS)

#### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

##### Capital assets

Capital assets are initially recorded at cost. Amortization is provided for using the following rates and method over their estimated useful lives:

Furniture and fixtures	3 years	Straight-line
Leasehold improvements	Term of lease	Straight-line

##### Cost allocation methodology

The Corporation follows a Cost Allocation Methodology (“CAM”) to allocate expenses not directly related to a fund, as disclosed in Note 13. There was no change to the CAM from prior years.

##### Use of estimates

The preparation of the consolidated financial statements in accordance with Canadian Accounting Standards for Not-For-Profit Organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingencies at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Estimates are used when accounting for items and matters such as allowance for doubtful accounts, useful lives of capital assets, commitments, fair market value of investments, and certain accrued liabilities. Actual results could differ from those estimates.

#### 3. REVENUE AND CONTRACTUAL RIGHTS

##### Efficiency Nova Scotia Revenue

Effective January 1, 2023, the Corporation entered into a three-year supply agreement with NS Power to provide demand-side management. The agreement provided funding of \$173,000 over three years in monthly installments until December 31, 2025. In 2025, fee-for-service revenue was \$62,500 (2024 - \$57,500).

The Corporation has entered into multi-year fee-for-service agreements with the Province of Nova Scotia. The contract term, payment frequency and annual amounts are summarized below:

		2025	2024
<b>Homewarming Services Agreement</b>			
March 21, 2023 - March 31, 2027	Lump Sum + Qtrly	\$ 25,655	\$ 16,643
<b>Affordable Housing and Non-Profits Services</b>			
September 23, 2024 - March 31, 2028	Annually	\$ 4,621	\$ 3,045
<b>Other Provincial Pilot Programs</b>			
March 21, 2020 - March 31, 2026	Lump Sum	\$ 3,859	\$ 3,406
<b>Mi'kmaw Home Energy Efficiency</b>			
March 30, 2023 - March 31, 2027	Quarterly	\$ 3,844	\$ 3,844
<b>Affordable Rental Construction Pilot Services Agreement</b>			
March 14, 2024 - March 31, 2027	Annually	\$ 649	\$ 3,915
<b>Fisheries and Aquaculture Energy Efficiency Innovation Fund</b>			
February 26, 2024 - March 31, 2027	Annually	\$ 330	\$ 3,545
<b>HEA, Green Heat, EPI Agreement</b>			
March 21, 2023 - March 31, 2027	Lump Sum	\$ -	\$ 100
		<u>\$ 38,958</u>	<u>\$ 34,498</u>

## EFFICIENCYONE

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2025 (IN THOUSANDS)

#### 3. REVENUE AND CONTRACTUAL RIGHTS (continued)

##### Other Revenue

Effective April 1, 2022, the Corporation entered into a five-year contribution agreement with Natural Resources Canada to execute the Canada Greener Homes Grant Program. Effective April 1, 2023, the agreement was amended to include funding for the Oil to Heat-pump Affordability Program. The agreement provides total funding of \$233,926, and of this contribution, \$110,905 (2024 - \$79,051) was recognized as revenue in the current year.

During the year, the Corporation recognized \$643 in revenue from HCl3 (2024 - \$473) and \$nil from other sources (2024 - \$nil).

	Demand-Side Management Fund	Provincial Fund	Other Business Fund	2025	2024
Fee-for-service revenue	\$ 62,500	\$ 38,958	\$ -	\$ 101,458	\$ 91,998
Other revenue	-	-	106,586	106,586	85,464
Recognition/ (Deferral) of revenue	(2,367)	52,352	4,962	54,947	22,535
	\$ 60,133	\$ 91,310	\$ 111,548	\$ 262,991	\$ 199,997

#### 4. INVESTMENTS

The Corporation's investments in guaranteed investment certificates are made in accordance with the Corporation's banking and investment policy. The objective of the policy is to ensure excess cash is invested in a manner that safely preserves the principal while optimizing returns.

Investments in pooled funds are held by an investment manager and are measured at market value. All market-based investments are made in accordance with HCl3's investment policy.

	2025	2024
GIC, due April 9, 2026, 5.44% per annum	\$ 35,000	\$ 35,000
GIC, due October 9, 2026, 3.66% per Annum	30,000	-
GIC, due July 29, 2026, 3.48% per annum	20,000	-
GIC, due January 6, 2027, 3.1% per annum	15,000	-
AlphaFixe Green Bond Fund	7,302	-
iA Short Term Bond Fund	4,342	-
Addenda Commercial Mortgage Fund	2,315	-
Fiera Canadian Equity Fossil Fuel Free Fund – Class A	1,772	-
Mirova Global Sustainable Equity Fund	1,560	-
Wellington Climate Strategy Fund	1,422	-
Amundi Global Equity High Income Low Volume Fund	1,138	-
Private Equity Investment, at cost	1,000	-
UBS Global Direct Real Estate Fund	901	-
iA Money Market Fund	648	-
TD Private Debt Fund	439	-
Other investments, at cost	10	10
GICs, redeemed	-	100,000
Fiera ASFI – Active Canadian Bonds Universe Fund – Class A	-	4,271
Fiera ASFI – Active Short-term Bond Fund – Class A	-	4,220
Fiera Atlas Global Companies Fund – Class A	-	3,969
Fiera Diversified Lending Fund – Class A	-	3,144
Fiera Diversified Real Assets Fund – Class A	-	2,199
ACM Commercial Mortgage Fund	-	2,153
Fiera Canadian Equity Fossil Fuel Free Fund – Class A	-	1,686
Fiera Short-term Investment Fund – Class A	-	708
	122,849	157,360
Less: short-term investments	85,000	100,000
	\$ 37,849	\$ 57,360

## EFFICIENCYONE

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2025 (IN THOUSANDS)

#### 4. INVESTMENTS (continued)

##### Investment income:

Investment income earned from endowments consists of distributions from various pooled fund investments as listed above, as well as interest on cash deposits and unrealized gains or losses due to changes in fair market value.

The investment income earned from endowments is recognized in the Consolidated Statement of Operations as it becomes available for expenditure. The total investment income earned during the year and its allocation is summarized below:

	2025	2024
Investment distributions	\$ 659	\$ 729
Realized gain on sale of investments	1,229	84
Investment management fees	(92)	(76)
Change in fair market value	(589)	862
<b>Total investment income</b>	<b>1,207</b>	<b>1,599</b>
Stabilization allocation (i)	(892)	(39)
Deferred in Other Business Fund	(69)	(47)
Unrealized fair market value adjustments	589	(862)
<b>Recognized investment income</b>	<b>\$ 835</b>	<b>\$ 651</b>

- i. The Stabilization allocation is an amount held in reserve and used for the purpose of funding eligible expenses in years where annual investment proceeds are less than expected.

#### 5. INVESTMENT IN EFFICIENCYONE SERVICES INC.

The investment represents a 100% interest in the common shares of EfficiencyOne Services Inc. as follows:

	2025	2024
Common shares, at cost	\$ -	\$ -
Equity in cumulative net earnings since incorporation	162	147
	<u>\$ 162</u>	<u>\$ 147</u>

Summarized financial information of EfficiencyOne Services Inc. as at December 31, 2025 is as follows:

##### FINANCIAL POSITION

	2025	2024
Assets	\$ 211	\$ 153
Liabilities	49	6
Equity	162	147
<b>Total Liability and Equity</b>	<b>\$ 211</b>	<b>\$ 153</b>

##### RESULTS OF OPERATIONS

	2025	2024
Revenue	\$ 127	\$ 9
Expenses (including a provision for income tax)	111	8
<b>Net Earnings</b>	<b>\$ 16</b>	<b>\$ 1</b>

##### CASH FLOW

	2025	2024
Operating	\$ 5	\$ 3
Change in Cash	5	3
Cash - beginning of period	152	149
<b>Cash - end of period</b>	<b>\$ 157</b>	<b>\$ 152</b>

## EFFICIENCYONE

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2025 (IN THOUSANDS)

#### 5. INVESTMENT IN EFFICIENCYONE SERVICES INC. (continued)

The Corporation renders technical, administrative, and marketing services of a routine nature to EfficiencyOne Services Inc. and the value of these services is measured on a fully allocated cost basis, which is the amount of consideration established and agreed to by the related parties. The cost of these services amounted to \$31 in 2025 (2024 - \$4).

Included in accounts receivable as of December 31 was \$19 (2024 - \$4) due from EfficiencyOne Services Inc.

On August 29, 2017 the Nova Scotia Energy Board (formerly the NSUARB) approved the Corporation's Code of Conduct ("the Code"). The Code governs transactions between the Corporation's electricity efficiency and conservation activities and its Affiliates.

#### 6. LOAN RECEIVABLE

During the year, HCl3 issued a loan receivable of \$200. The loan carries an interest rate of prime + 4%, repayable in interest-only installments until 2027. The loan is secured by general security agreement over the borrower's assets.

#### 7. CAPITAL ASSETS

	Cost	Accumulated Amortization	Net 2025	Net 2024
Furniture and fixtures	\$ 535	\$ 535	\$ -	\$ 178
Leasehold improvements	1,344	504	840	1,009
	<u>\$ 1,879</u>	<u>\$ 1,039</u>	<u>\$ 840</u>	<u>\$ 1,187</u>

#### 8. BANK INDEBTEDNESS

The Corporation has an operating demand loan of credit available in the amount of \$7,500 bearing interest at the bank prime rate, payable monthly. At year end, the Corporation had no draws against the line of credit (2024 - \$nil). The demand loan is secured by a first ranking general security agreement.

#### 9. DEFERRED REVENUE

	Demand-Side Management Fund	Provincial Fund	Other Business Fund	2025	2024
Opening	\$ 1,138	\$ 214,283	\$ 9,123	\$ 224,544	\$ 250,387
Recognition of prior years' deferred revenue	-	(60,208)	(5,117)	(65,325)	(47,413)
Return of funds	-	-	-	-	(3,443)
Deferral of current year revenue	2,367	7,856	1,032	11,255	24,927
Deferral of investment income (Note 4)	-	-	69	69	86
	<u>3,505</u>	<u>161,931</u>	<u>5,107</u>	<u>170,543</u>	<u>224,544</u>
Less: current portion	1,600	84,500	2,199	88,299	52,711
	<u>\$ 1,905</u>	<u>\$ 77,431</u>	<u>\$ 2,908</u>	<u>\$ 82,244</u>	<u>\$ 171,833</u>

## EFFICIENCYONE

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2025 (IN THOUSANDS)

#### 10. CONTINGENCIES

a) The Corporation has an agreement with NS Power to extend financing to certain Business, Non-Profit and Institutional (“BNI”) customers participating in either the Small Business Energy Solutions, Affordable Multi-Family Housing, BNI Custom, or Business Energy Rebates programs. Those customers are approved by NS Power for repayment terms up to 48 months. Financing costs related to the principal are paid to NS Power by the Corporation monthly and are considered part of the applicable program cost. The Corporation is contingently liable to cover defaults on principal amounts outstanding.

A liability of \$51 (2024 - \$51) has been established for accounts at risk. On December 31, 2025, the balance of total financing extended was \$1,984 (2024 - \$2,165).

b) The Organization is involved in disputes from time to time as part of its ordinary course of operations. As at December 31, 2025, management is confident that adequate provisions have been established for any current claims.

#### 11. COMMITMENTS

a) In the course of business, the Corporation approves customer applications that offer future incentive payments based on the completion of program criteria within a specific time frame.

The value of these commitments is estimated at \$179,149 (2024 - \$111,339) with the DSM Fund share of \$18,619 (2024 - \$18,049), the PNS Fund share of \$72,744 (2024 - \$63,895) and the Other Business Fund share of \$87,786 (2024 - \$29,394). The estimate is calculated on an individual program basis as of December 31, 2025.

Program	Basis of Estimate
Home Energy Assessment	Number of eligible homes anticipated to complete the program at the historical average rebate rate plus final audit costs to be paid to Delivery Agents.
Oil to Heat Pump Affordability	Number of qualified customers and approved rebate amounts.
SolarHomes	Number of approved customers anticipated to complete the program at the historical average rebate rate.
Mi'kmaw Home Energy Efficiency	Total number of committed homes at the historical average cost per home plus final audit costs.
Energy Forward New Homes	Total number of qualified applicants currently enrolled for Incentives
Affordable Multi-Family Housing	Approved customers and rebate amounts.
Low Income Homeowner Service	Number of qualified customers whose application had been assigned to a Delivery Agent at the historical average cost per home plus final audit costs.
Small Business Energy Solutions	Approved customers and rebate amounts.
Custom	Approved customers and rebate amounts.

## EFFICIENCY ONE

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2025 (IN THOUSANDS)

The Corporation has multi-year fee-for-service agreements in place with NS Power, the Province of Nova Scotia and Natural Resources Canada which will enable the Corporation to meet these future commitments.

b) The Corporation has entered into a lease agreement, expiring December 31, 2030, for the rental of its office premises. Minimum annual lease payments over the term of the agreement are as follows:

Year	Annual Lease Payments
2026	316
2027	316
2028	316
2029	316
2030	316

## 12. RISK MANAGEMENT

The Corporation is exposed to risks associated with its financial instruments as follows:

	Risks		
	Credit	Liquidity	Market
Cash	X		X
Accounts receivable	X		
Loan receivable	X		X
Accounts payable and accrued liabilities		X	X
Investments			X

The Corporation's risk exposure has decreased from the prior year, due to the overall decrease in financial instruments.

### a) Credit risk

Credit risk arises from the possibility of one of the parties to a transaction defaulting on its financial obligations.

#### i) Cash

Credit risk associated with cash is minimized by investing these assets in short-term interest-bearing deposits of a Canadian bank with credit ratings that comply with the Corporation's banking and investment policy.

### ii) Accounts receivable and loan receivable

Credit risk associated with accounts receivable is mitigated by the fact that the majority of receivables outstanding are from a government entity, the Province of Nova Scotia.

### b) Liquidity risk

Liquidity risk is the risk of being unable to meet cash requirements or fund obligations as they come due. It stems from the possibility of a delay in realizing the fair value of investments. The Corporation manages its liquidity risk by monitoring forecasted and actual cash flows and financial liability maturities, and by holding assets that can be readily converted into cash.

Accounts payable and accrued liabilities include obligations to customers who have earned incentives and are normally paid within 90 days. For some customer incentives accrued, there may be exceptions to the timing of the payments. The timing of these payments is determined by the terms of the customer's contract. HST payable is remitted monthly.

### c) Market risk

The Corporation is exposed to market risks arising from changes in the fair value of financial instruments due to market price fluctuations. Market risks consist of currency risk, interest rate risk and other price risk. The Corporation is not exposed to additional currency risk other than that recognized through other price risk, as certain investments are denominated in foreign currencies.

### i) Interest rate risk

Interest rate risk is the risk that the fair value of a financial instrument or the related future cash flows will fluctuate due to changes in the market interest rates. The Corporation is exposed to interest rate risk with regard to its cash and its loan receivable.

## EFFICIENCYONE

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2025 (IN THOUSANDS)

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#### 12. RISK MANAGEMENT (continued)

The Corporation's cash includes amounts on deposit with a Canadian bank that earns interest at the market rate. The loan receivable is subject to fluctuations in the prime interest rate, which could impact the interest income earned. Fluctuations in market rates of interest on cash do not have a significant impact on the Corporation's results of operations. Short-term interest-bearing deposits are not exposed to significant interest rate risk due to their short-term nature.

i) Other price risk

Other price risk is the risk that the fair value of a financial instrument or the related future cash flows will fluctuate due to changes in market prices. The Corporation is exposed to other price risk with regard to its investments.

The Corporation's investments include pooled funds which are subject to risks arising from changes in market conditions. The Corporation manages this risk by using an investment manager and maintaining a diversified portfolio with a mix of bonds and equity funds in accordance with the Corporation's investment policy.

## EFFICIENCY ONE

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2025 (IN THOUSANDS)

#### 13. COST ALLOCATION METHODOLOGY

	Allocator	Expenses subject to Allocation	DSM Fund Allocation	Provincial Fund Allocation	Other Business Fund Allocation
Incentives	Direct	\$ 644	\$ 347	\$ 292	\$ 5
Information technology	FTE	974	497	398	79
Information technology	Direct	1,919	375	693	851
Marketing, outreach, education and research	Direct	3,122	1,441	1,443	238
Meetings and travel	Direct	288	82	98	108
Office and insurance	FTE	198	101	81	16
Office and insurance	Direct	301	59	109	133
Professional fees and consulting	Direct	765	190	314	261
Program support	Direct	40	8	30	2
Ren	FTE	597	305	244	48
Salaries and benefits	FTE	23,242	11,734	9,472	2,036
Training and development	FTE	480	134	179	167
		\$ 32,570	\$ 15,273	\$ 13,353	\$ 3,944

The Corporation engages in DSM programs (reported in the DSM Fund), other energy efficiency and conservation programs (reported in the PNS Fund) and other business (reported in the Other Business Fund).

The costs reported in the Consolidated Statement of Operations, include direct costs of the programs which are comprised of, but not limited to, customer payments, program support costs, and other program and administrative costs directly attributable to a program. In 2025, total direct costs incurred were \$239,167 (2024 - \$180,436) with \$45,103 related to DSM (2024 - \$50,086), \$85,555 related to PNS (2024 - \$53,575), and \$108,509 related to Other Business (2024 - \$76,775). The Corporation also incurs costs which are not directly related to one program that require allocation between the funds and subsequently to programs. These non-direct costs include, but are not limited to, joint direct program costs, common program costs, salaries and benefits, administrative and operational overhead and general program administration. In 2025, total non-direct costs incurred and subject to allocation were \$32,570 (2024 - \$32,816).

The Corporation allocates the non-direct costs noted above based on FTE of staff resources assigned to the programs and Direct Costs ("Direct") of the programs as defined in the ENSC Cost Allocation Methodology Report. The CAM is subject to regular review by the Nova Scotia Energy Board..