

Financial Statements of

**HEALTHCARE EMPLOYEES'
BENEFITS PLAN - MANITOBA -
DENTAL PLAN AND EXTENDED
HEALTH PLAN**

And Independent Auditor's Report thereon

Year ended December 31, 2025



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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of Healthcare Employees' Benefits Plan - Manitoba - Dental Plan and Extended Health Plan

Opinion

We have audited the financial statements of Healthcare Employees' Benefits Plan - Manitoba - Dental Plan and Extended Health Plan (the Plan), which comprise:

- the statement of financial position as at December 31, 2025
- the statement of changes in net assets available for benefits for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Plan as at December 31, 2025, and its changes in net assets available for benefits for the year then ended in accordance with Canadian accounting standards for pension plans.

Basis for Opinion

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

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

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



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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for pension plans, 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 Plan'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 Plan or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also:

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan'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 Plan'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 Plan to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a long, horizontal, slightly curved line that tapers at both ends, serving as a decorative underline.

Chartered Professional Accountants

Winnipeg, Canada

June 12, 2026

HEALTHCARE EMPLOYEES' BENEFITS PLAN - MANITOBA - DENTAL PLAN AND EXTENDED HEALTH PLAN

Statement of Financial Position

December 31, 2025, with comparative information for 2024


	2025	2024
Assets		
Cash	\$ 43,362,658	\$ 21,342,097
Premiums receivable	6,917,867	5,227,375
Receivable from Manitoba Blue Cross	–	2,578,625
Due from Manitoba Blue Cross (note 3):		
Dental Plan	360,865	3,468,321
Extended Health Plan	1,208,370	–
Investments (note 3)	–	17,359,704
Total assets	\$ 51,849,760	\$ 49,976,122
Liabilities		
Claims payable and accrued liabilities	\$ 250,731	\$ 234,722
Deferred premiums	7,844,320	6,366,050
Payable to Manitoba Blue Cross	–	4,950,983
Due to other plans (note 10)	1,236,295	901,994
Obligations for IBNR (note 4):		
Dental Plan	730,135	679,031
Extended Health Plan	2,581,368	2,127,042
Total liabilities	12,642,849	15,259,822
Commitment (note 11)		
Net assets available for benefits (note 5)	\$ 39,206,911	\$ 34,716,300

See accompanying notes to financial statements.

Approved by the Trustees:



Chair



Vice-Chair

HEALTHCARE EMPLOYEES' BENEFITS PLAN - MANITOBA - DENTAL PLAN AND EXTENDED HEALTH PLAN

Statement of Changes in Net Assets Available for Benefits

Year ended December 31, 2025, with comparative information for 2024

	Dental Plan	Extended Health Plan	2025 Total	2024 Total
Increases:				
Premiums	\$ 40,742,082	\$ 53,635,242	\$ 94,377,324	\$ 83,786,504
Investment income	–	32,370	32,370	802,828
Other interest income	456,138	618,168	1,074,306	993,051
Change in fair value of investment	–	25,287	25,287	61,204
	41,198,220	54,311,067	95,509,287	85,643,587
Decreases:				
Claims incurred	35,046,483	46,168,715	81,215,198	76,239,031
Administrative - Blue Cross	1,752,324	2,622,542	4,374,866	4,119,990
Administrative - HEBP (note 6)	2,254,717	2,668,465	4,923,182	3,625,394
	39,053,524	51,459,722	90,513,246	83,984,415
Increase in net assets prior to change in obligations for IBNR	2,144,696	2,851,345	4,966,041	1,659,172
Change in obligations for IBNR (note 4)	(51,104)	(454,326)	(505,430)	(135,284)
Increase in net assets available for benefits	2,093,592	2,397,019	4,490,611	1,523,888
Net assets available for benefits, beginning of year	17,062,467	17,653,833	34,716,300	33,192,412
Net assets available for benefits, end of year	\$ 19,156,059	\$ 20,050,852	\$ 39,206,911	\$ 34,716,300

See accompanying notes to financial statements.

HEALTHCARE EMPLOYEES' BENEFITS PLAN - MANITOBA - DENTAL PLAN AND EXTENDED HEALTH PLAN

Notes to Financial Statements

Year ended December 31, 2025

1. General and description of the Plans:

Healthcare Employees' Benefits Plan - Manitoba (HEBP) is jointly trusteeed which includes the Dental Plan & Extended Health Plan, Disability & Rehabilitation Plan, Employee Assistance Plan and The Group Life Insurance Plan (the "Plan") for healthcare employees in Manitoba.

The Plan is a trust under the *Income Tax Act*. The Plan is viewed as an Employee Life and Health Trust (ELHT) by Canada Revenue Agency (CRA).

The Dental Plan & Extended Health Plan (the "Plans") provide dental coverage and health benefits to participating active employees. They also include a retiree plan with basic - ambulance/semi-private plan and an enhanced health plan. Claims administration and adjudication for these Plans is provided by Manitoba Blue Cross. The Plans are on a self-insured administrative services only basis (ASO).

2. Significant accounting policies:

(a) Basis of presentation:

The Plans follow Canadian accounting standards for pension plans for accounting policies related to its investment portfolio. In selecting or changing accounting policies that do not relate to its investment portfolio, the Plans comply on a consistent basis with Canadian accounting standards for private enterprises (ASPE).

These financial statements are prepared on a going concern basis and present the aggregate financial position of the Plans as a separate financial reporting entity, independent of the participating employers and members. Only the net assets of the Plans have been included in these financial statements. These financial statements do not portray the funding requirements of the Plans or the benefit security of the individual plan members.

HEALTHCARE EMPLOYEES' BENEFITS PLAN - MANITOBA - DENTAL PLAN AND EXTENDED HEALTH PLAN

Notes to Financial Statements (continued)

Year ended December 31, 2025

2. Significant accounting policies (continued):

(b) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Cash and investments, if any, are subsequently measured at fair value. All other financial instruments are subsequently measured at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Plans have elected not to carry any such financial instruments at fair value.

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

(c) Fair value measurement:

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date. The Plans use closing market price for fair value measurement.

When available, the Plans measure the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis.

If a market for a financial instrument is not active, then the Plans establish fair value using a valuation technique. Valuation techniques include using recent arm's length transactions between knowledgeable, willing parties (if available), reference to the current fair value of other instruments that are substantially the same, discounted cash flow analyses and option pricing models.

All changes in fair value, other than interest and dividend income, are recognized in the statement of changes in net assets available for benefits as part of the current period change in fair value of investments.

Short-term investment pooled fund is recorded at fair values established by the respective fund trustee.

HEALTHCARE EMPLOYEES' BENEFITS PLAN - MANITOBA - DENTAL PLAN AND EXTENDED HEALTH PLAN

Notes to Financial Statements (continued)

Year ended December 31, 2025

2. Significant accounting policies (continued):

(d) Premiums:

Premiums recorded in the statement of changes in net assets available for benefits include the employees' and employers' share of the premiums required for dental and extended health coverage. Premiums are recorded on an accrual basis.

(e) Claims:

Claims are recorded in the period in which they are paid or payable. Any claims not paid at fiscal year-end are reflected in claims payable and accrued liabilities.

(f) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of increases and decreases in net assets available for benefits during the year. Actual results could differ from those estimates.

3. Due from Manitoba Blue Cross:

The amounts due from Manitoba Blue Cross are funds held by Manitoba Blue Cross representing accumulated annual experience gains (losses) in the Dental Plan and Extended Health Plan. During 2016, Manitoba Blue Cross refunded the Extended Health Plan \$17 million in funds previously held by Manitoba Blue Cross for the Plan's obligations for IBNR and claims fluctuation reserves and a portion of accumulated experience gains (losses) in the Plan. The funds were invested by the Plan in a short-term pooled fund to fund the obligations for IBNR and claims fluctuation reserves (note 4). During the year ended December 31, 2025, the Plan liquidated its short-term pooled fund investment, and the funds are now held and recognized in the Plan's cash balances.

Interest was earned on the amounts due from Manitoba Blue Cross at 2.75 percent (2024 - 3.15 percent).

HEALTHCARE EMPLOYEES' BENEFITS PLAN - MANITOBA - DENTAL PLAN AND EXTENDED HEALTH PLAN

Notes to Financial Statements (continued)

Year ended December 31, 2025

4. Obligations for incurred but not reported (IBNR):

The obligations for IBNR are estimates of claims which have been incurred but not reported at the date of the financial statements. The obligations are based on a study of claims during the fiscal year and are specific to the type of benefits provided.

5. Net assets available for benefits:

The Board of Trustees has approved the establishment of claims fluctuation reserves (CFR) from the net assets available for benefits. The target reserve for the Dental Plan has been established at an amount equal to 10 percent of the current year's premiums for the Dental Plan and is fully funded.

The Extended Health Plan consists of the Active and Retired plans. The target reserve for each of these plans was established at an amount equal to 15 percent of the current year's premiums. The Active Plan and Retired Plan have fully funded reserves.

The following net assets available for benefits have been restricted for CFR:

	2025	2024
Dental Plan	\$ 4,074,208	\$ 3,315,707
Extended Health Plan	5,550,822	3,671,817
	\$ 9,625,030	\$ 6,987,524

6. Administrative expenses:

	Dental Plan	Extended Health Plan	2025 Total	2024 Total
Salaries and benefits	\$ 1,449,936	\$ 1,691,592	\$ 3,141,528	\$ 2,668,143
Other administrative expenses	524,381	650,098	1,174,479	803,562
Chargebacks for capital asset costs (note 10)	252,885	295,806	548,691	99,986
Legal fees	12,175	13,076	25,251	18,087
Trustee related	4,410	5,146	9,556	11,867
Audit fees	10,930	12,747	23,677	23,749
	\$ 2,254,717	\$ 2,668,465	\$ 4,923,182	\$ 3,625,394

HEALTHCARE EMPLOYEES' BENEFITS PLAN - MANITOBA - DENTAL PLAN AND EXTENDED HEALTH PLAN

Notes to Financial Statements (continued)

Year ended December 31, 2025

7. Capital management:

The main objective of the Plans is to sustain a certain level of net assets in order to meet the obligations of the Plans. Increases in net assets are a direct result of investment income generated by the Plans and premiums paid into the Plans by eligible employees and by the employers. The main use of net assets is for payment of claims of eligible members of the Plans.

8. Risk management:

(a) Market risk:

Management of the Plans believe they are not exposed to any market risks including interest rate, currency and other price risk in relation to the Plans' financial instruments.

(b) Credit risk:

The Plans are exposed to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due or requested.

The Plans' greatest concentration of credit risk is in their fixed income securities. The fair value of the fixed income securities includes consideration of the creditworthiness of the debt issuer. All transactions in listed securities are settled or paid for upon delivery using approved brokers. The risk of default is considered minimal, as payment is made on purchase once the securities have been received from the broker. For sales transactions, the securities are released once the broker has made payment.

Credit risk associated with premiums and other receivables is minimized due to their nature. Premiums are collected from participating members through the payroll process. No provision for doubtful premiums and other receivables has been recorded in either 2025 or 2024.

(c) Liquidity risk:

Liquidity risk is the possibility that financial assets of the Plans cannot be readily converted into cash when required. Liquidity risk is managed through premiums received from participating members through the payroll process. The Plans' claims payable and accrued liabilities and due to HEPP having contracted maturities of less than one year.

HEALTHCARE EMPLOYEES' BENEFITS PLAN - MANITOBA - DENTAL PLAN AND EXTENDED HEALTH PLAN

Notes to Financial Statements (continued)

Year ended December 31, 2025

8. Risk management (continued):

(d) Claims and premiums risk:

The nature of the unpaid claims is such that the establishment of obligations is based on known facts and interpretation of circumstances, on a case by case basis, and is therefore a complex and dynamic process influenced by a variety of factors.

Consequently, the establishment of obligations and premium rates relies on the judgment and opinions of a number of professionals, on historical precedent and trends, on prevailing legal, economic, social and regulatory trends and on expectations as to future developments. The process of determining premium rates and reserves necessarily involves risks that the actual results will deviate, perhaps substantially, from the best estimates made.

9. Fair value of financial instruments:

On an annual basis, Manitoba Blue Cross establishes the interest rates to be paid on the amounts due to the Plans (note 3) based on market-related indicators. As a result, the fair value of the amounts due from Manitoba Blue Cross approximates their carrying value.

The fair value of the remaining financial assets and liabilities of the Plans approximates their carrying value due to their short-term nature (except cash and investments which are stated at fair value).

The Plans' assets which are recorded at fair value are required to be classified into one of three levels, depending on the inputs used for valuation. The hierarchy of inputs is summarized below:

Level 1	Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2	Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
Level 3	Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Changes in valuation methods may result in transfers into or out of an investment's assigned level.

HEALTHCARE EMPLOYEES' BENEFITS PLAN - MANITOBA - DENTAL PLAN AND EXTENDED HEALTH PLAN

Notes to Financial Statements (continued)

Year ended December 31, 2025

9. Fair value of financial instruments (continued):

The following is a summary of the classification used as of December 31, 2025 in valuing the Plans' cash and investments carried at fair value:

	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Cash	\$ 43,362,658	\$ -	\$ -	\$ 43,362,658
	\$ 43,362,658	\$ -	\$ -	\$ 43,362,658

The following is a summary of the classification used as of December 31, 2024 in valuing the Plans' cash and investments carried at fair value:

	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Cash	\$ 21,342,097	\$ -	\$ -	\$ 21,342,097
Short-term investment pooled fund	-	17,359,704	-	17,359,704
	\$ 21,342,097	\$ 17,359,704	\$ -	\$ 38,701,801

During the year ended December 31, 2025, the Plan liquidated its short-term pooled fund investment, and the funds are now held and recognized in the Plan's cash balances. For the year ended December 31, 2024, there were no transfers between Level 1 and Level 2.

10. Related party transactions:

HEBP and the Healthcare Employees' Pension Plan - Manitoba (HEPP) have a certain number of common trustees and a cost sharing agreement to allocate certain costs, including chargebacks for capital asset costs, based on factors such as number of employees and time usage.

The balance due to other plans is non-interest bearing and has no fixed terms of repayment.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

HEALTHCARE EMPLOYEES' BENEFITS PLAN - MANITOBA - DENTAL PLAN AND EXTENDED HEALTH PLAN

Notes to Financial Statements (continued)

Year ended December 31, 2025

11. Commitment:

The Plans' allocation of annual lease payments under an operating lease with an expiry date of October 31, 2028 is as follows:

2026	\$	251,000
2027		250,000
2028		208,000
	\$	709,000
