

PART ONE

FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

This page intentionally left blank.

GOVERNMENT OF YUKON
Consolidated Financial Statement Discussion and Analysis
for the year ended March 31, 2025

Introduction

The Yukon Public Accounts, produced annually, provides clarity and transparency for Yukoners by comparing the financial results for the 2025 fiscal year against the 2025 Main Estimates (Budget) and against the previous year's financial results. The Government is responsible for the accuracy, objectivity and integrity of this information.

The Financial Statement Discussion and Analysis expands upon and further explains information contained in the Consolidated Financial Statements, which are presented in Part Two of the Yukon Public Accounts. This is intended to assist readers in their analysis of the Yukon's fiscal health and Government's financial performance with the resources it has been entrusted. To do this effectively, this report presents a highlights summary, assessment of fiscal health, indicators of financial and economic conditions, details section and a summary of risks and mitigation.

2025 Highlights Summary

Financial Results					
(thousands of dollars)	2025		2024	Change from	
	Budget	Actual	Actual	Budget	2024 Actual
Revenues	2,140,473	2,228,394	2,003,410	87,921	224,984
Expenses ¹	1,986,820	2,053,387	2,006,641	66,567	46,746
Surplus / (Deficit)	153,653	175,007	(3,231)	21,354	178,238
Accumulated Surplus		2,204,770	2,027,812		176,958
Net Debt		(227,160)	(196,055)		(31,105)

¹ Expenses shown net of Recovery of Prior Years' Expenses

The Government is reporting an annual surplus of \$175.0 million on a revenue base of \$2.2 billion.

The \$21.3 million difference between the \$175.0 million surplus and the expected \$153.7 million surplus presented in the 2025 budget is due to higher revenues (\$87.9 million, or 4.1%), offset by higher than anticipated expenses (\$66.6 million, or 3.4%).

Change from budget:

Revenues were higher than budgeted largely due to higher than expected transfers from the Government of Canada. There was increase in tax and general revenue, specifically from income taxes, sale of land and a one-time revenue related to the tobacco settlement. It also includes additional revenues from funding and service-level agreements with other parties, particularly recoveries related to the wildfire management.

Expenses were higher than budgeted, and the functions with the largest increases compared to the 2025 budget were health and social services, community and transportation, justice and general government.

GOVERNMENT OF YUKON
Consolidated Financial Statement Discussion and Analysis
for the year ended March 31, 2025

Introduction (continued)

2025 Highlights Summary (continued)

Change from prior year:

2025 surplus of \$175.0 million is \$178.2 million greater than the \$3.2 million deficit in 2024. Total revenues compared to the previous year increased by \$225.0 million (11.2%), while total expenses (net of recovery of prior years' expenses) increased by \$46.7 million (2.3%).

The increases in revenue were driven by a \$140.0 million increase in funding from the Government of Canada, \$99.5 million from taxes and general revenues and \$2.6 million from funding and service agreements. While the increase in expenses of \$46.7 million was mostly from health and social services, community and transportation, general government, education and justice.

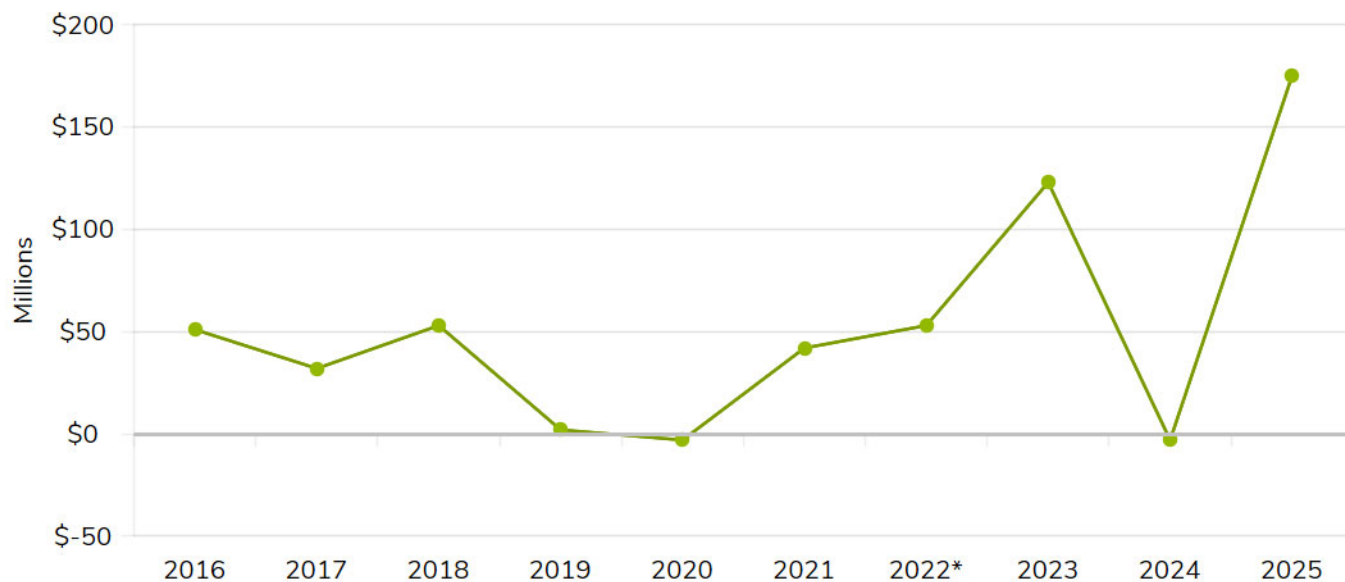
In 2025, the Government's net debt increased by \$31.1 million, from \$196.1 million in 2024 to \$227.2 million in 2025.

Highlights

Surplus (Deficit)

The surplus (deficit) represents the amount by which revenue exceeds expense (expense exceeds revenue) for the fiscal period.

Surplus (Deficit)



(in millions)	2016	2017	2018	2019	2020	2021	2022*	2023	2024	2025
Surplus (deficit)	\$ 51	\$ 32	\$ 53	\$ 2	\$ (3)	\$ 42	\$ 53	\$ 123	\$ (3)	\$ 175

* 2022 restated due to adoption of PS 3280

The 2025 surplus of \$175.0 million represents an improvement of \$178.2 million compared to the prior year's

GOVERNMENT OF YUKON
Consolidated Financial Statement Discussion and Analysis
for the year ended March 31, 2025

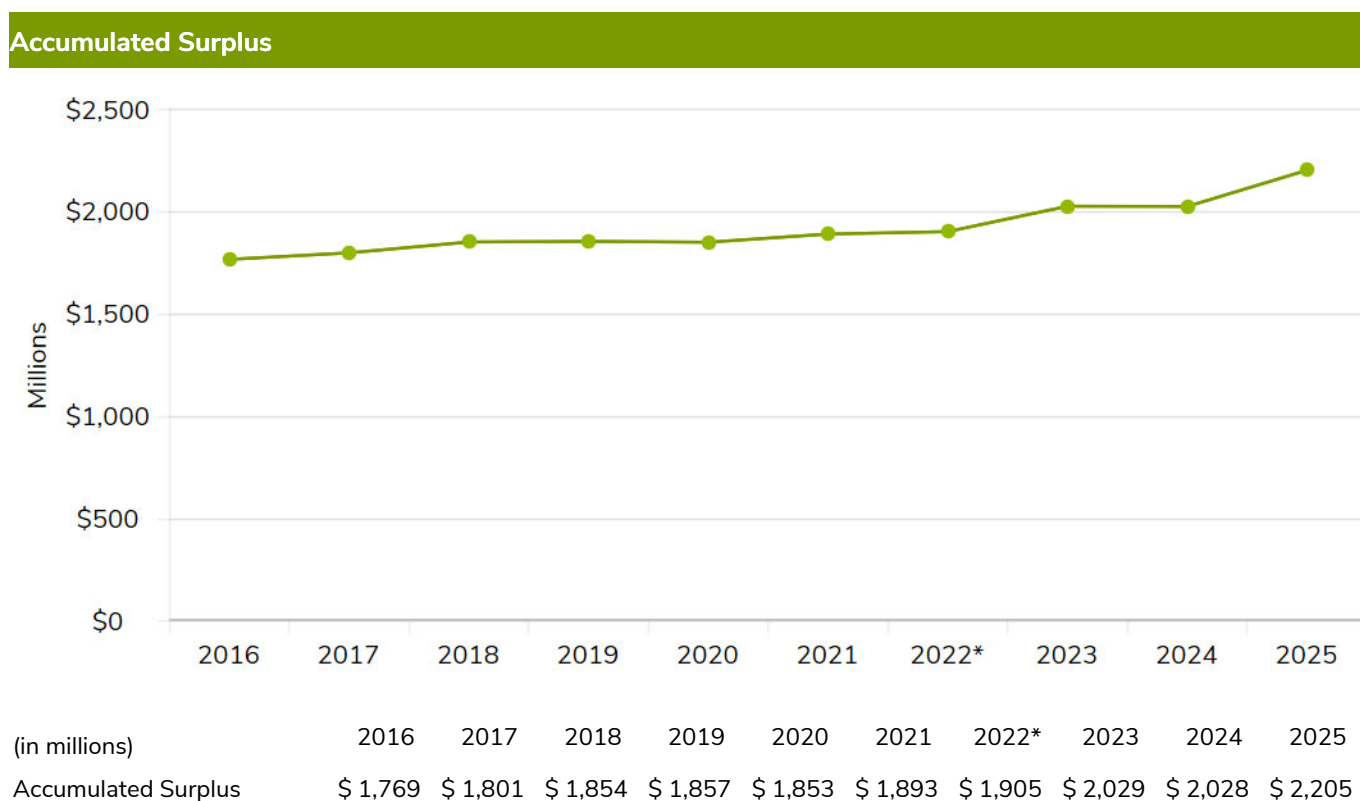
Highlights (continued)

Surplus (Deficit) (continued)

deficit of \$3.2 million, and is \$21.3 million higher than the budgeted surplus of \$153.6 million. The Government's deficit/surplus is driven by two factors - revenues and expenses. The Government's revenue is largely made up of the formula financing grant from the Government of Canada, which tends to remain stable over time. Expenses result from direct government spending and transfers to meet territorial needs. Compared to 2024, the current year surplus is primarily attributable to increased revenues from federal transfers, taxation and general revenue including tobacco settlement, and funding and service-level agreements.

Accumulated Surplus

An accumulated surplus represents the government's reported net economic resources. An accumulated surplus is the net of all past surpluses and deficits and is a measure of economic resources to provide future services.



* 2022 restated due to adoption of PS 3280

As of March 31, 2025, the Government is reporting an accumulated surplus of \$2.205 billion which is an increase of \$177.0 million from the previous year's accumulated surplus of \$2.028 billion. The increase in accumulated surplus during 2025 is due to the current year's annual operating surplus of \$175.0 million, plus the net remeasurement gain of \$2.0 million.

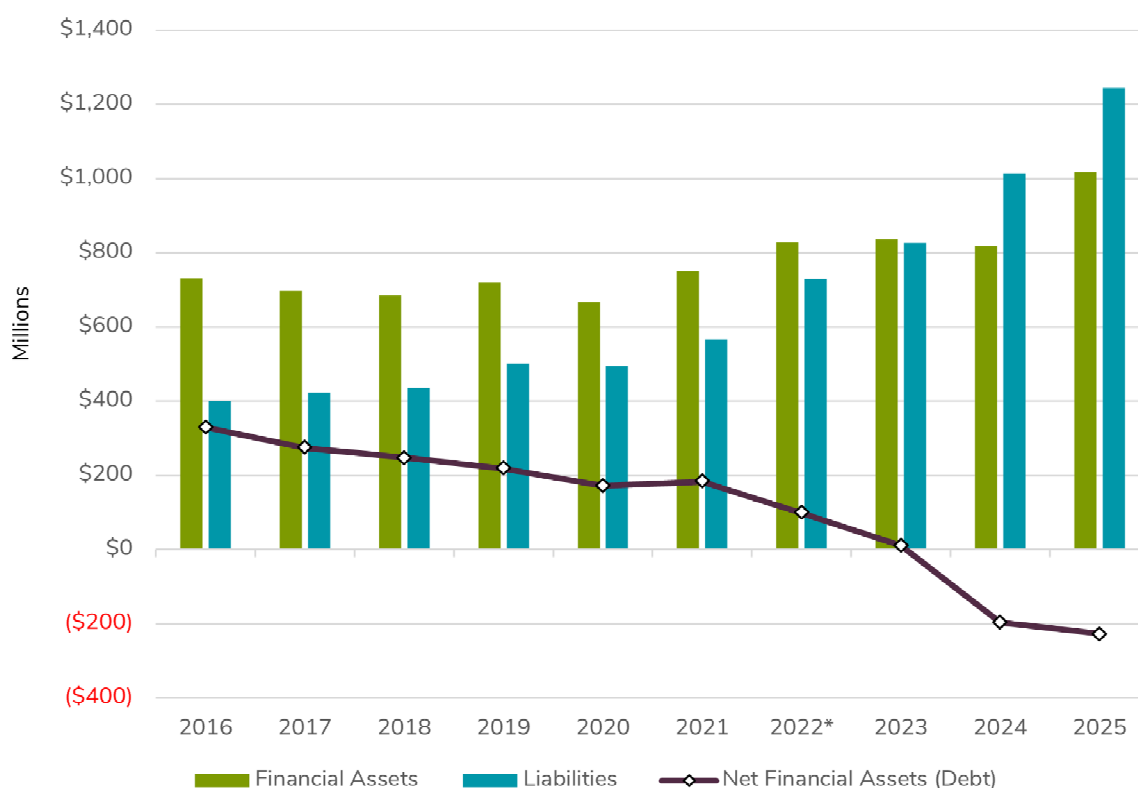
GOVERNMENT OF YUKON
Consolidated Financial Statement Discussion and Analysis
for the year ended March 31, 2025

Highlights (continued)

Net Financial Assets (Debt)

Net financial assets (debt) represent the amount of financial resources that the Government has to finance future transactions.

Net Financial Assets (Debt)



(in millions)	2016	2017	2018	2019	2020	2021	2022*	2023	2024	2025
Financial assets	\$ 731	\$ 698	\$ 685	\$ 720	\$ 667	\$ 750	\$ 829	\$ 837	\$ 819	\$ 1,018
Liabilities	401	424	437	502	496	567	730	826	1,015	1,245
Net Financial Assets (Debt)	<u>\$ 330</u>	<u>\$ 274</u>	<u>\$ 248</u>	<u>\$ 218</u>	<u>\$ 171</u>	<u>\$ 183</u>	<u>\$ 99</u>	<u>\$ 11</u>	<u>\$ (196)</u>	<u>\$ (227)</u>

* 2022 restated due to adoption of PS 3280

GOVERNMENT OF YUKON
Consolidated Financial Statement Discussion and Analysis
for the year ended March 31, 2025

Highlights (continued)

Net Financial Assets (Debt) (continued)

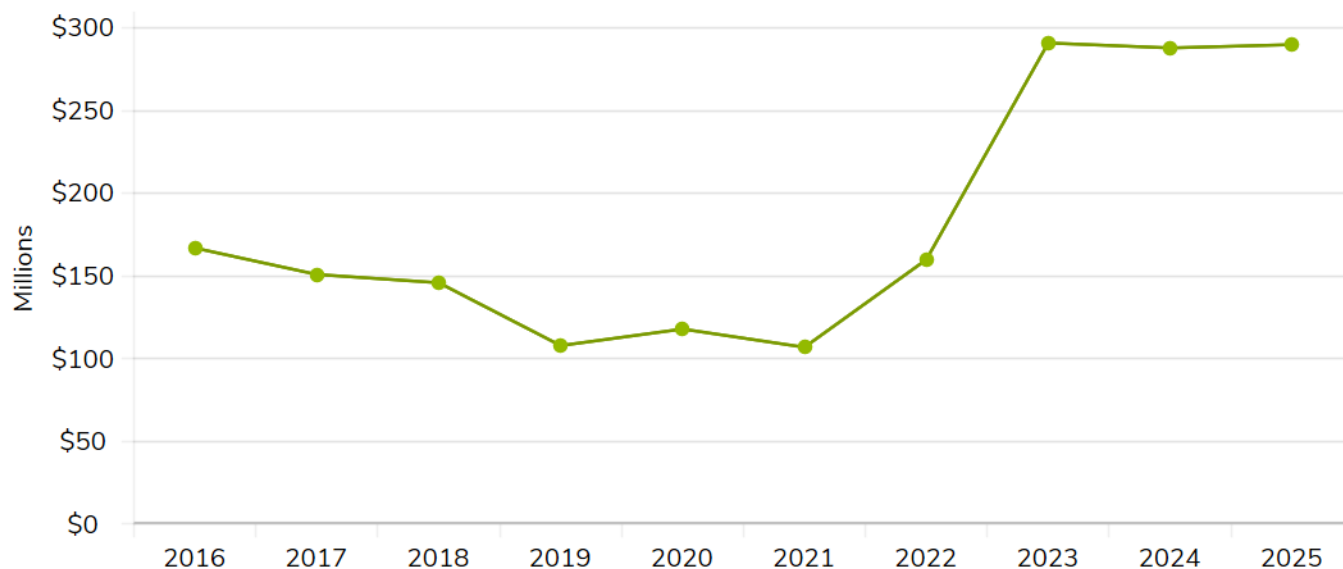
The net financial assets (debt) of the Government is calculated as:

- The financial assets consisting of cash and cash equivalents, portfolio investments, due from Government of Canada, accounts receivable, advances to government business enterprises (GBE), loans receivable, inventories for resale, retirement benefit assets and investment in government business enterprises; offset by
- The liabilities consisting of bank advances and short-term borrowings, due to Government of Canada, accounts payable and accrued liabilities, unearned revenues, surety bond, environmental liabilities, asset retirement obligation liabilities, post-employment benefits and compensated absences, retirement benefit liabilities, borrowings and liabilities for leased tangible capital assets.

Investment in Tangible Capital Assets (TCA)

The Government invests in acquiring, building and maintaining infrastructure and other tangible capital assets to provide services to residents. Total annual capital spending consists of investment in tangible capital assets and the amounts transferred to third parties (e.g., municipalities, First Nations) for capital purposes.

Investment in Tangible Capital Assets



(in millions)	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Investment in TCA	\$ 167	\$ 151	\$ 146	\$ 108	\$ 118	\$ 107	\$ 160	\$ 291	\$ 288	\$ 290

GOVERNMENT OF YUKON
**Consolidated Financial Statement Discussion and Analysis
for the year ended March 31, 2025**

Highlights (continued)

Investment in Tangible Capital Assets (TCA) (continued)

In 2025, the Government recorded tangible asset additions of \$289.5 million for the acquisition and development of assets such as buildings and transportation infrastructure, IT assets, equipment and vehicles, compared to \$288.0 million in 2024. This represents a steady capital investment over the last three fiscal years.

Expenditures in 2025 on multi-year capital projects included: \$77.5 million on the Whitehorse Airport Runway and taxiway projects, \$3.3 million on the Whistle Bend School project, \$4.6 million on Burwash School, \$9.4 million on the Dempster Fibre project, \$6.3 million on the Yukon University roof upgrade, \$1.3 million on the Experiential Learning Spaces project, \$2.5 million on the Old Crow Health Centre, \$15.2 million on the gymnastics and climbing facility and \$1.5 million on Selkirk Parking lot upgrade.

Also in 2025, the Government's construction work on various roads and highways cost over \$18.4 million, while bridge work on the Alaska, Klondike, and Robert Campbell highways cost in excess of \$62.8 million, including \$54.3 million for the Nisutlin Bay Bridge.

GOVERNMENT OF YUKON
Consolidated Financial Statement Discussion and Analysis
For the Year Ended March 31, 2025

Assessment of Fiscal Health

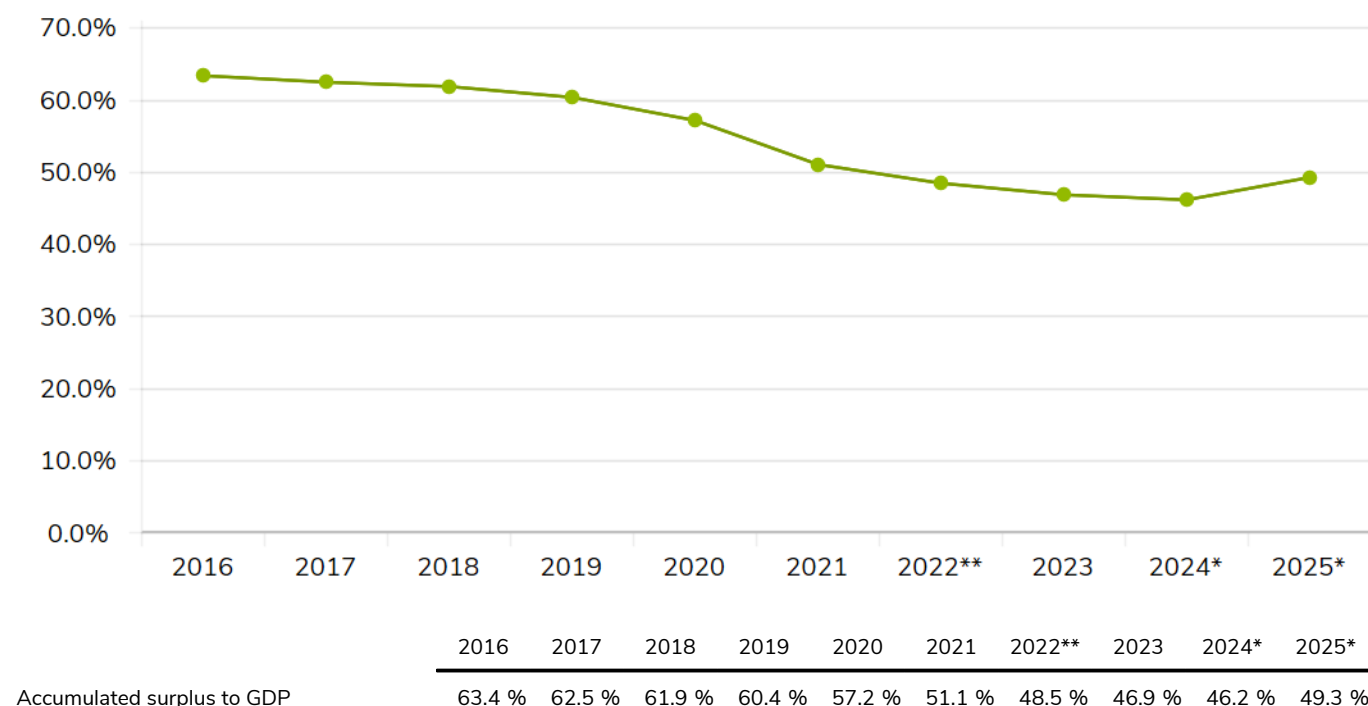
The Government's fiscal performance can be assessed by examining its overall economic and financial environment. This assessment takes into consideration, the Government's ability to meet its existing financial obligations to provide services to the public and its financial commitments to its creditors, employees and others by focusing on key sustainability, flexibility and vulnerability indicators.

Sustainability

Sustainability is a measure indicating the degree to which the Government can maintain its existing level of spending and meet its existing debt obligations.

Accumulated Surplus to the Territory's Nominal Gross Domestic Product (GDP)

This graph compares the Government's accumulated surplus to the Yukon's GDP as a percentage.



* Estimate Nominal GDP: 2024 - \$4.390 billion; Forecast Nominal GDP 2025 - \$4.473 billion based on 2025-2026 Fiscal and Economic Outlook (March 2025)

** 2022 restated due to adoption of PS 3280

GOVERNMENT OF YUKON
Consolidated Financial Statement Discussion and Analysis
For the Year Ended March 31, 2025

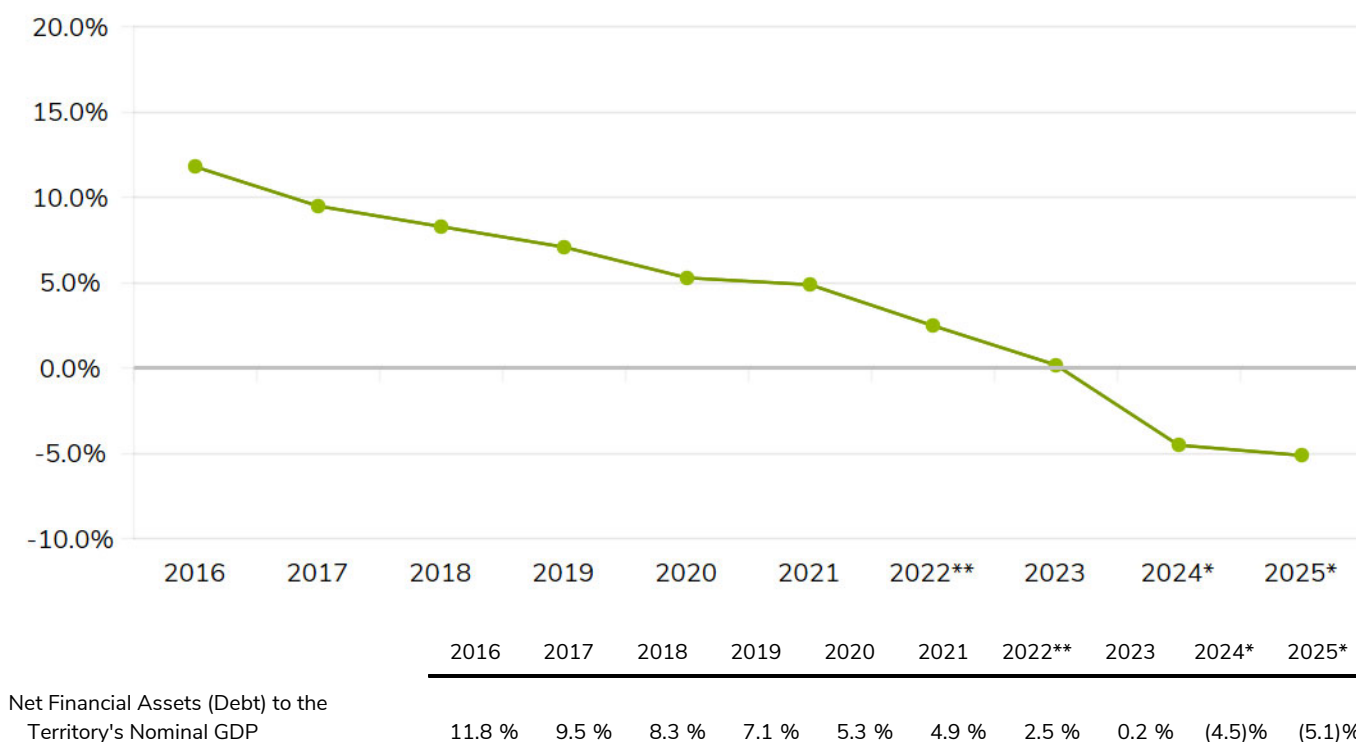
Assessment of Fiscal Health (continued)

The accumulated surplus measures the sum of all current and prior years' operating results and remeasurement gains and (losses). GDP is a measure of the value of the goods and services produced during a year and is a commonly used measure of the size of the Yukon's economy. The trend of this ratio provides an indication of whether the accumulated surplus is growing faster or slower than the economy.

This trend highlights that the accumulated surplus has remained steady for 2023 and 2024 with a slight increase in 2025 in relation to the Territory's GDP.

Net Financial Assets (Debt) to the Territory's Nominal GDP

This graph compares the Government's net financial assets (debt) to the Yukon's GDP as a percentage.



* Estimate Nominal GDP: 2024 - \$4.390 billion; Forecast Nominal GDP 2025 - \$4.473 billion based on 2025-2026 Fiscal and Economic Outlook (March 2025)

** 2022 restated due to adoption of PS 3280

The net financial assets (debt) to GDP ratio indicates the financial demands placed on the economy by the Government's policies such as taxation. For all years presented, the territory's nominal GDP posted growth, which also weighed on the annual ratios.

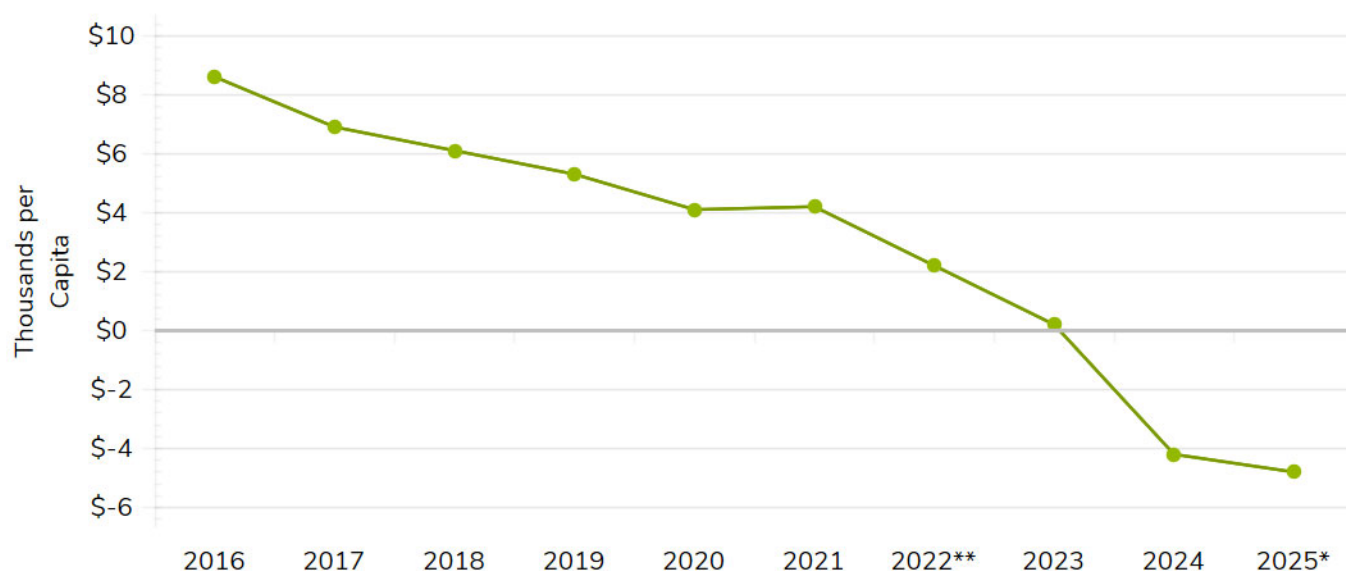
The downward trend partly stems from the Government's continued consumption of its resources and increased investment in tangible capital assets (non-financial assets) in response to the growing need for government services by its residents. Most jurisdictions in Canada have traditionally had a negative ratio. Starting in 2024, the Yukon's ratio also became negative. A negative ratio indicates that a portion of future accumulation of financial assets will be required to fund past expenditures such as infrastructure development.

GOVERNMENT OF YUKON
Consolidated Financial Statement Discussion and Analysis
For the Year Ended March 31, 2025

Assessment of Fiscal Health (continued)

Net Financial Assets (Debt) per Capita

Net financial assets (debt) per capita represents the net financial assets (debt) applicable to each Yukon resident.



(in thousands)

	2016	2017	2018	2019	2020	2021	2022	2023**	2024	2025*
Net Financial Assets (Debt) per Capita	\$ 8.6	\$ 6.9	\$ 6.1	\$ 5.3	\$ 4.1	\$ 4.2	\$ 2.2	\$ 0.2	\$ (4.2)	\$ (4.8)

* Forecast 2025 population

** 2022 restated due to adoption of PS 3280

The downward trend of the ratio indicates that the Government's net financial assets (debt) per capita is decreasing as the population continues to grow (refer to "Population and Unemployment Rate" chart).

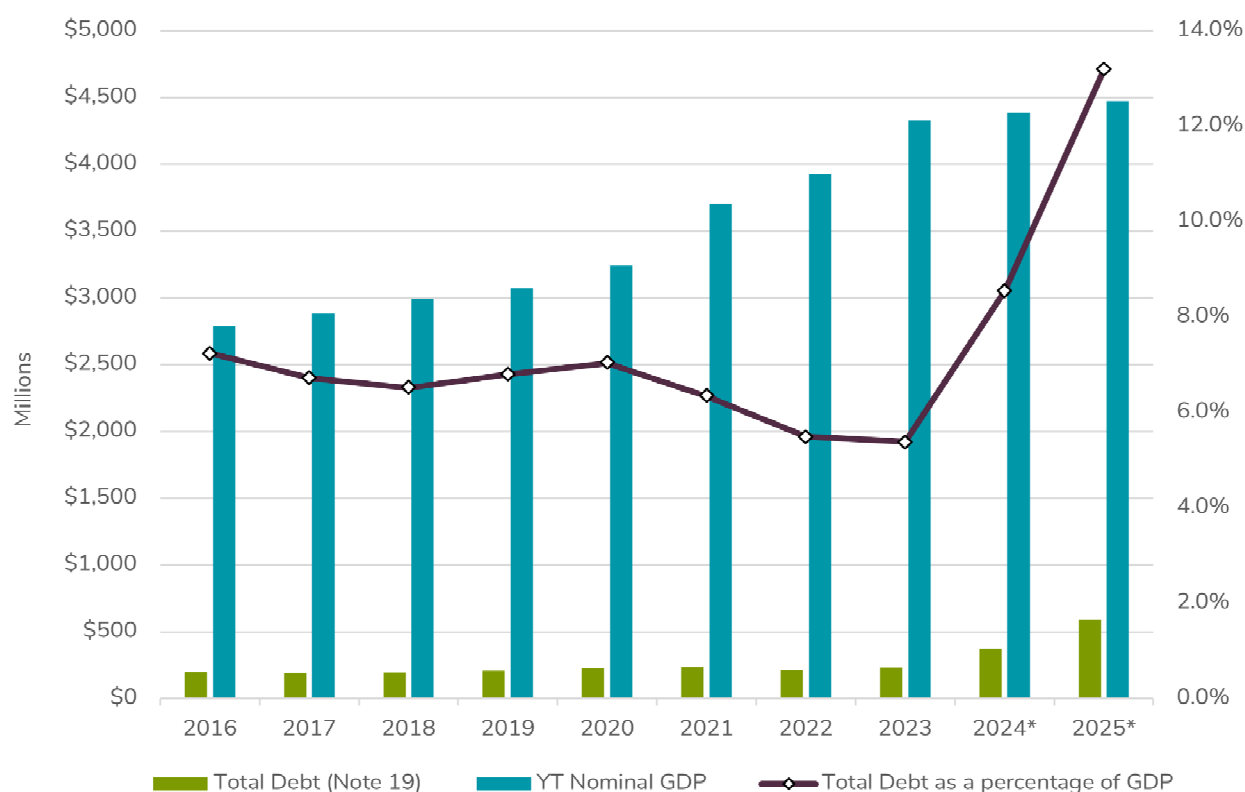
GOVERNMENT OF YUKON
Consolidated Financial Statement Discussion and Analysis
For the Year Ended March 31, 2025

Assessment of Fiscal Health (continued)

Total Debt as a percentage of Nominal GDP

The Government's Total Debt¹ to GDP ratio shows the relationship between the amount of money the Government has borrowed and the performance of the economy. The borrowing limit, as outlined in Note 19 to the Consolidated Financial Statements, and as defined under the Yukon Borrowing Limits Regulations, includes debt of all entities of the Government. If the ratio is declining, growth in the economy is exceeding increase in Total Debt, resulting in improved sustainability. Equally, an increasing Total Debt to GDP ratio indicates that Total Debt is rising faster than growth in the economy which could impact the Yukon's financial sustainability.

¹Total Debt is defined as value of borrowings under the Yukon Borrowing Limits Regulations



(in millions)	2016	2017	2018	2019	2020	2021	2022	2023	2024*	2025*
Total Debt (Note 19)	\$ 202	\$ 194	\$ 195	\$ 209	\$ 228	\$ 235	\$ 216	\$ 233	\$ 375	\$ 590
YT Nominal GDP	\$ 2,789	\$ 2,883	\$ 2,993	\$ 3,076	\$ 3,241	\$ 3,704	\$ 3,930	\$ 4,330	\$ 4,390	\$ 4,473
Total Debt as a percentage of GDP	7.2 %	6.7 %	6.5 %	6.8 %	7.0 %	6.3 %	5.5 %	5.4 %	8.5 %	13.2 %

* Estimate Nominal GDP: 2024 - 4.390 billion; Forecast Nominal GDP 2025 - 4.473 billion based on 2025-2026 Fiscal and Economic Outlook (March 2025)

On March 31, 2025, as per Note 19 to the Consolidated Financial Statements, the Government has total debt of \$589.7 million (2024 - \$375.0 million) which is 49.1% (2024 - 46.9%) of the \$1.2 billion (2024 - \$800.0 million) borrowing limit allowed.

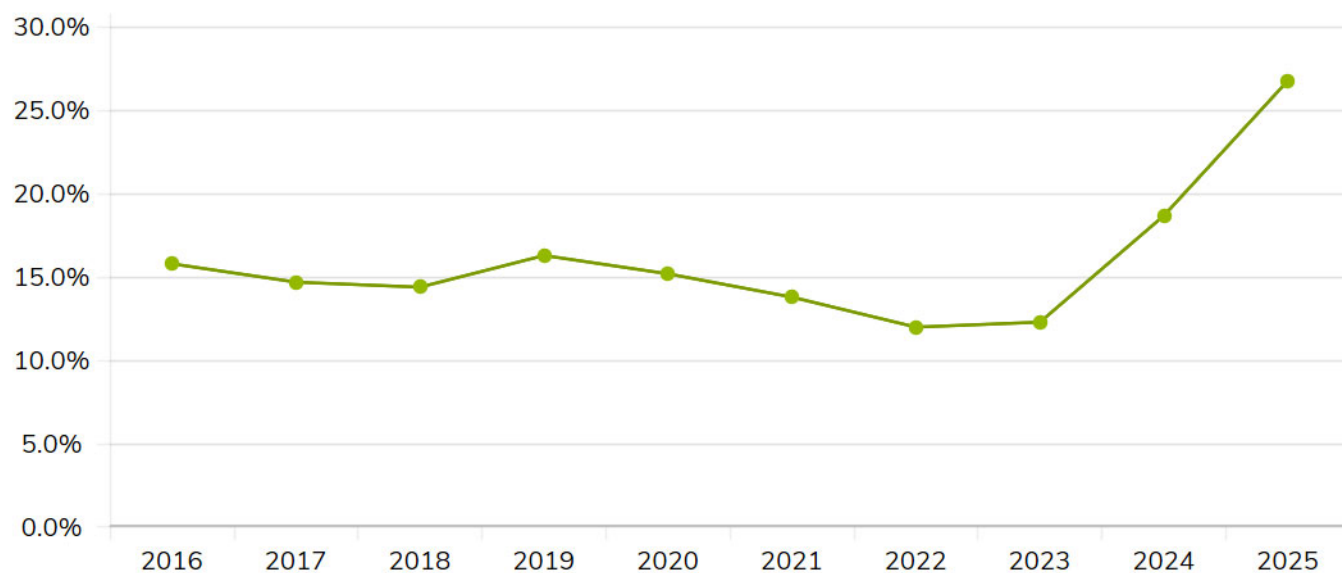
GOVERNMENT OF YUKON
Consolidated Financial Statement Discussion and Analysis
For the Year Ended March 31, 2025

Assessment of Fiscal Health (continued)

Between 2016 and 2021, the Government maintained a Total Debt to GDP ratio of 6.3% to 7.2% which then averaged 5.4% in 2022 and 2023 and increased to 8.5% in 2024. In 2025, nominal GDP is forecasted to increase only marginally compared to 2024 primarily due to the suspension of operations at the Eagle Gold Mine. The Government has invested in essential infrastructure which required borrowing. Consequently, the Total Debt to Nominal GDP ratio rose to 13.2%.

Tax-supported Debt as a percentage of Consolidated Operating Revenue

Tax-supported debt ratio measures the Government's debt and interest burden relative to its available resources. This metric includes short-term and long-term borrowings of the Government, its fully consolidated entities as well as the Yukon Development Corporation.



Tax-supported

Debt

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
	15.8 %	14.7 %	14.4 %	16.3 %	15.2 %	13.8 %	12.0 %	12.3 %	18.7 %	26.8 %

From 2016 to 2023, the Government maintained a relatively stable tax-supported debt ratio, ranging between 12.0% and 16.3%. This reflected prudent fiscal management, moderate borrowing levels and steady economic growth. In 2024 and 2025, the ratio increased to 18.7% and 26.8% respectively. This is primarily due to higher borrowing to fund major infrastructure projects and investments in public facilities.

Despite this increase, the territory's debt burden remains manageable and low compared with most Canadian jurisdictions. The Government continues to maintain a strong liquidity position, substantial borrowing capacity and access to federal fiscal support mechanisms, which together help ensure long-term fiscal sustainability.

GOVERNMENT OF YUKON
Consolidated Financial Statement Discussion and Analysis
For the Year Ended March 31, 2025

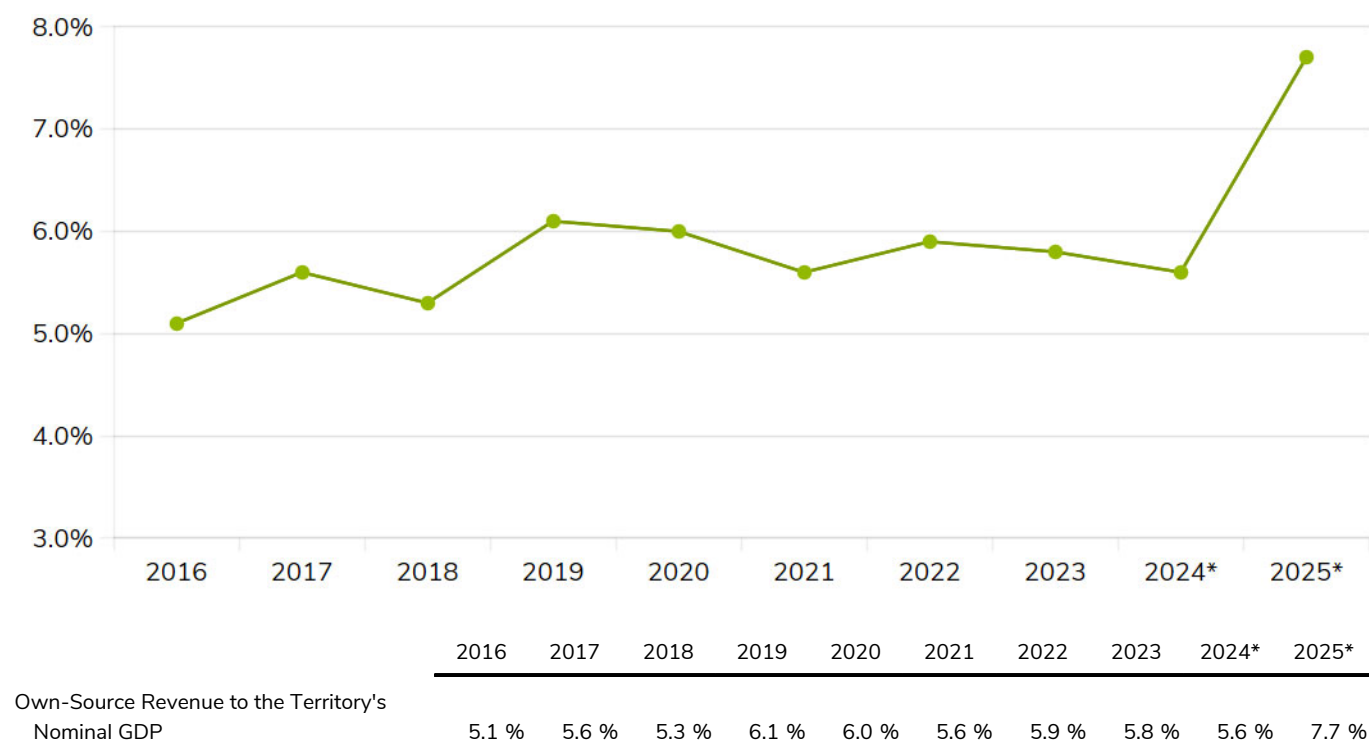
Assessment of Fiscal Health (continued)

Flexibility

Flexibility is a measure indicating the room that the Government has to maintain its services by increasing its demands on the economy through changes to fees or taxes.

Own-Source Revenue to the Territory's Nominal GDP

In this graph, own-source revenue refers to the Government's taxes and general revenue and is presented as a percentage of Yukon's GDP.



* Estimate Nominal GDP: 2024 - \$4.390 billion; Forecast Nominal GDP 2025 - \$4.473 billion based on 2025-2026 Fiscal and Economic Outlook (March 2025)

This ratio indicates to what extent the Government is taking economic resources out of the territory's economy through user fees or taxation. The ratio remained relatively stable between 2021 to 2024 ranging from 5.6% to 5.9%, before increasing to 7.7% in 2025 (2024 - 5.6%). This suggests that the Government's reliance on the territory's economy has remained consistent, with a modest increase in 2025. The ratio also remains low compared with other Canadian jurisdictions, indicating that the Government retains flexibility to increase taxes and other fees if needed, without placing significant strain on the territorial economy.

GOVERNMENT OF YUKON
Consolidated Financial Statement Discussion and Analysis
For the Year Ended March 31, 2025

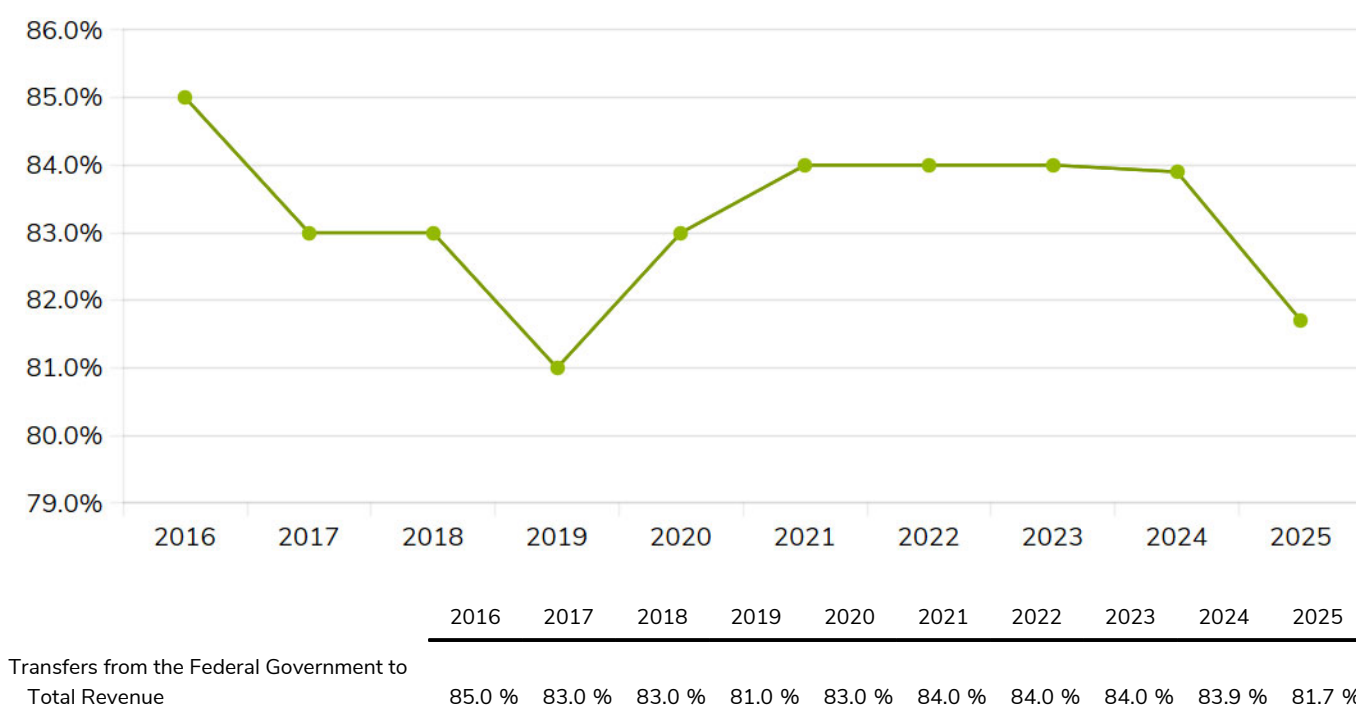
Assessment of Fiscal Health (continued)

Vulnerability

Vulnerability is the extent to which the Government is exposed to a risk associated with revenue sources that are outside of its control.

Transfers from the Federal Government to Total Revenue

In this graph, transfers from the Government of Canada include the formula financing grant, other grants such as Canada health, Canada social and cannabis transfers and contributions and service agreements with the Government of Canada.



In 2025, the Government received 81.7% of its revenue from the Government of Canada within the range of 81.0% to 85.0% seen over the past decade. The slight reduction in the percentage of revenue from the Government of Canada received in 2025 is mainly due to increase in taxes and general revenues. This ratio is consistently high, indicating a reliance on the federal government to finance the Government's activities. While the Government has little control over these transfers, history has shown these transfers to be a relatively stable source of revenue from the Government of Canada.

GOVERNMENT OF YUKON
Consolidated Financial Statement Discussion and Analysis
For the Year Ended March 31, 2025

Indicators of Financial and Economic Conditions

Since 2017, the Department of Finance has produced a publication that discusses the Yukon's recent fiscal and economic performance, as well as expectations for the territory's finances and economy for the medium-term. The Fiscal and Economic Outlook is introduced in the spring during the legislative sitting. For the most recent discussion of the Yukon's economy and government finances refer to the 2025-26 Fiscal and Economic Update (<https://yukon.ca/sites/default/files/2025-03/fin-2025-26-fiscal-and-economic-outlook.pdf>).

Credit Ratings - September 2025

Jurisdiction	Ratings Agency ¹ Standard & Poor's (S&P)				
	2021	2022	2023	2024	2025*
Yukon	AA	AA	AA	AA	AA
British Columbia	AAA(neg)	AA+	AA(neg)	AA(neg)	A+(neg)
Alberta	A+(neg)	A+	A+	AA-	AA-
Saskatchewan	AA	AA	AA	AA	AA
Manitoba	A+	A+	A+	A+	A+
Ontario	A+(pos)	A+	A+(pos)	A+(pos)	AA-
Quebec	AA-	AA-	AA-	AA-	A+
New Brunswick	A+	A+	A+	A+	A+
Nova Scotia	AA-	AA-	AA-	AA-	AA-(neg)
Prince Edward Island	A	A	A	A	A
Newfoundland & Labrador	A(neg)	A(neg)	A	A	A
Canada	AAA	AAA	AAA	AAA	AAA

* Ratings reflect the latest credit ratings as per Government of Nova Scotia Public Accounts 2024-25.

¹ The rating agencies assign letter ratings to borrowers. The major A bracket categories, in descending order of credit quality, are: AAA, AA, A. The "-" and "+" modifiers show relative standing within the major categories with (pos)/(neg) representing a positive/negative outlook or trend. For example AAA exceeds AA and AA exceeds AA-. (Source: Saskatchewan Public Accounts 2024-25)

On July 09, 2025, S&P Global Ratings affirmed its 'AA' long-term issuer credit rating for the Yukon. The rating agency noted that although the territory's nominal debt will rise substantially in the coming years to address infrastructure needs, the debt burden will remain very manageable relative to operating revenues and low compared with provincial peers. S&P highlighted that Yukon continues to benefit from an extremely predictable and supportive institutional framework and strong federal support, which help offset risks from the territory's economic concentration on the mining sector.

GOVERNMENT OF YUKON
Consolidated Financial Statement Discussion and Analysis
For the Year Ended March 31, 2025

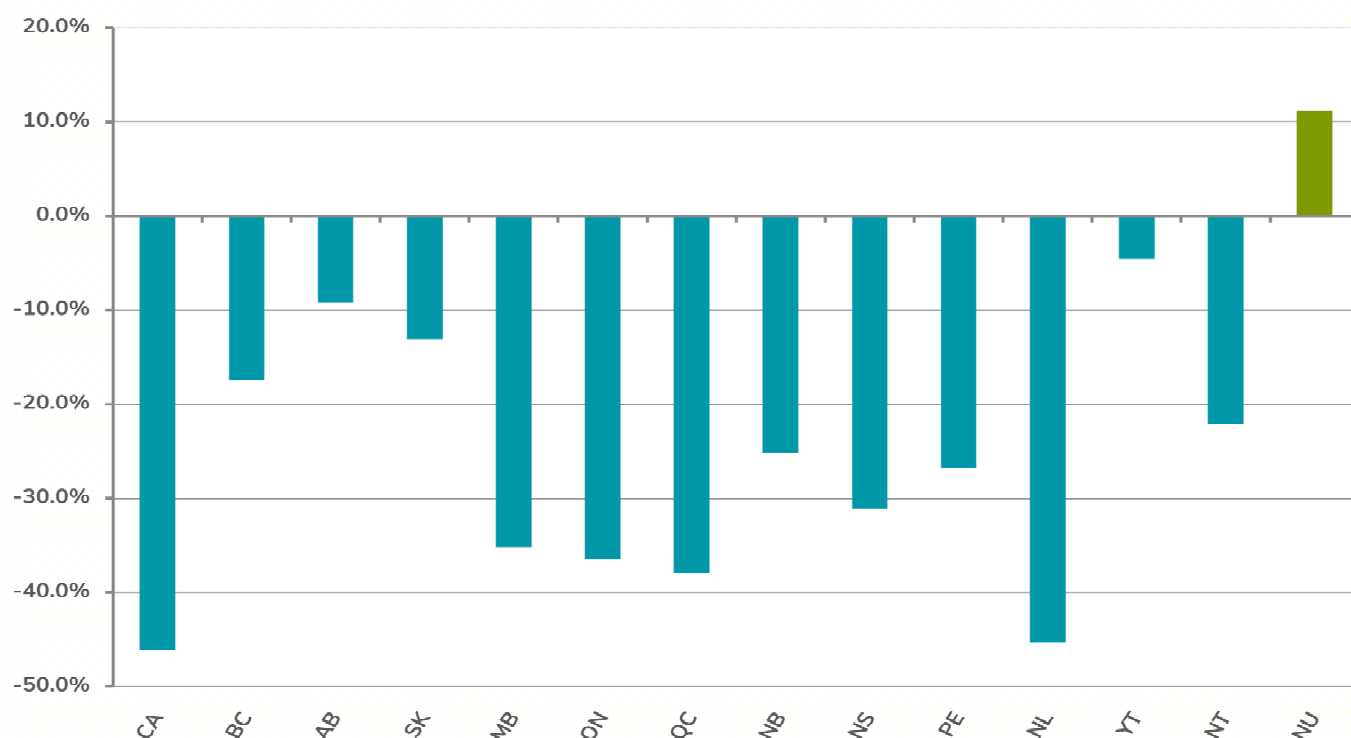
Indicators of Financial and Economic Conditions

Canadian Jurisdictional Comparison of Net Financial Assets (Debt) to Gross Domestic Product (GDP)

The bar graph below shows a Canadian jurisdictional comparison of net financial assets (debt) to GDP ratio. A positive ratio indicates net financial resources available to finance future operations and obligations. A negative ratio indicates that the government must rely on future revenues to discharge existing liabilities.

NOTE: Updated information was not available at time of publication. So, 2023 data for GDP and 2024 data for net financial assets (debt) were used.

Federal / Provincial / Territorial Governments Net Financial Assets (Debt) to GDP Ratio for Calendar Year 2023



Source: Statistics Canada. Table 36-10-0222-01 Gross domestic product, expenditure-based, provincial and territorial, annual (x 1,000,000)
<https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=3610022201>

GOVERNMENT OF YUKON
Consolidated Financial Statement Discussion and Analysis
For the Year Ended March 31, 2025

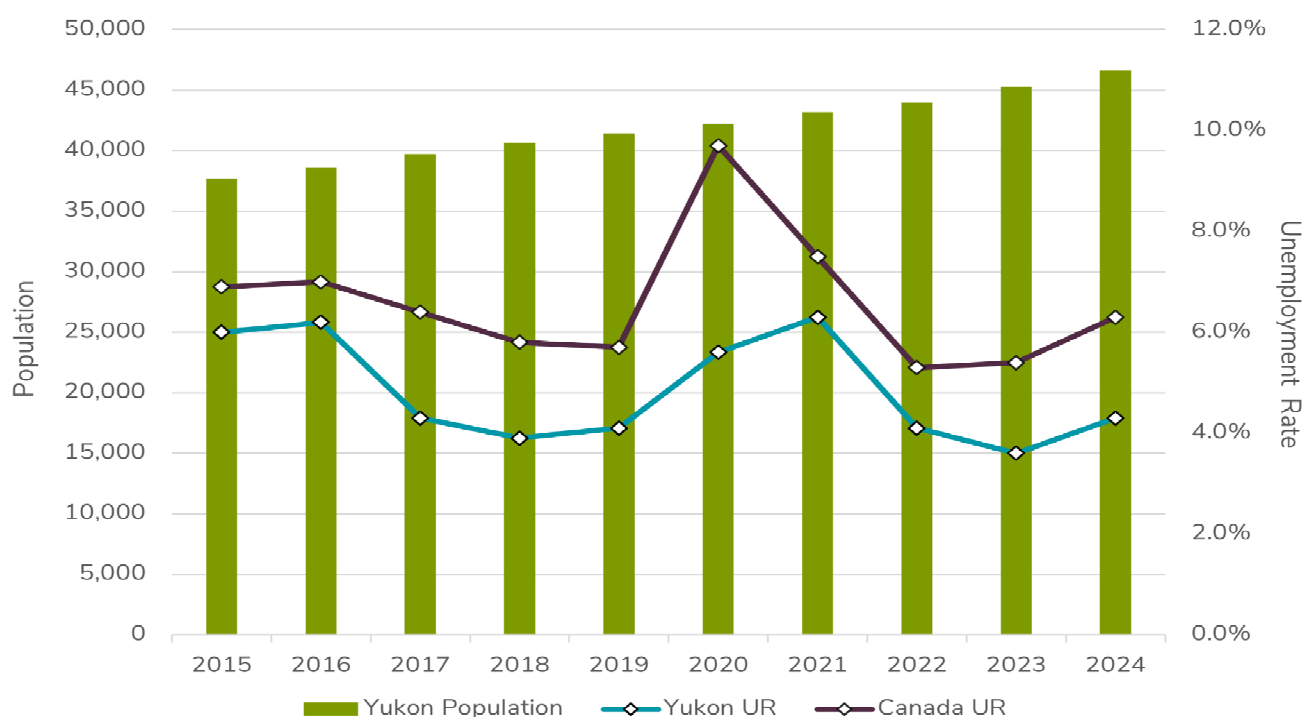
Indicators of Financial and Economic Conditions

Population and Unemployment Rate (Calendar Year)

In 2024, the Yukon's total population reached 46,640 and is forecast to reach 51,300 by 2029.

Yukon's unemployment rate (UR) averaged 4.3% in 2024 which was below the national average of 6.3%. As noted in the chart below, since 2015, Yukon's unemployment rate has consistently been below the Canadian average.

Population and Unemployment Rate



	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Yukon Population	37,868	38,900	39,968	40,717	41,675	42,508	43,479	44,522	45,169	46,640
Yukon UR	6.0 %	6.2 %	4.3 %	3.9 %	4.1 %	5.6 %	6.3 %	4.5 %	3.6 %	4.3 %
Canada UR	7.0 %	7.1 %	7.4 %	5.8 %	5.7 %	9.7 %	7.5 %	5.3 %	5.4 %	6.3 %

Source: Statistics Canada, 2025-26 Fiscal and Economic Outlook (March 2025)

GOVERNMENT OF YUKON
Consolidated Financial Statement Discussion and Analysis
For the Year Ended March 31, 2025

Details

Surplus / (deficit) for the year

The Government's annual surplus or deficit resulting from its operations is dependent on various factors. Two of the most significant factors are:

- total revenues, of which the formula financing grant from the Government of Canada makes up the largest share; and
- direct Government spending and operating transfers to individuals and other public organizations, such as municipalities.

The surplus of \$175.0 million for the year was an increase of \$178.2 million from the previous year's deficit of \$3.2 million and \$21.3 million higher than the budgeted surplus of \$153.7 million. Revenues increased by \$225.0 million from the previous year's actual and were \$87.9 million higher than budgeted. Expenses (net of recovery of prior years' expenses) of \$2.053 billion for the year were higher than the initially budgeted amount of \$1.987 billion.

Major revenue variances between the current and prior year include a \$98.0 million (7.8%) increase in the formula financing grants, a \$99.5 million (40.7%) increase in the taxes and general revenues, primarily due to \$54.0 million for tobacco settlement. It also includes a \$33.1 million (11.3%) increase in the contribution and service agreements from Government of Canada, \$8.9 million (6.5%) increase in other grants from Government of Canada and a \$2.6 million (4.0%) increase in funding and service agreements with other parties. These were offset by less income from investment in GBEs which decreased by \$17.2 million (142.7%) from the previous year.

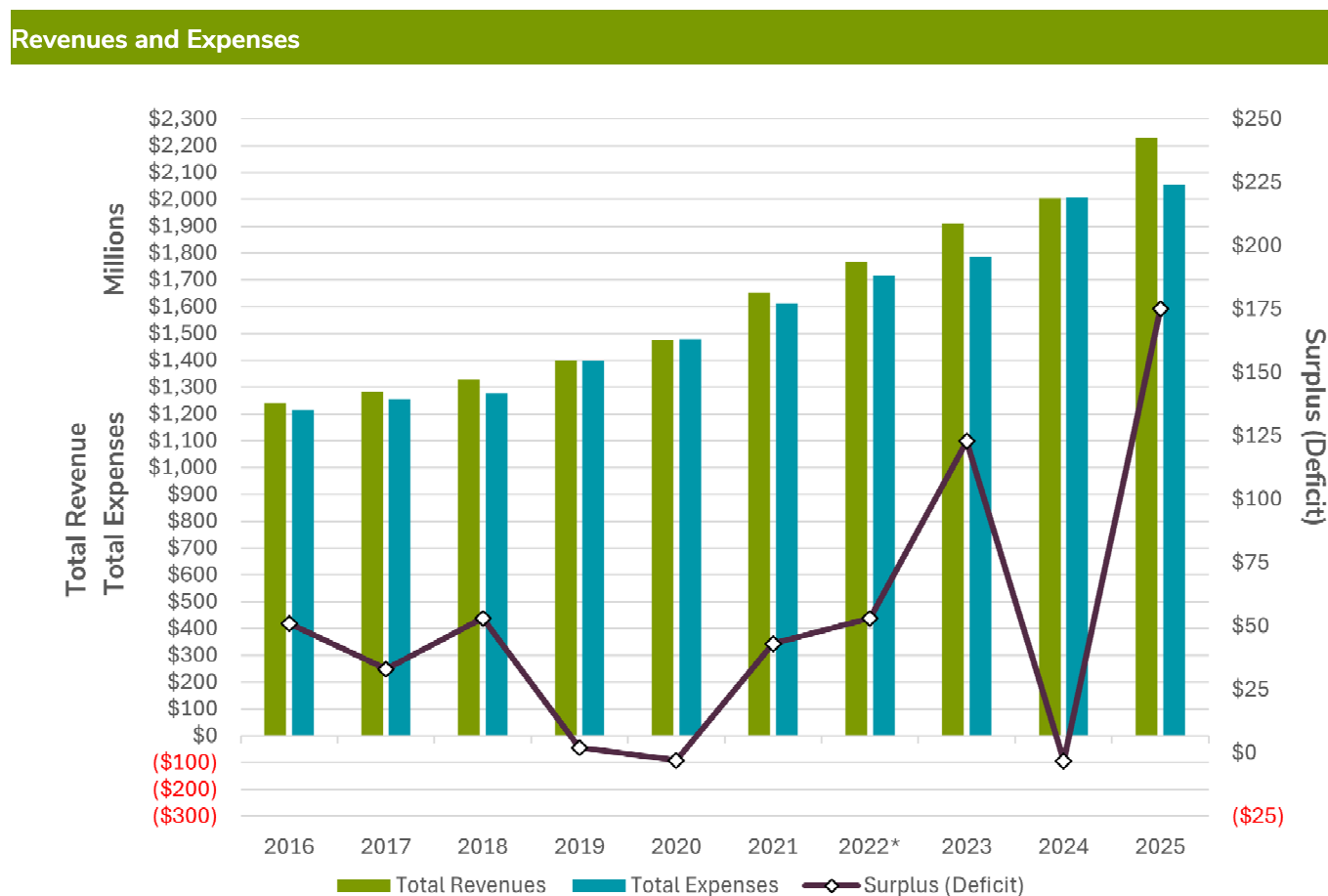
Expenses (net of recovery of prior years' expenses) increased year-over-year by \$46.7 million (2.3%) with expenditures for health and social services contributing \$64.6 million (9.8%) increase, community and transport \$31.8 million (7.6%) increase, general government \$28.5 million (11.2%) increase, education \$22.4 million (9.0%) increase and justice \$20.9 million (19.5%) increase. These were offset somewhat by decrease in the expenditures in the following areas: natural resources \$116.9 million (44.7%) decrease and business, tourism and culture contributing \$4.5 million (7.2%) decrease compared to prior year.

GOVERNMENT OF YUKON
Consolidated Financial Statement Discussion and Analysis
For the Year Ended March 31, 2025

Details (continued)

Surplus / (deficit) for the year (continued)

The chart below illustrates the trend between revenues and expenses over the last decade.



* 2022 restated due to adoption of PS 3280

(in millions)	2016	2017	2018	2019	2020	2021	2022*	2023	2024	2025
Revenues	\$ 1,240	\$ 1,284	\$ 1,328	\$ 1,400	\$ 1,476	\$ 1,654	\$ 1,768	\$ 1,910	\$ 2,003	\$ 2,228
Expenses	1,215	1,256	1,276	1,399	1,479	1,611	1,715	1,787	2,007	2,053
Surplus (deficit)	\$ 51	\$ 33	\$ 53	\$ 2	\$ (3)	\$ 42	\$ 53	\$ 123	\$ (3)	\$ 175

GOVERNMENT OF YUKON
Consolidated Financial Statement Discussion and Analysis
For the Year Ended March 31, 2025

Details (continued)

Carbon Price Rebate Program

The Parliament of Canada passed the *Greenhouse Gas Pollution Pricing Act (Canada)* in 2018 which provided the Minister of National Revenue with the discretion to transfer collected fuel charge proceeds to the jurisdiction of origin by way of transfers to either the province/territory and/or prescribed persons directly. The Yukon Legislature passed the *Yukon Government Carbon Price Rebate Implementation Act (Yukon)*, to ensure all amounts received from the Government of Canada would be rebated on a revenue-neutral basis with no funds being retained by the Government of Yukon.

The *Yukon Government Carbon Price Rebate Act (Yukon)* created a restricted fund called the Carbon Price Rebate Revolving Fund. The purposes of the restricted fund are the payment or crediting, on a revenue neutral basis and in accordance with this Act and the *Income Tax Act*, of amounts, on account of certain amounts that the Government receives from the Government of Canada under the federal Act. During 2020, the first amounts were received from the Government of Canada and rebates began to be distributed. There are five main eligible groups: businesses; individuals; municipal governments; Yukon First Nation governments; and, as of January 2023, mining businesses.

On April 1, 2025, the federal government discontinued the consumer carbon pricing system, which ended the flow of consumer carbon pricing revenues in the Yukon. As a result, the Yukon's carbon rebate program is being phased out. For 2025, final rebate payments were made to Yukon First Nations governments on March 31, 2025. Final rebate payments to municipalities and individuals were made on April 1 and April 4, respectively, and will be reflected in the 2026 Public Accounts. Remaining Yukon businesses and mining businesses rebate payments will be processed through tax filings for tax years ending on or before March 31, 2025. The remaining payments will be reflected in the next several Public Accounts.

The \$17.6 million of unallocated revenue represents the amount of proceeds collected by Canada for the period ending March 31, 2025, and received by the Government in June 2025.

GOVERNMENT OF YUKON
Consolidated Financial Statement Discussion and Analysis
For the Year Ended March 31, 2025

Details (continued)

Carbon Price Rebate Program (continued)

The following is a summary of each year's activity and the status of the revolving fund as of March 31, 2025.

Revolving Fund Balance							
(thousands of dollars)	Cumulative to March 31, 2025	2025	2024	2023	2022	2021	2020
Opening Liability	\$ -	\$ 16,142	\$ 24,945	\$ 18,885	\$ 6,919	\$ 2,783	\$ -
Due from Canada							
Unallocated revenue from Canada	17,636	17,636	-	-	-	-	-
Carbon amounts received from the Government of Canada							
Business Allocation	58,428	15,806	11,035	11,687	11,470	6,210	2,220
Mining Business Allocation	9,070	4,645	3,678	747	-	-	-
Individuals Allocation	58,291	15,549	13,794	11,389	10,121	5,479	1,959
Municipal Governments Allocation	4,389	1,355	1,073	790	675	365	131
First Nations Governments Allocation	3,513	1,355	1,073	695	224	122	44
	133,691	38,710	30,653	25,308	22,490	12,176	4,354
Total revenues	151,327	56,346	30,653	25,308	22,490	12,176	4,354
Rebate distributed to eligible groups							
Business	55,814	21,451	23,294	6,968	3,003	980	118
Mining Business Allocation	6,133	6,133	-	-	-	-	-
Individuals	53,266	13,581	14,042	10,742	6,791	6,628	1,482
Remote Supplement	1,159	421	249	207	152	130	-
Accrued due to timing cutoff	(81)	(15)	8	(39)	(11)	49	(73)
	54,344	13,987	14,299	10,910	6,932	6,807	1,409
Municipal Governments	3,034	1,073	790	675	365	131	-
First Nation Governments	3,513	1,355	1,073	695	224	122	44
Total rebate distributed	122,838	43,999	39,456	19,248	10,524	8,040	1,571
Closing Liability	28,489	28,489	16,142	24,945	18,885	6,919	2,783
Liability by eligible group							
Business Allocation	2,614 *	(5,645)	(12,259)	4,719	8,467	5,230	2,102
Mining Business Allocation	2,937 **	(1,488)	3,678	747	-	-	-
Individuals Allocation	3,947	1,562	(505)	479	3,189	(1,328)	550
Municipal Governments Allocation	1,355	282	283	115	310	234	131
First Nations Governments Allocation	-	-	-	-	-	-	-
Unallocated liability	17,636	17,636	-	-	-	-	-
Annual Net Activity		\$ 12,347	\$ (8,803)	\$ 6,060	\$ 11,966	\$ 4,136	\$ 2,783
Total Liability	\$ 28,489						

* Government estimates \$19.0 million of this amount has been claimed but has not been confirmed by the Canada Revenue Agency (CRA).

** Government estimates \$5.3 million of this amount has been claimed but has not been confirmed by CRA.

GOVERNMENT OF YUKON
Consolidated Financial Statement Discussion and Analysis
For the Year Ended March 31, 2025

Details (continued)

Revenues

Change from prior year:

In 2025, the Government's total revenues increased compared to the previous year by \$225.0 million (11.2%) to \$2.228 billion (details provided in Schedule A to the Consolidated Financial Statements).

The Government receives the majority of its revenues from the Government of Canada through the formula financing grant, the Canada Health Transfer and the Canada Social Transfer. In 2025, the Government received \$1.350 billion from the formula financing grant, an increase of \$98.0 million (7.8%) from the previous year. The Canada Health Transfer was \$59.5 million, and the Canada Social Transfer was \$19.3 million. These transfers increased from the previous year by a total of \$2.8 million (3.7%). The Government recorded \$56.3 million of carbon levies, \$8.4 million from Public Safety Canada and \$1.7 million for cannabis transfer.

In addition, the Government receives funding from the Government of Canada for purposes such as health and social programs and education, as well as funding for infrastructure development. Contributions and service agreements from Canada increased from the previous year by \$33.1 million (11.3%).

Taxes and general revenues include taxes on corporate income, personal income, tobacco, liquor, fuel, insurance premiums and property as well as licenses and fees such as motor vehicle licenses and business/professional fees. Taxes and general revenues increased from the previous year by \$99.5 million (40.7%) to \$344.3 million. This was largely due to a \$54.0 million revenue from tobacco settlement, \$33.0 million increase in income taxes, \$8.4 million increase in sale of land and \$4.7 million increase in other revenues. The increase in corporate income tax revenue is due to estimated corporate taxable income being higher than forecasted. Corporate taxable income is generally volatile and difficult to predict as it depends on economic trends, industry performance, corporate profits and when corporations file their taxes.

Funding and service agreements with other parties increased from the previous year by \$2.6 million (4.0%) to \$67.9 million.

The income from investment in government business enterprises reported as revenue in the Consolidated Financial Statements represents the surpluses/deficits of government corporations that are categorized as government business enterprises (GBE). GBEs include the Yukon Liquor Corporation (YLC) and the Yukon Development Corporation (YDC), which includes the Yukon Energy Corporation in its results. Income from YLC was \$7.4 million while YDC incurred a loss of \$12.6 million.

Change from budget:

Revenues were higher than budgeted by \$87.9 million. This was primarily due to higher revenues received from the Government of Canada, income taxes and revenue from tobacco settlement and from funding and service agreements with other parties offset by lower revenues from sale of land, hospital revenues, resource revenues and loss from investments in GBEs.

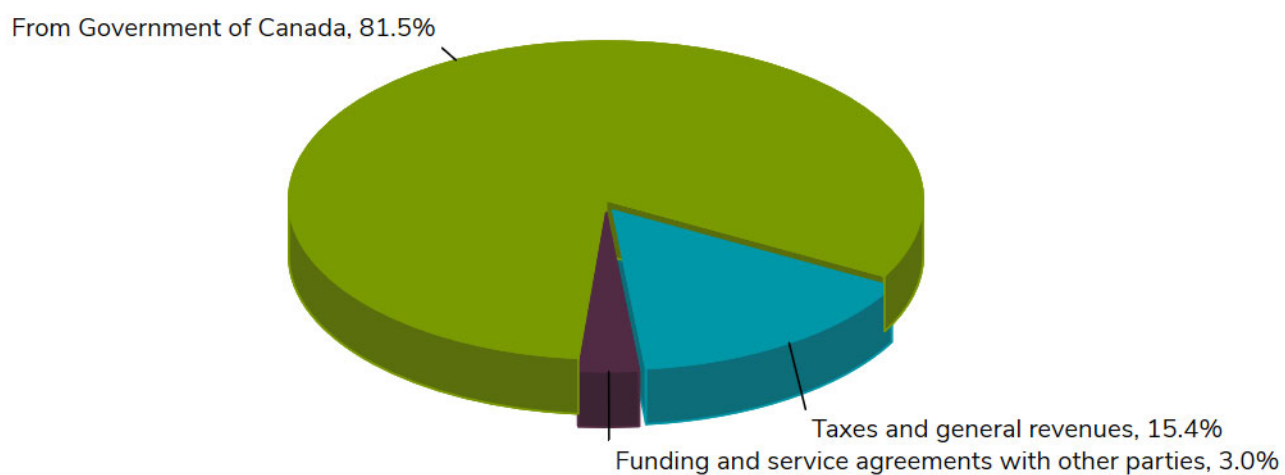
GOVERNMENT OF YUKON
Consolidated Financial Statement Discussion and Analysis
For the Year Ended March 31, 2025

Details (continued)

Revenues (continued)

In 2025, the composition between different types of revenue remained consistent with previous years.

Revenue by source percentages

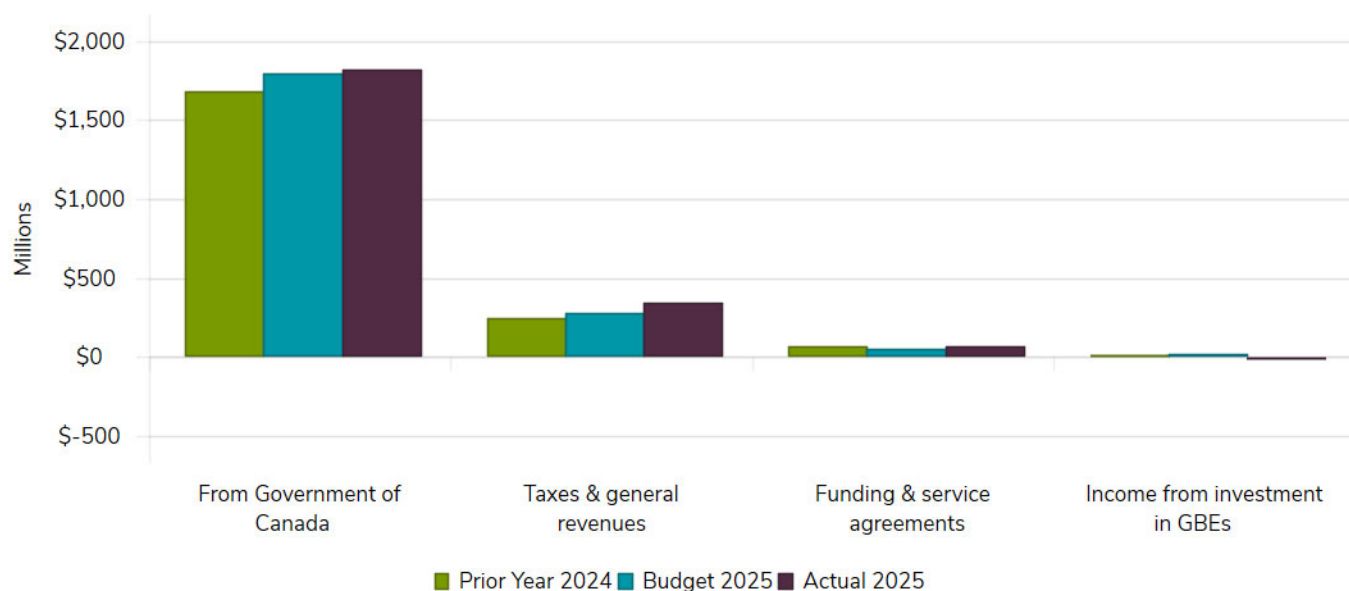


GOVERNMENT OF YUKON
Consolidated Financial Statement Discussion and Analysis
For the Year Ended March 31, 2025

Details (continued)

Revenues (continued)

Revenue by source - comparison to budget and prior year



(in millions)

From Government of Canada

Taxes and general revenues

Funding and service agreements with other parties

Income from investment in GBEs

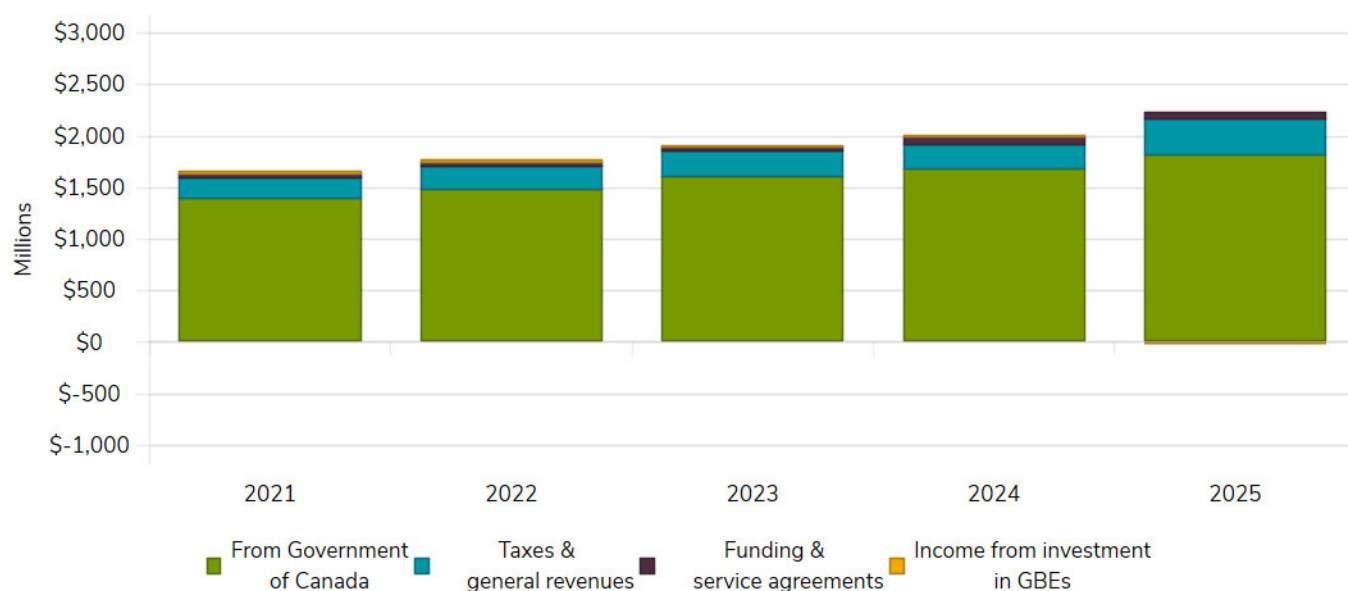
Prior Year 2024	Budget 2025	Actual 2025
\$ 1,681	\$ 1,794	\$ 1,821
245	281	344
65	48	68
12	17	(5)
\$ 2,003	\$ 2,140	\$ 2,228

GOVERNMENT OF YUKON
Consolidated Financial Statement Discussion and Analysis
For the Year Ended March 31, 2025

Details (continued)

Revenues (continued)

Revenue by source five-year trend comparison



(in millions)

	2021	2022	2023	2024	2025
From Government of Canada	\$ 1,397	\$ 1,481	\$ 1,611	\$ 1,681	\$ 1,821
Taxes and general revenues	206	231	249	245	344
Funding and service agreements with other parties	33	31	34	65	68
(Loss) income from investment in government business enterprises	18	24	16	12	(5)
	<u>\$ 1,654</u>	<u>\$ 1,767</u>	<u>\$ 1,910</u>	<u>\$ 2,003</u>	<u>\$ 2,228</u>

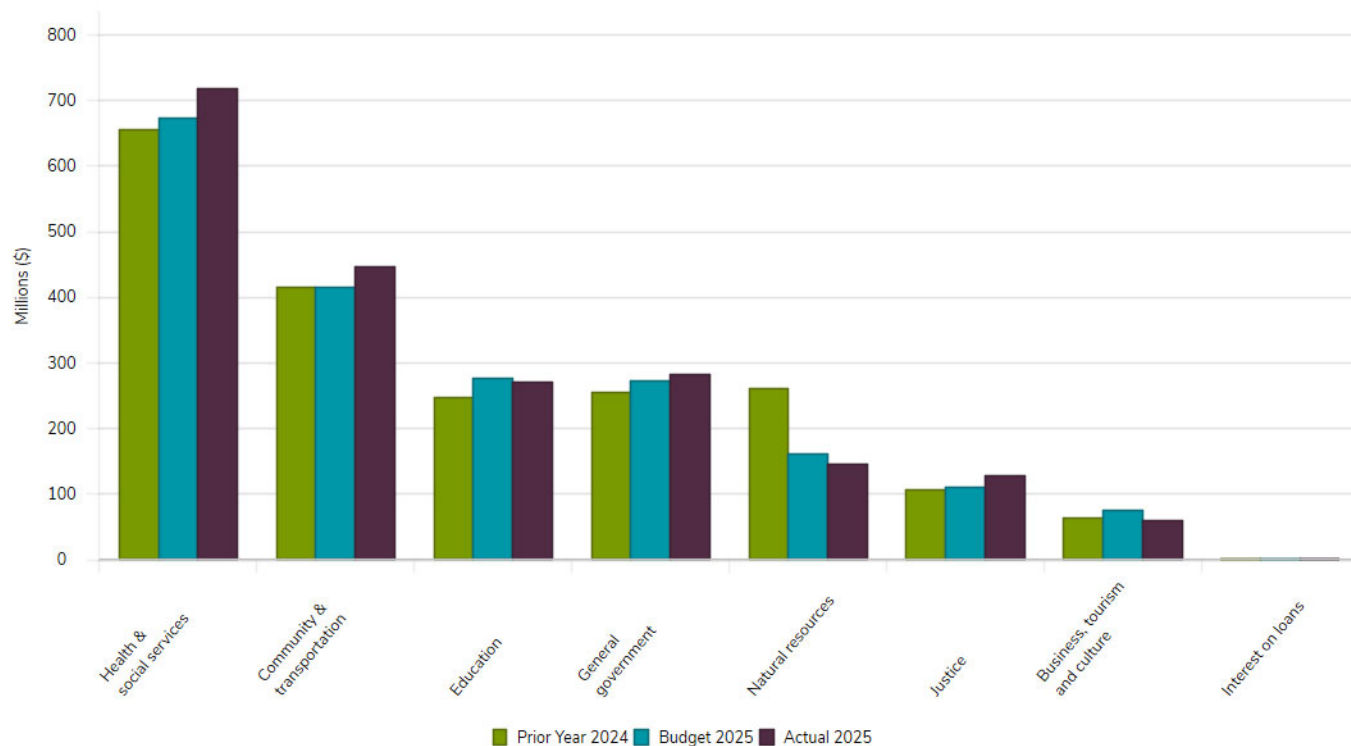
GOVERNMENT OF YUKON
Consolidated Financial Statement Discussion and Analysis
For the Year Ended March 31, 2025

Details (continued)

Expenses

In 2025, the Government's expenses (net of recovery of prior years' expenses) increased compared to previous year by \$46.7 million (2.3%) to \$2.053 billion.

Expenses by function comparison



(in millions)

Health and social services
 Community and transportation
 Education
 General government
 Natural resources
 Justice
 Business, tourism and culture
 Interest on loans

Prior Year 2024	Budget 2025	Actual 2025
\$ 656	\$ 674	\$ 719
415	415	447
248	277	271
255	273	283
262	162	145
107	110	128
63	75	59
1	1	1
\$ 2,007	\$ 1,987	\$ 2,053

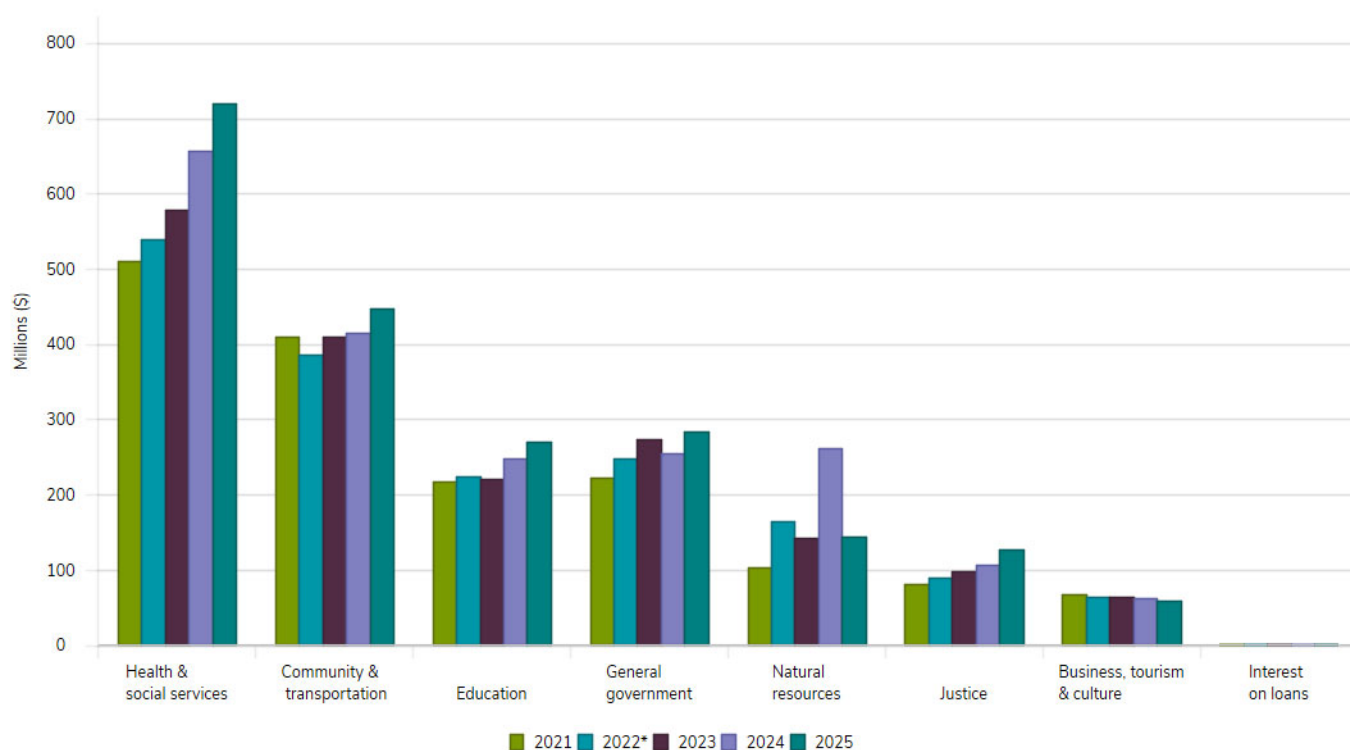
GOVERNMENT OF YUKON
Consolidated Financial Statement Discussion and Analysis
For the Year Ended March 31, 2025

Details (continued)

Expenses (continued)

Five functions had 2025 expenses (net of recovery of prior years' expenses) that exceeded the previous year's expenses while three functions had reduction in their expenses. The largest increase was in the health and social services function, with an increase of \$64.6 million (9.8%), followed by a \$31.8 million (7.6%) increase in community and transportation, a \$28.5 million (11.2%) increase in general government, a \$22.4 million (9.0%) increase in education and a \$20.9 million (19.5%) increase in justice. Natural resources decreased by \$116.9 million (44.7%) while business, tourism and culture decreased by \$4.5 million (7.2%) and interest on loans decreased marginally by \$0.2 million (15.7%). The interest costs for the corporate line of credit (\$5.9 million) is not reflected in the interest on loans but is included in the general government expenses.

Expenses by function five-year trend comparison



* 2022 restated due to adoption of PS 3280

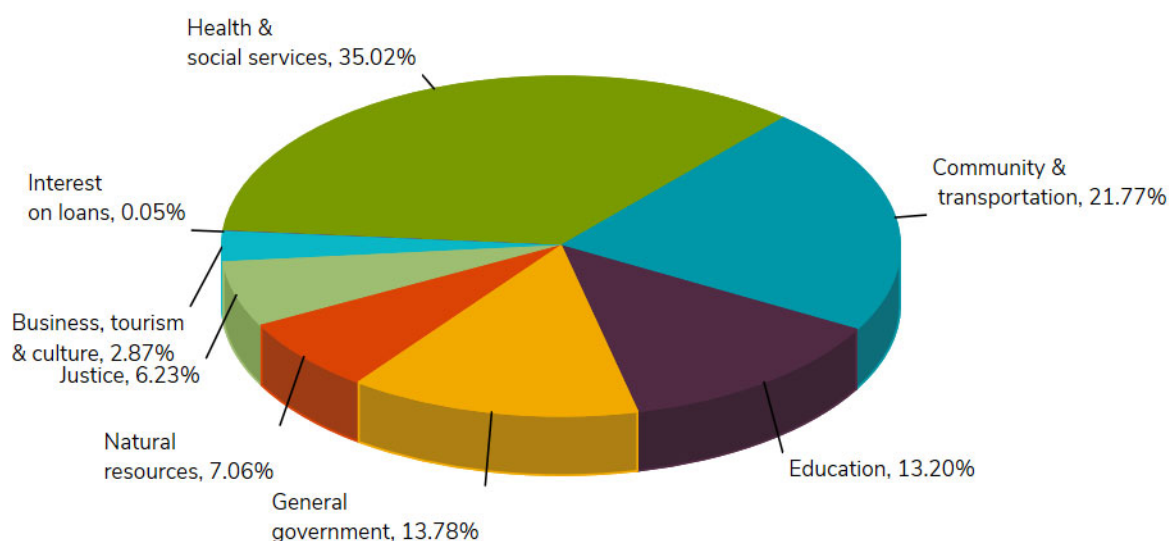
GOVERNMENT OF YUKON
Consolidated Financial Statement Discussion and Analysis
For the Year Ended March 31, 2025

Details (continued)

Expenses (continued)

(in millions)	2021	2022*	2023	2024	2025
Health and social services	\$ 510	\$ 540	\$ 579	\$ 656	\$ 719
Community and transportation	410	386	409	415	447
Education	217	224	221	248	271
General government	222	248	273	255	283
Natural resources	104	165	142	262	145
Justice	81	90	98	107	128
Business, tourism and culture	67	64	64	63	59
Interest on loans	1	1	1	1	1
	<u>\$ 1,612</u>	<u>\$ 1,718</u>	<u>\$ 1,787</u>	<u>\$ 2,007</u>	<u>\$ 2,053</u>

Expenses by function percentages



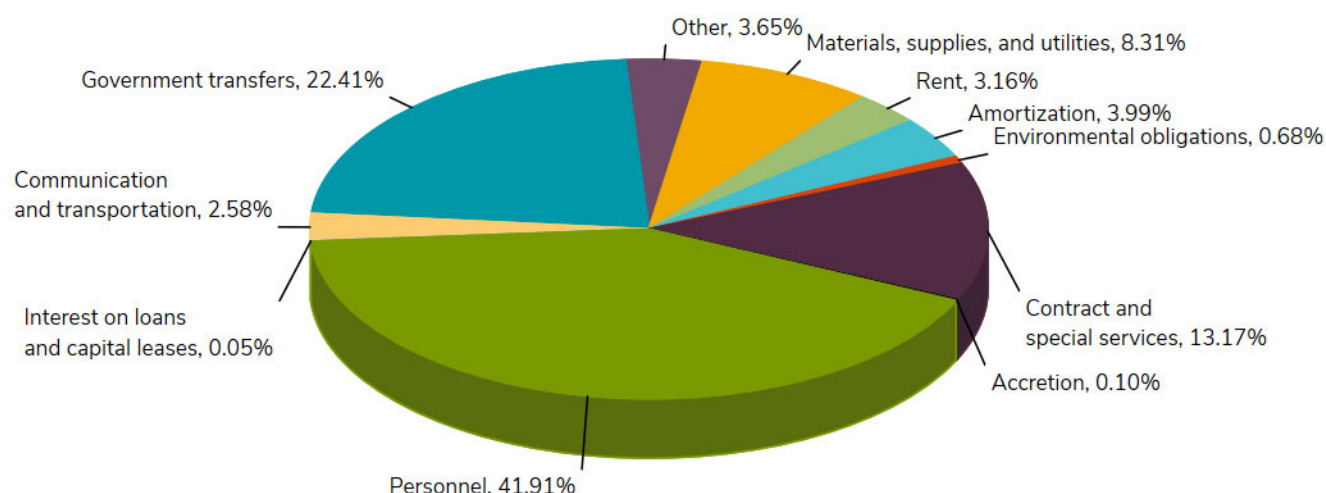
In 2025, the composition of expenses by function remained similar with the previous year, with health and social services and community and transportation representing the largest areas of spending followed by general government and education representing the next highest level of spending while natural resources, justice and business, tourism and culture are in the lower areas of expenses. Interest on loans remains at a nominal value.

GOVERNMENT OF YUKON
Consolidated Financial Statement Discussion and Analysis
For the Year Ended March 31, 2025

Details (continued)

Expenses (continued)

Expenses¹ by object percentages



As for the type of expenses (as detailed in Note 22 to the Consolidated Financial Statements), the highest increases from the 2024 expenses were \$75.5 million (9.6%) for personnel costs, followed by \$48.2 million (11.7%) for Government transfers, \$28.0 million (59.8%) for other expenses, \$4.6 million (7.7%) for rent, \$2.4 million (3.0%) for amortization expense and \$1.1 million (2.0%) for communication and transportation. Environmental liability expense had a significant reduction of \$106.8 million (88.7%) due to no other major environmental occurrences such as Minto recorded last year, followed by \$8.3 million (3.0%) decrease for contracts and special services and \$7.1 million (4.0%) decrease in spending for materials, supplies and utilities.

¹ Includes recoveries of prior years' expenses

Net Debt and Accumulated Surplus

At March 31, 2025, the Government's liabilities exceeded its financial assets, resulting in net debt of \$227.2 million (\$196.1 million net debt as at March 31, 2024).

The Government's net debt increased by \$31.1 million in 2025 primarily due to a \$230.3 million increase in liabilities which outpaced the \$199.1 million increase in financial assets.

The largest changes in financial assets were the loan receivable related to Victoria Gold Corp. of \$105.0 million, increases in accounts receivable of \$52.6 million, increases in due from Government of Canada of \$28.6 million and increases in cash and cash equivalents of \$10.9 million. These were offset by \$12.4 million decrease in investment in government business enterprises (GBEs) and \$2.0 million decrease in advances to GBEs.

GOVERNMENT OF YUKON
Consolidated Financial Statement Discussion and Analysis
For the Year Ended March 31, 2025

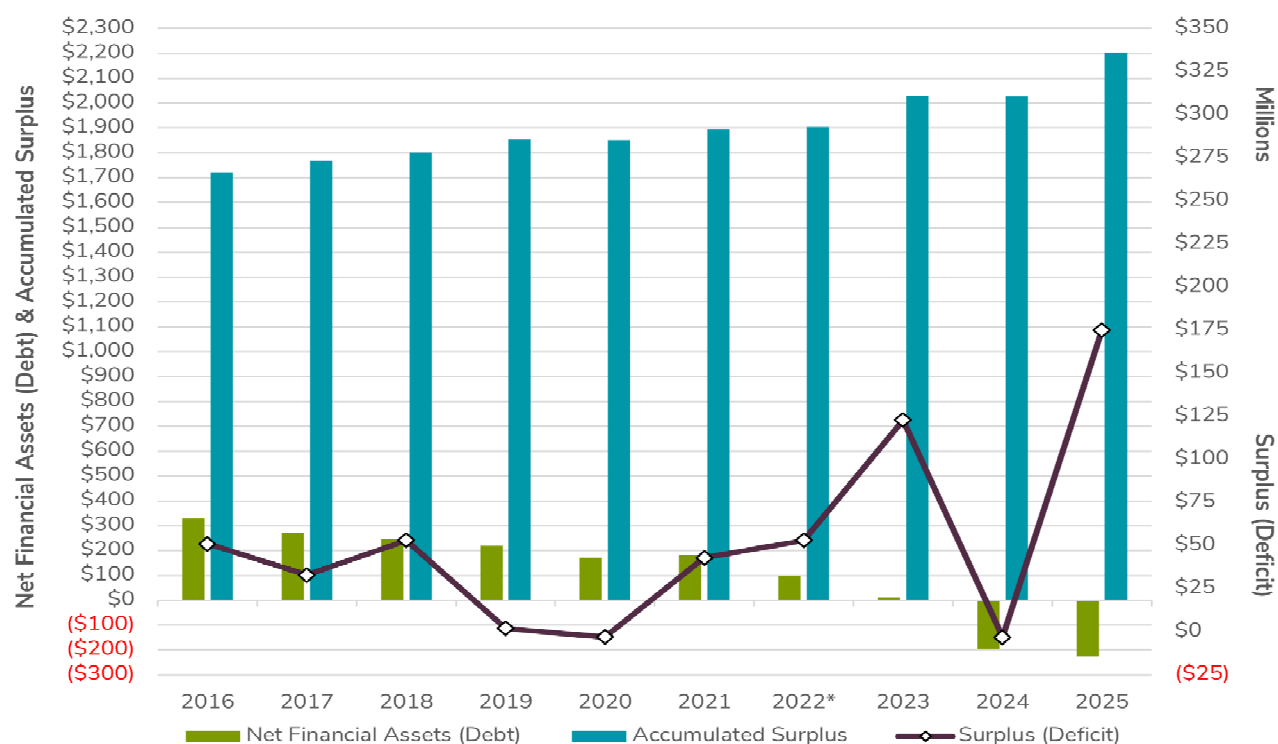
Details (continued)

Net Debt and Accumulated Surplus (continued)

The Government's liabilities increase was largely due to \$162.4 million in bank advances and short-term borrowings, \$55.0 million surety bond for Victoria Gold Corp. and \$17.9 million in accounts payable and accrued liabilities offset by the decreases of \$9.6 million in environmental liabilities, \$6.1 million in borrowings and \$2.5 million in unearned revenues.

Accumulated surplus can be calculated as net debt plus non-financial assets such as tangible capital assets. The accumulated surplus of the Government at March 31, 2025 was \$2.205 billion (\$2.028 billion at March 31, 2024). The \$31.1 million increase in net debt and the \$208.1 million increase in non-financial assets resulted in the \$177.0 million increase in accumulated surplus.

Net Financial Assets (Debt), Accumulated Surplus and Surplus (Deficit)



(in millions)	2016	2017	2018	2019	2020	2021	2022*	2023	2024	2025
Net financial assets (debt)	\$ 330	\$ 274	\$ 248	\$ 218	\$ 172	\$ 183	\$ 99	\$ 11	\$ (196)	\$ (227)
Accumulated surplus	\$ 1,769	\$ 1,801	\$ 1,854	\$ 1,857	\$ 1,853	\$ 1,893	\$ 1,905	\$ 2,029	\$ 2,028	\$ 2,205
Surplus (deficit)	\$ 51	\$ 33	\$ 53	\$ 2	\$ (3)	\$ 42	\$ 53	\$ 123	\$ (3)	\$ 175

* 2022 restated due to adoption of PS 3280

GOVERNMENT OF YUKON
Consolidated Financial Statement Discussion and Analysis
For the Year Ended March 31, 2025

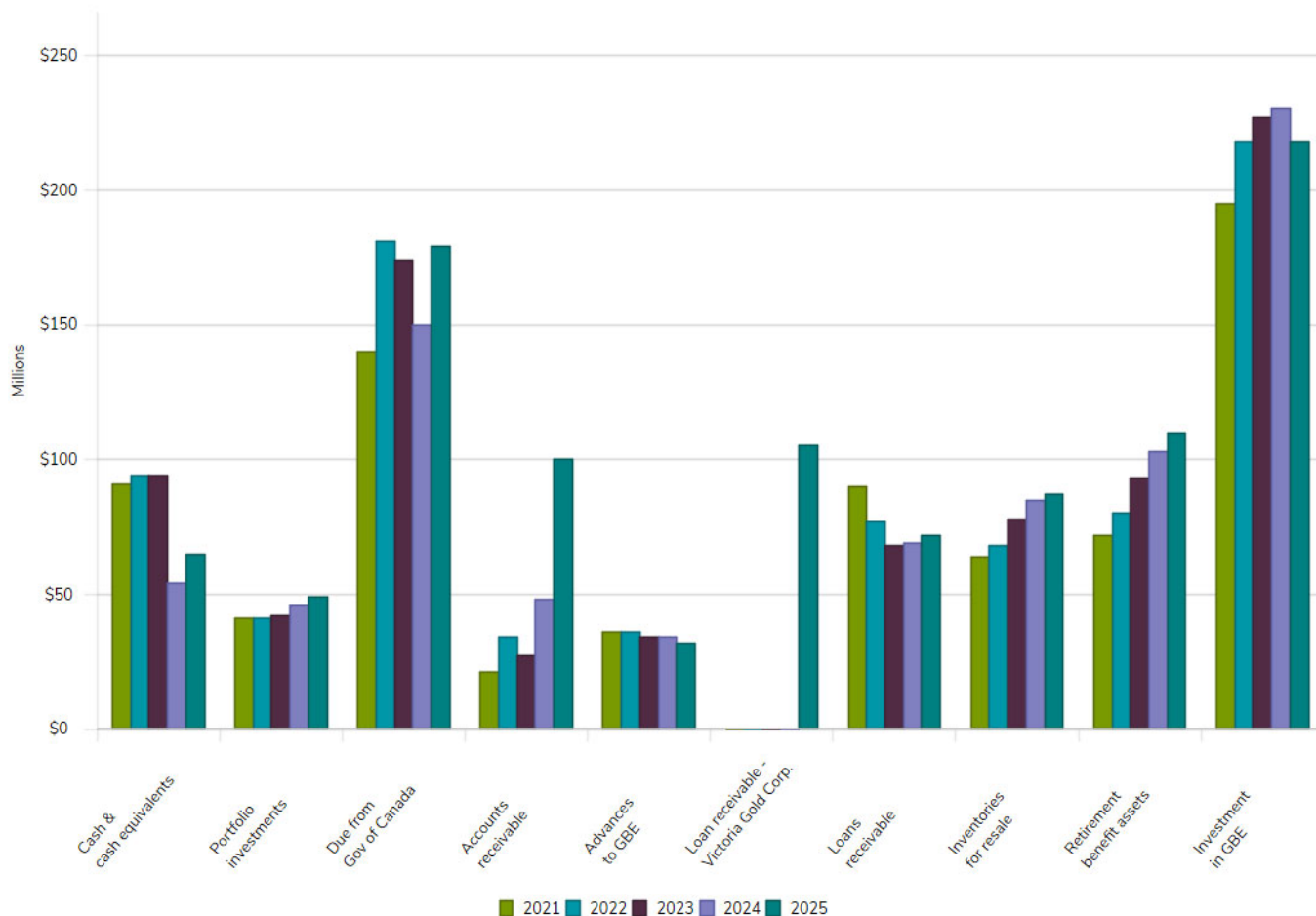
Details (continued)

Financial Assets

Financial assets consist of assets available to discharge existing liabilities or to fund future activities. At March 31, 2025, the value of total financial assets was \$1.018 billion, which is an increase of \$199.1 million from the previous year. Main increases were loan receivable related to Victoria Gold Corp. of \$105.0 million, accounts receivable of \$52.6 million, due from Government of Canada of \$28.6 million and cash and cash equivalents of \$10.9 million; while investment in government business enterprises decreased by \$12.4 million and advances to GBEs by \$2.0 million.

In 2025, cash and cash equivalents accounted for \$65.1 million, or 6.4% of the total financial assets compared with 2024 when they accounted for \$54.1 million or 6.6%.

Financial Assets by type



GOVERNMENT OF YUKON
Consolidated Financial Statement Discussion and Analysis
For the Year Ended March 31, 2025

Details (continued)

Financial Assets (continued)

(in millions)	2021	2022	2023	2024	2025
Cash and cash equivalents	\$ 91	\$ 94	\$ 94	\$ 54	\$ 65
Portfolio investments	41	41	42	46	49
Due from Government of Canada	140	181	174	150	179
Accounts receivable	21	34	27	48	100
Advances to GBEs	36	36	34	34	32
Loan receivable - Victoria Gold Corp.	-	-	-	-	105
Loans receivable	90	77	68	69	72
Inventories for resale	64	68	78	85	87
Retirement benefit assets	72	80	93	103	110
Investments in government business enterprises	195	218	227	230	218
	<u>\$ 750</u>	<u>\$ 829</u>	<u>\$ 837</u>	<u>\$ 819</u>	<u>\$ 1,017</u>

Major categories of the Government's financial assets are described below.

Cash and cash equivalents

Cash and cash equivalents are bank balances, short-term investments that mature less than 90 days from the date of purchase and cash on hand.

At March 31, 2025, the Government held \$65.1 million in cash and cash equivalents, which is an increase of \$10.9 million from the previous year.

Due from Government of Canada

At March 31, 2025, the Government had receivables from the Government of Canada in the amount of \$178.7 million, most of which were outstanding claims on cost-sharing agreements and projects delivered on behalf of the federal government. This was an increase of \$28.6 million from the prior year.

Accounts receivable

Accounts receivable increased to \$100.3 million at March 31, 2025 from \$47.7 million at March 31, 2024, primarily due to \$54.0 million accrued receivable for tobacco settlement.

Portfolio investments

Portfolio investments are reported at fair value as per PS 3041. Portfolio investments may include GICs, term deposits, floating rate notes and funds that include bonds and equities.

As at March 31, 2025, the Government held \$49.3 million in portfolio investments compared to \$45.5 million in the previous year.

As of March 31, 2025, \$41.9 million of the portfolio investments were specifically designated (\$38.7 million at March 31, 2024) in order to meet obligations under Part 3 (Supplemental Plan) of the Legislative Assembly Retirement Allowances Act (Yukon) as well as the "Severance allowance" section of the Legislative Assembly Act (Yukon).

GOVERNMENT OF YUKON
Consolidated Financial Statement Discussion and Analysis
For the Year Ended March 31, 2025

Details (continued)

Financial Assets (continued)

Advances to government business enterprises

As of March 31, 2025, the Government has an outstanding balance of \$32.2 million (\$34.2 million at March 31, 2024) on advances made to the government business enterprises.

Loans receivable

The Government has loans receivable of \$72.3 million, of which \$26.5 million (36.7%) were Yukon Housing Corporation mortgages receivable, \$29.9 million (41.4%) in land sale related loans receivable, and other loans receivable of \$15.8 million (21.9%).

At March 31, 2025, the Government had recorded a \$105 million interest bearing repayable loan to the receiver (PricewaterhouseCoopers) appointed to oversee the environmental stabilization and remediation of the Victoria Gold Corp.'s Eagle Gold Mine failure.

Inventories for resale

Inventories for resale totaled \$86.8 million as of March 31, 2025. This was an increase of \$1.9 million (2.3%) from the previous year. The inventories largely consist of lots being developed by the Government for sale to the public. In 2025, \$14.9 million was recorded as a write-down of inventories held for resale.

Retirement benefit assets

Retirement benefit assets totaling \$110.2 million at March 31, 2025 (\$103.4 million at March 31, 2024) are held in relation to the Government's obligations for future pension benefits for employees of Yukon University and Yukon Hospital Corporation and represent the market value of the investments less the liability of the benefits based on an actuarial valuation.

Investment in government business enterprises

Investment in government business enterprises, which are self-sustainable government corporations, represent 100% of the equity of the Yukon Development Corporation (YDC) and the Yukon Liquor Corporation (YLC). YDC had equity of \$215.7 million at March 31, 2025 (2024 - \$228.0 million), and YLC had equity of \$2.1 million at March 31, 2025 (2024 - \$2.2 million). The Yukon Energy Corporation, which supplies and sells power in the Yukon, is the wholly owned subsidiary of YDC.

Non-financial Assets

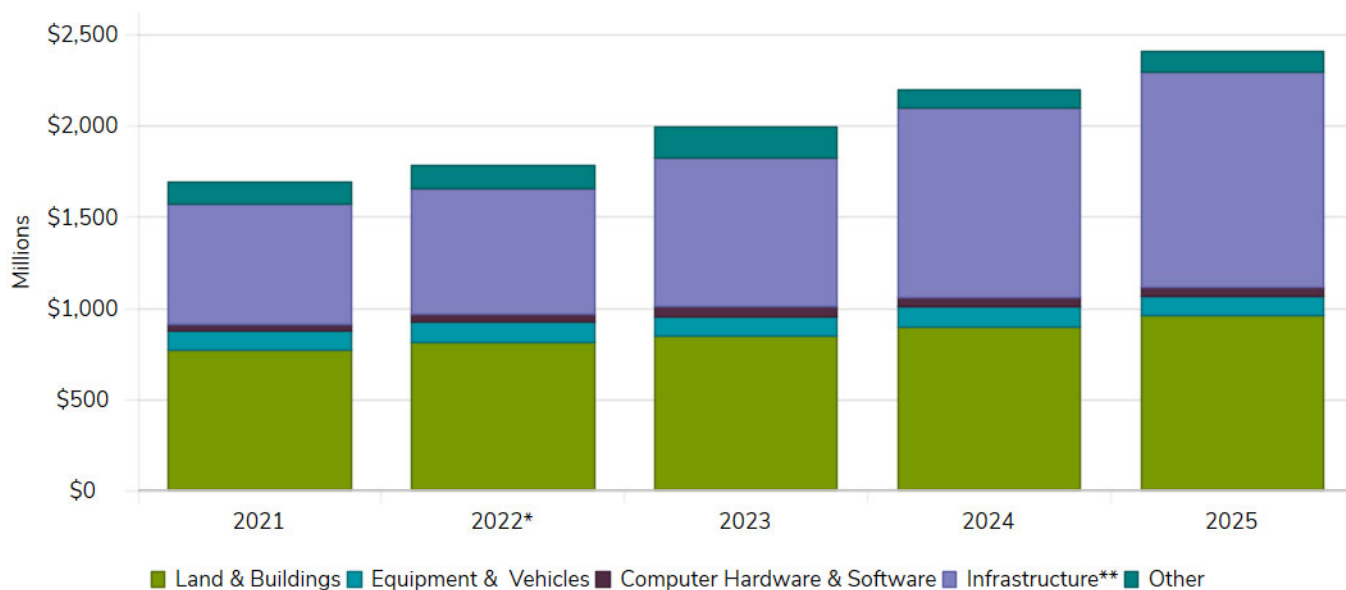
Non-financial assets are assets that do not normally provide resources to discharge existing liabilities, but instead are normally used to deliver future government services or may be consumed in the normal course of operations. Non-financial assets include tangible capital assets, inventories of supplies and prepaid expenses. Tangible capital assets are the largest category of non-financial assets.

GOVERNMENT OF YUKON
Consolidated Financial Statement Discussion and Analysis
For the Year Ended March 31, 2025

Details (continued)

Non-financial Assets (continued)

Net Book Value of Tangible Capital Assets



(in millions)

	2021	2022*	2023	2024	2025
Land & Buildings	\$ 774	\$ 817	\$ 847	\$ 900	\$ 959
Equipment & Vehicles	102	106	107	109	107
Computer Hardware & Software	37	48	54	52	52
Infrastructure**	660	685	819	1,036	1,180
Other	120	131	169	103	109
	<u>\$ 1,693</u>	<u>\$ 1,787</u>	<u>\$ 1,996</u>	<u>\$ 2,200</u>	<u>\$ 2,407</u>

* 2022 restated due to adoption of PS 3280

** Includes infrastructure, land improvements & fixtures and waste & water systems

In 2025, the Government made the following investment in tangible capital assets:

Opening balance at April 1, 2024	\$ 2,200 million
Net additions during the year	289 million
Less: Amortization and other adjustments	<u>(82) million</u>
Ending balance at March 31, 2025	<u><u>\$ 2,407 million</u></u>

GOVERNMENT OF YUKON
Consolidated Financial Statement Discussion and Analysis
For the Year Ended March 31, 2025

Details (continued)

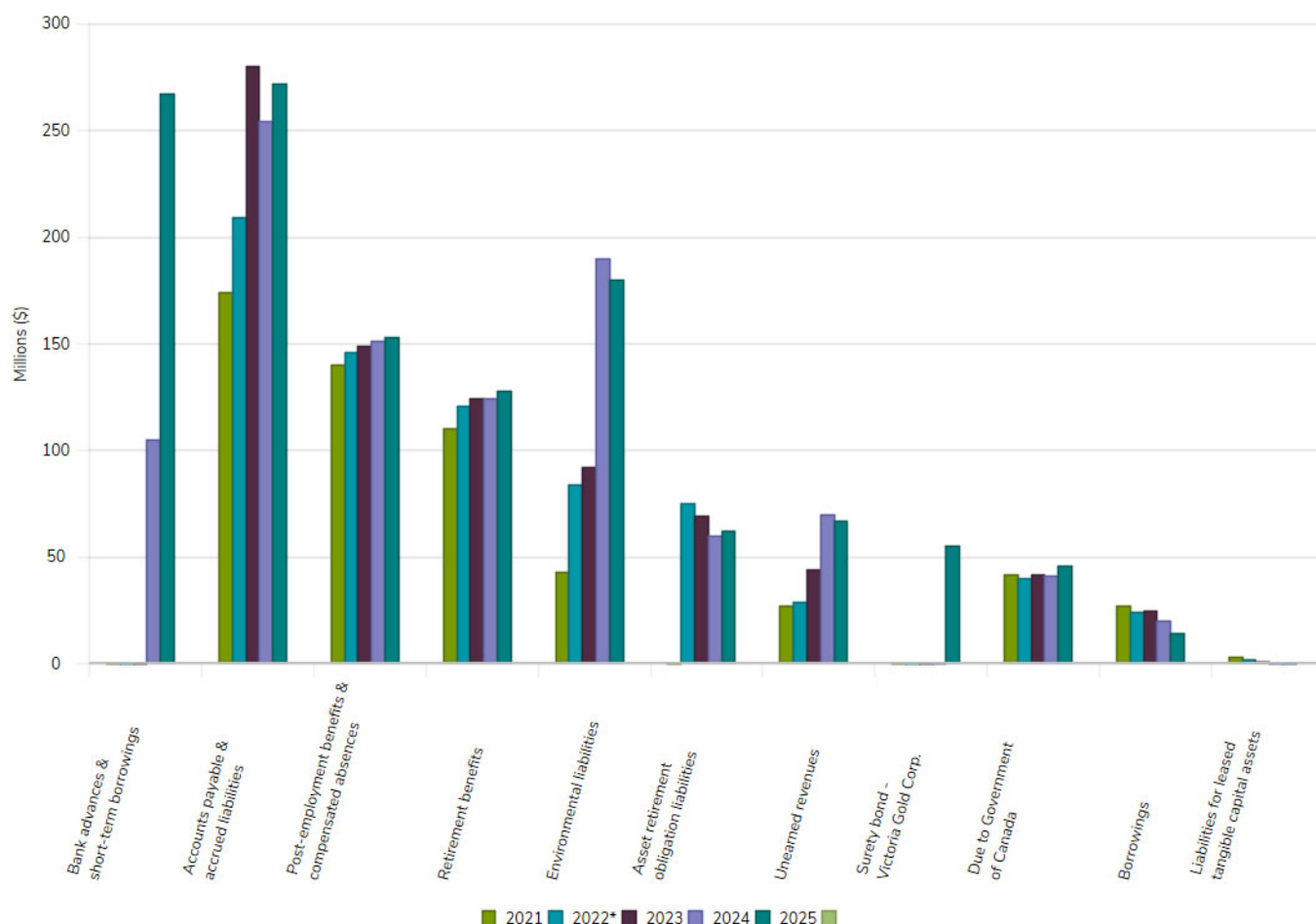
Non-financial Assets (continued)

The Government's capital investment was largely spent on infrastructure, buildings, equipment and vehicles, and land improvements and fixtures. In accordance with the recommendations of the Public Sector Accounting Board of the Chartered Professional Accountants of Canada, the value of transferred Crown land is not reported as a tangible capital asset.

Liabilities

At March 31, 2025, the liabilities of the Government totaled \$1.245 billion (\$1.015 billion at March 31, 2024), which is equivalent to 122.3% of the financial assets of the Government. A five-year comparison of the Government's liabilities by category is illustrated below:

Liabilities



(in millions)

	2021	2022*	2023	2024	2025
Bank advances and short-term borrowings	\$ -	\$ -	\$ -	\$ 105	\$ 267
Accounts payable and accrued liabilities	174	209	280	254	272
Post-employment benefits and compensated absences	140	146	149	151	153

GOVERNMENT OF YUKON
Consolidated Financial Statement Discussion and Analysis
For the Year Ended March 31, 2025

Details (continued)

Liabilities (continued)

(in millions)	2021	2022*	2023	2024	2025
Retirement benefits	110	121	124	124	128
Environmental liabilities	43	84	92	190	180
Asset retirement obligation liabilities	-	75	69	60	62
Unearned revenues	27	29	44	70	67
Surety bond - Victoria Gold Corp.	-	-	-	-	55
Due to Government of Canada	42	40	42	41	46
Borrowings	27	24	25	20	14
Liabilities for leased tangible capital assets	3	2	1	-	-
	<u>\$ 566</u>	<u>\$ 730</u>	<u>\$ 826</u>	<u>\$ 1,015</u>	<u>\$ 1,244</u>

*2022 restated due to adoption of PS 3280

Major categories of the Government's liabilities are described as follows:

Bank advances and short-term borrowings

At March 31, 2025, the Government's short-term credit arrangements using lines of credit amounted to \$359.0 million (\$194.1 million at March 31, 2024), which was offset against bank balance of \$91.6 million (\$89.0 million at March 31, 2024) for financial reporting purposes. The amount used is repayable immediately on demand and the lines of credit can be terminated in whole or in part at any time.

Due to Government of Canada

Amounts due to the Government of Canada at March 31, 2025 were \$45.6 million (\$41.3 million at March 31, 2024). These amounts consist primarily of funds due under various agreements for Income Taxes and Public Service Pension Plan contributions payable for the month of March 2025.

Accounts payable and accrued liabilities

Accounts payable and accrued liabilities are amounts that are generally paid within a year. The balance of \$272.1 million at March 31, 2025 is an increase of 7.1% from the previous year's balance of \$254.2 million.

Included in this total is the outstanding balance of the Carbon Price Rebate liability of \$28.5 million (2024 - \$16.1 million).

GOVERNMENT OF YUKON
Consolidated Financial Statement Discussion and Analysis
For the Year Ended March 31, 2025

Details (continued)

Liabilities (continued)

Environmental liabilities

At March 31, 2025, the Government has recorded \$180.4 million (\$189.9 million at March 31, 2024) as a liability for the estimated costs related to the remediation of environmental contamination for which the Government is responsible and can reasonably estimate the value. Of the liabilities, \$47.8 million (26.5%) is related to the Minto mine site, \$45.6 million (25.3%) is for the Wolverine site, \$20.1 million (11.2%) is for Wellgreen site, \$28.2 million (15.6%) is for highway maintenance camps and airports and \$16.0 million (8.9%) is for other storage tanks and buildings.

Asset retirement obligations

At March 31, 2025, the Government has recorded \$62.1 million (\$60.3 million at March 31, 2024) as a liability for the estimated costs related to retirement activities that the Government is legally obligated to perform upon the retirement of certain tangible capital assets. Of the liabilities, \$42.9 million (69.1%) is related to the abatement of asbestos and other hazardous materials, \$16.3 million (26.2%) is related to the closure and post-closure costs for the landfills operated by the Government, \$2.3 million (3.7%) is related to the proper removal of fuel tanks and \$0.6 million (1.0%) relates to the remediation of forestry access roads.

Unearned revenues

Unearned revenues of \$67.0 million reported as of March 31, 2025 (\$69.5 million at March 31, 2024) are mostly comprised of funding received from the Government of Canada that has not yet been expended in accordance with funding agreements.

Post-employment benefits and compensated absences

Post-employment benefits are provided to employees after employment but before retirement. These benefits consist of severance pay and a portion of sick leave and vacation leave that are paid out to employees at termination of employment. Compensated absences are benefits such as sick leave and vacation leave that are paid to employees during their employment. The Government uses actuaries to estimate its post-employment benefits and compensated absences liabilities.

The post-employment benefits and compensated absences liabilities at March 31, 2025 were \$153.3 million (\$150.9 million at March 31, 2024).

Retirement benefits liabilities

Retirement benefits liabilities totaled \$128.1 million at March 31, 2025 (\$123.3 million at March 31, 2024) and represent the Government's various pension plan liabilities and extended health benefit obligations, which are provided to retired employees. Pension plan liabilities are those for the Members of the Yukon Legislative Assembly, and Territorial Court judges.

GOVERNMENT OF YUKON
Consolidated Financial Statement Discussion and Analysis
For the Year Ended March 31, 2025

Details (continued)

Liabilities (continued)

Borrowings

At March 31, 2025, \$13.8 million (\$18.8 million at March 31, 2024) reported as borrowings relates to the Yukon Hospital Corporation's demand term installment loans. The Yukon Hospital Corporation used the loans to finance the costs of the new staff residence/medical service building in Whitehorse, renovations to an extended care facility in Whitehorse, and new hospitals in Watson Lake and Dawson City. During 2025 the Yukon Hospital Corporation paid down the existing loans by \$5.0 million.

Mortgages and loans payable by the Yukon Housing Corporation (Housing) represent a further \$0.4 million (\$0.5 million at March 31, 2024) of the Government's long term debt. These debts are with the Canada Mortgage and Housing Corporation (CMHC) so are included as due to the Government of Canada amounts in the Consolidated Statement of Financial Position.

In Note 19 to the Consolidated Financial Statements, the Government's 'total debt' as defined in the Yukon Act (Canada) includes the Housing debt owed to CMHC along with the borrowings of the consolidated government business enterprises of YDC and YLC, capital lease obligations and credit facilities used. When all relevant items are taken into account the total debt is \$589.7 million at March 31, 2025 (\$375.0 million at March 31, 2024).

The Government of Canada on December 16, 2024 issued OIC P.C. 2024-1341 increasing Yukon's borrowing limit at \$1.2 billion pursuant to subsection 23(4) of the Yukon Act (Canada).

GOVERNMENT OF YUKON
Consolidated Financial Statement Discussion and Analysis
For the Year Ended March 31, 2025

Risks and Mitigation

Government's Operating Environment

Like all jurisdictions, the Government of Yukon's finances are subject to risks and uncertainties that arise from variables over which the government has limited or no direct control. Some of these risks and uncertainties include:

- Shifts in key considerations for economic performance such as, commodity prices, private sector investment, inflation, interest rates, population/demographics, and personal income;
- Changes in revenue, especially taxation revenues, or changes in transfers expected from the federal government, which can contribute to actual revenue deviating from the budget estimates;
- Level of utilization of government services, particularly related to health care and social services;
- Unexpected health events, such as sudden and/or extreme outbreaks of disease;
- Occurrence and impact of natural disasters, like floods, wildfires, extreme weather events, or other events can impede the safe delivery of goods and services. Associated costs for cleanup and repair or replacement of infrastructure can also place financial burden on government finances;
- Geopolitical events causing repercussions on economic or fiscal parameters;
- Malicious behaviour (e.g., cybersecurity attacks) that could interrupt services, lead to loss of information or breach of privacy, and/or damage to equipment or facilities;
- Outcomes of litigation, legal settlements, arbitration and negotiations with third parties;
- Identification and quantification of environmental liabilities and asset retirement obligations;
- Changes in pension liability due to changes in interest rates, actuarial assumptions of future events or asset market values; and
- Changes in existing accounting standards and adoption of new accounting standards.

Transfers from the federal government historically comprise more than 80% of the Government's annual revenue and are generally stable from year-to-year. These transfers provide the Government a solid, stable foundation for its overall revenues, but, the government's fiscal health nevertheless relies on revenue that is tied to economic activity. As this activity can be volatile in an economy that can be impacted greatly by activity in the mining industry, the government takes a cautious and prudent approach to revenue forecasting and fiscal planning. Commodity prices and mining exploration and development plans are monitored on a regular basis in order to estimate the impact on fiscal projections. With respect to federal transfers, the Government works closely with the federal government to ensure timeliness of information and fairness in funding levels, including with respect to infrastructure programs that affect the Government's capital planning.

GOVERNMENT OF YUKON
Consolidated Financial Statement Discussion and Analysis
For the Year Ended March 31, 2025

Risks and Mitigation (continued)

Government's Operating Environment (continued)

The fiscal impact of changes in the underlying economic assumptions are estimated on a regular basis. By understanding the scope of inherent risks in the fiscal projections, the Government is better equipped to make sound financial decisions.

On the expense side, the Government closely monitors the spending of all departments and the resulting effect on the fiscal plan. This allows for any necessary supplementary estimates to be prepared, tabled and debated in the Legislative Assembly in order to address unanticipated spending or savings.

Changes to Canadian public sector accounting standards issued by the Public Sector Accounting Board can have an impact on the Government's budgets, estimates and actual results; and on how they are presented in the Public Accounts. The Office of the Comptroller reviews proposed changes and provides input to assist the development of processes that reflect sound policy decision-making, transparency and accountability.