SCC

QUARTERLY FINANCIAL PERFORMANCE

Unaudited

For the period ended September 30, 2025

Standards Council of Canada

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Canada

STANDARDS COUNCIL OF CANADA
QUARTERLY FINANCIAL PERFORMANCE
For the period ended September 30, 2025

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Management Responsibility for Financial Quarterly Statements

Management is responsible for the preparation and fair presentation of these quarterly financial statements in accordance with the Treasury Board Standard on Quarterly Financial Reports for Crown Corporations and for such internal controls as management determines are necessary to enable the preparation of quarterly financial statements that are free from material misstatement. Management is also responsible for ensuring all other information in this quarterly financial report is consistent, where appropriate, with the quarterly financial statements.

Based on our knowledge, these unaudited quarterly financial statements present fairly, in all material respects, the financial position, results of operations and cash flows of the corporation, as at the date of and for the periods presented in the quarterly financial statements.

Chantal Guay, ing., P. Eng.
Chief Executive Officer

Melanie Travers, CPA, CMA
Chief Financial Officer and
Vice-President Corporate Services

Ottawa, Canada
November 28, 2025

Management Discussion and Analysis
Highlights of Second Quarter and Year-to-Date Results

Financial Overview - unaudited

For the Period Ended September 30

(in thousands of dollars)

	For the quarter,			For the year-to-date,		
	Actual	Budget	Prior Year	Actual	Budget	Prior Year
Revenue from operations	**3,873**	**3,571**	**3,317**	**8,130**	**7,541**	**7,000**
Expenses						
Accreditation services	2,383	2,448	1,939	4,784	4,942	4,161
Standardization services	2,921	2,693	3,183	6,154	6,165	6,394
Management and administrative services	4,433	4,091	3,398	8,072	7,697	6,894
Total expenses	**9,737**	**9,232**	**8,520**	**19,010**	**18,804**	**17,449**
Deficit before appropriations	**(5,864)**	**(5,661)**	**(5,203)**	**(10,880)**	**(11,263)**	**(10,449)**
Parliamentary appropriations	6,570	6,515	5,559	13,120	13,030	11,098
Total surplus for the period	**706**	**854**	**356**	**2,240**	**1,767**	**649**

Standards Council of Canada (SCC) ended its second quarter with a year-to-date surplus of $2.2 million, which was $0.5 million higher than its budgeted second quarter surplus of $1.7 million and was also $1.6 million higher than the prior year's second quarter surplus of $0.6 million. The current year actuals to budget variance through September 30 was primarily due to timing on budgeted deliverables.

Revenue from operations through September 30 was $8.1 million, which was $0.6 million higher than budgeted revenue of $7.5 million for the same period. Year-to-date revenue was also $1.1 million higher than the $7.0 million of revenue recognized for the same period last year. These variances stem from the timing and the calendarization of the budget for Accreditation and Innovative Services revenue.

- Accreditation Services revenue of $6.7 million was $0.3 million higher than its budget of $6.4 million and $1.1 million higher than the $5.6 million recognized for the same period last year. Accreditation revenue is managed across a number of assessment engagements for all of its programs with year-over-year growth driven by a new agreement with the Ministère de la Santé et des Services Sociaux (MSSS) for the accreditation of a class of medical biology laboratories, including the assumption of responsibilities previously held by Investissement Québec through the Bureau de normalisation du Québec (BNQ).

- Royalties from the sale of standards revenue was $1.0 million, which was $0.1 million higher than budget of $0.9 million and was $0.1 million lower than prior year-to-date actual

results of $1.1 million. SCC continues to expect sales to stabilize because of an industry wide strategic study on standards as a service resulting from pressure to provide easier overall access to standards for all interested parties. Consequently, SCC has budgeted for a nominal decrease in the sale of standards throughout the fiscal year 2025-2026.

- Other Income and Innovative Services were $0.4 million which was $0.1 million higher than their combined budget of $0.3 million and $0.1 million higher than prior year second quarter-to-date revenue of $0.3 million. Innovative Services is derived from the delivery of project milestones against SCC's advisory services agreements. Planned activities are not on track for completion during the fiscal year, with Innovative Services forecast to complete $1 million lower than budget. with billing milestones budgeted to occur throughout remaining quarters. The year-to date variance is due to timing from a billing milestone that actualized sooner than planned. Variances in Other income stems from an increase of interest on bank balances, due to higher-than-expected cash. Improvements in the collection of receivables has resulted in higher cash balances. For example, the collection of Annual fees of approximately $4 million for the fiscal year were invoiced on April first and are now mostly received. Also, there was a deferred revenue transfer of $2.4 million related to managing the new class of laboratories in accreditation services.

Operating expenses through September 30 were $19.0 million. These expenses were $0.2 million higher than budgeted expenses of $18.8 million and were $1.6 million higher than last year's second quarter-to-date operating expenses of $17.4 million.

The +$0.2 million variance to budget was driven by:

- +$0.2 million of higher than budgeted salaries and benefits driven by one-time costs that are recovered via appropriations.

The operating expenses increase versus prior year of +$1.6 million was driven mainly by:

- +$0.9 million of higher Salaries & Benefits due primarily to the filling of planned positions as well as expenditure of one-time costs that are recovered via appropriations.
- +$0.5 million of higher consulting & professional services, which is consistent with the increased number of planned activities as well as budget for the year.

Through September 30, 2025, SCC has recognized $13.1 million in parliamentary appropriations, which was $0.1 million higher than budget of $13.0 million and $2.0 million higher than the $11.1 million recorded for the same period last year. The variances to budget were due to the recovery of one-time expenses while the prior year variance was due to the expected annual funding profiles from several approved programs including:

- +$1.8 million increase from critical operating requirements (current year funding matches prior year, but draw-down last year commenced in the fourth quarter),
- +$0.9 million net increase across SCC's Infrastructure programs,
- -$0.4 million decrease for the Pan-Canadian Artificial Intelligence Program, and
- -$0.3 million decrease in recoverable one-time expenses.

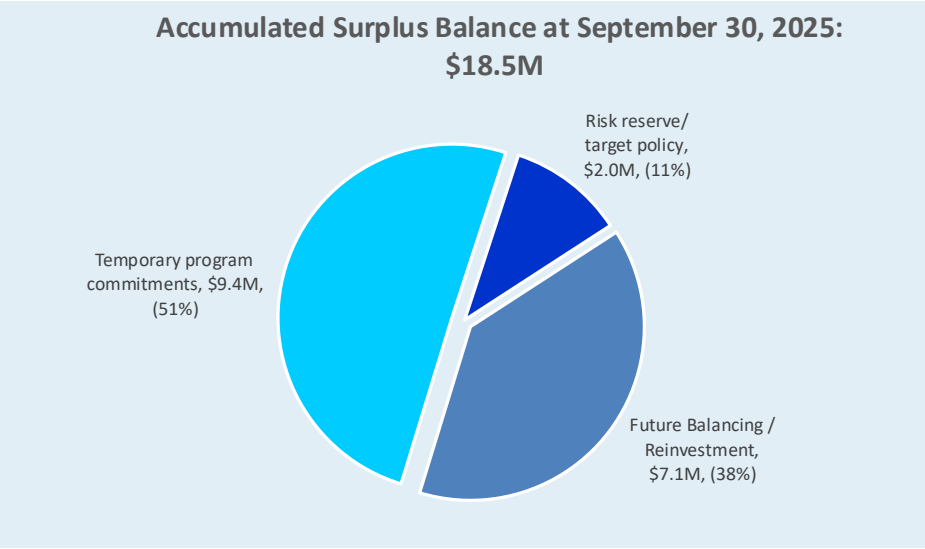
Summarized Financial Position - unaudited

(in thousands of dollars)

	September 30, 2025	March 31, 2025
Assets		
Total financial assets	25,387	16,963
Total liabilities	10,079	4,433
Net financial assets	15,308	12,530
Total non-financial assets	3,176	3,714
Accumulated surplus	**18,484**	**16,244**

SCC's Net Financial Assets at the end of the second quarter were $15.3 million, which was an increase of $2.8 million from March 31, 2025. There was a $8.4 million increase in Total Financial Assets that was driven by a similar increase in cash: collections of receivables, sales and a funds transfer from BNQ for the re-assignment of laboratories under the agreement with MSSS. Liabilities also increased by $5.6 million which was primarily due to $5.2 million growth in deferred revenue stemming from the billing of annual fees at the beginning of the year ($3.0 million) and the agreement with MSSS ($2.2 million). The balance of the increase in liabilities was caused by a $0.3 million increase in payables related to salaries and benefits

At September 30, 2025, SCC's Accumulated Surplus was $18.5 million which was a $2.4 million increase from its prior fiscal year-end and was a result of SCC's year-to-date surplus that was consistent with budgeted activities for the period. SCC's forecasted accumulated surplus is fully committed to fulfill SCC's temporary program deliverables ($9.4 million), maintain current operational levels and strategic reinvestments ($7.1 million), and a modest risk reserve per SCC's Target Reserve Policy ($2.0 million).



Risks and Uncertainties: Q2 Overview
Enterprise Risk Management (ERM)

SCC's risk management framework is based on the international standard *ISO 31000-Risk Management* and aligns to Treasury Board guidelines with respect to its risk management practices. SCC monitors its overall risk with a corporate risk register which is updated and reported quarterly to SCC's management, its Council, and its Audit Committee.

As of September 30, SCC is actively monitoring and mitigating three finance-related risks.

- **Financial Sustainability:** The risk of SCC's ability to deliver on its strategic objectives due to financial pressures remained unchanged in the second quarter. To mitigate this risk, advancement of SCC's Financial Sustainability Transformation (FST) Program has continued over the quarter.

- **Revenue and Contribution Growth for Accreditation Business:** The risk that revenue targets for the Accreditation Services branch are not met is being actively managed, with both customer growth and retention targets monitored on a monthly basis.

- **Increased Access to Standards Referenced in Regulation:** The risk relating to increasing pressures for standards cited in regulations to be freely available. SCC continues to mitigate this risk by continuing to engage with interested parties on issues of accessibility and copyright of standards.

Statement of Financial Position- unaudited

(in thousands of dollars)

as at:	September 30, 2025	March 31, 2025
Assets		
Financial assets		
Cash and cash equivalents	20,248	12,270
Accounts receivable	5,139	4,693
Total Financial Assets	**25,387**	**16,963**
Liabilities		
Accounts payable and accrued liabilities	1,484	1,870
Salaries and benefits payable	2,024	1,994
Deferred contributions	106	74
Deferred revenue	6,056	46
Deferred lease inducement	409	449
Total Liabilities	**10,079**	**4,433**
Net financial assets	**15,308**	**12,530**
Non-financial assets		
Prepaid expenses	1,389	1,712
Tangible Capital Assets (Net)	1,787	2,002
Total non-financial assets	**3,176**	**3,714**
Accumulated surplus	**18,484**	**16,244**

The accompanying notes and supplementary schedules are an integral part of these unaudited financial statements.

Statement of Operations- unaudited

For the Period Ended September 30

(in thousands of dollars)

	2025 - 2026 Budget		2025 - 2026 Actual		2024 - 2025 Actual	
	Q2	Year-to-date	Q2	Year-to-date	Q2	Year-to-date
Revenues from operations						
Accreditation service fees	2,978	6,354	3,217	6,682	2,612	5,561
Royalties from sales of standards	451	891	460	976	511	1,096
Delegate support contributions	10	34	37	63	19	23
Innovative services	8	14	7	104	14	26
Other income	124	248	152	305	161	294
Total revenue from operations	**3,571**	**7,541**	**3,873**	**8,130**	**3,317**	**7,000**
Expenses						
Accreditation services	2,448	4,942	2,383	4,784	1,939	4,161
Standardization services	2,693	6,165	2,921	6,154	3,183	6,394
Management and administrative services	4,091	7,697	4,433	8,072	3,398	6,894
Total expenses	**9,232**	**18,804**	**9,737**	**19,010**	**8,520**	**17,449**
Deficit before appropriations	**(5,661)**	**(11,263)**	**(5,864)**	**(10,880)**	**(5,203)**	**(10,449)**
Parliamentary Appropriation	6,515	13,030	6,570	13,120	5,559	11,098
Total surplus for the period	**854**	**1,767**	**706**	**2,240**	**356**	**649**
Accumulated surplus, beginning of period	**13,176**	**12,263**	**17,778**	**16,244**	**10,744**	**10,451**
Accumulated surplus, end of period	**14,030**	**14,030**	**18,484**	**18,484**	**11,100**	**11,100**

The accompanying notes and supplementary schedules are an integral part of these unaudited financial statements.

SCC

Expenses- unaudited

For the Period Ended September 30

(in thousands of dollars)

	For the quarter ended			Quarter Actuals vs	
	▼Actual	Budget	Prior Year	Budget	Prior Year
Expenses					
Salaries & Employee Benefits	6,130	5,998	5,483	(132)	(647)
Professional and special services	1,268	934	1,028	(334)	(240)
Travel	571	637	447	66	(124)
Assessment Services	449	458	338	9	(111)
Memberships in Int'l Organizations	411	379	361	(32)	(50)
Office Supplies	308	280	249	(28)	(59)
Office Accomodation	207	213	209	6	2
Amortization	123	96	115	(27)	(8)
Training and Development	66	49	71	(17)	5
Conferences & Events	60	34	89	(26)	29
Publications & Printing	54	14	33	(40)	(21)
Insurance	32	43	32	11	-
Bank Charges	19	15	17	(4)	(2)
Telecommunications & Postage	14	11	13	(3)	(1)
Hospitality	14	17	9	3	(5)
Offsite Storage & Other	10	27	15	17	5
Repair & Upkeep	6	12	14	6	8
Rental of Office Equipment	1	2	2	1	1
Public Relations	1	3	-	2	(1)
Bad Debt Expense	(7)	10	(5)	17	2
Total Expenses	**9,737**	**9,232**	**8,520**	**(505)**	**(1,217)**

The accompanying notes and supplementary schedules are an integral part of these unaudited financial statements.

SCC

Expenses- unaudited

For the Period Ended September 30

(in thousands of dollars)

	For year to date ended			Y-T-D Actuals vs	
	▼Actual	Budget	Prior Year	Budget	Prior Year
Expenses					
Salaries & Employee Benefits	12,256	12,001	11,335	(255)	(921)
Professional and special services	2,088	2,157	1,604	69	(484)
Travel	1,221	1,197	1,210	(24)	(11)
Assessment Services	978	1,012	767	34	(211)
Memberships in Int'l Organizations	783	773	723	(10)	(60)
Office Supplies	511	538	511	27	-
Office Accomodation	429	426	420	(3)	(9)
Amortization	233	221	215	(12)	(18)
Publications & Printing	113	23	46	(90)	(67)
Training and Development	108	118	134	10	26
Conferences & Events	92	62	184	(30)	92
Insurance	61	82	66	21	5
Bank Charges	46	30	38	(16)	(8)
Offsite Storage & Other	24	56	63	32	39
Hospitality	19	29	54	10	35
Telecommunications & Postage	18	21	26	3	8
Bad Debt Expense	16	20	25	4	9
Repair & Upkeep	9	28	24	19	15
Rental of Office Equipment	4	4	4	-	-
Public Relations	1	6	-	5	(1)
Total Expenses	**19,010**	**18,804**	**17,449**	**(206)**	**(1,561)**

The accompanying notes and supplementary schedules are an integral part of these unaudited financial statements.

Statement of Changes in Net Financial Assets - unaudited

For the Period Ended September 30

(in thousands of dollars)

	2025 - 2026		2024 - 2025	
	Q2	Year-to-date	Q2	Year-to-date
Total surplus for the period	706	2,240	356	649
Acquisition of tangible capital assets	(17)	(18)	(110)	(302)
Disposal of tangible capital assets	-	-	4	4
Amortization of tangible capital assets	123	233	115	215
Acquisition of prepaid expense	(1,453)	(2,661)	(573)	(1,884)
Use of prepaid expense	1,405	2,984	1,049	2,215
Increase in net financial assets	**764**	**2,778**	**841**	**897**
Net financial assets, beginning of period	14,544	12,530	7,509	7,453
Net financial assets, end of period	**15,308**	**15,308**	**8,350**	**8,350**

The accompanying notes and supplementary schedules are an integral part of these unaudited financial statements.

Statement of Cash Flows - unaudited

For the Period Ended September 30

(in thousands of dollars)

	2025 - 2026		2024 - 2025	
	Q2	Year-to-date	Q2	Year-to-date
Net Cash from operations				
Total surplus for the period	706	2,240	356	649
Adjustments for non-cash items:				
amortization of tangible capital assets	123	233	115	215
Changes in:				
accounts receivable	(485)	(447)	221	2,730
prepaid expense	(48)	323	476	332
payables and accrued liabilities	(696)	(356)	(1,196)	(2,067)
deferred revenues	819	5,971	(941)	1,851
deferred contributions	58	32	13	7
Cash provided by operations	477	7,996	(956)	3,717
Capital transactions:				
Acquisition of tangible capital assets	(17)	(18)	(110)	(302)
Disposal of tangible capital assets	-	-	4	4
Cash used by capital transactions	(17)	(18)	(106)	(298)
Cash applied to financing transactions	-	-	-	-
Increase in Cash and Cash Equivalents	460	7,978	(1,062)	3,419
Cash and cash equivalents, beginning of period	19,788	12,270	11,233	6,752
Cash and cash equivalents, end of period	**20,248**	**20,248**	**10,171**	**10,171**

The accompanying notes and supplementary schedules are an integral part of these unaudited financial statements.

[A statement of remeasurement gains and losses has been excluded as there have been no remeasurement gains or losses]

Notes to the Quarterly Financial Statements
September 30, 2025

1. Authority, Mandate and Activities

Standards Council of Canada (SCC) was created by Parliament as a corporation under the *Standards Council of Canada Act* in 1970 (revised 2006) to be the national coordinating body for voluntary standardization. SCC is a Crown corporation named in Part I of Schedule III to the *Financial Administration Act* and, for the purposes of the *Income Tax Act*, is deemed to be a registered charity.

SCC's mandate is to promote voluntary standardization activities in Canada, where standardization is not expressly provided for by law, in order to advance the national economy, support sustainable development, benefit the health, safety and welfare of workers and the public, assist and protect consumers, facilitate domestic and international trade and further international cooperation in relation to standardization.

In carrying out its mandate, SCC is engaged in the following activities:

- Foster quality, performance and technological innovation in Canadian goods and services through standards-related activities.
- Develop prioritized standards-related strategies and long-term objectives to advance Canada's economy; support sustainable development; benefit the health, safety and welfare of citizens; and assist and protect consumers.
- Accredit organizations engaged in standards development and conformity assessment.
- Represent Canada's interests internationally and regionally through membership in the International Organization for Standardization (ISO), the International Electrotechnical Commission (IEC), and various regional standardization organizations.
- Approve the National Standards of Canada (NSCs).
- Provide innovative services, advice and assistance to the Government of Canada in the negotiation of standardization-related aspects of international trade and mutual recognition agreements.
- Work with international standards bodies to develop agreements that facilitate trade.
- Foster and promote a better understanding of the benefits and usage of standards and accreditation services.
- Act as the premiere source to collect and distribute information on standards activities.

In July 2015, the Council was issued a directive (P.C. 2015-1109) pursuant to section 89 of the *Financial Administration Act* to align its travel, hospitality, conference and event expenditure policies and practices with Treasury Board policies, directives and related instruments on travel, hospitality, conference and event expenditures in a manner that is

consistent with its legal obligation. SCC's policies and practices are aligned with the most recent Treasury Board policies, directives and related instruments as required by the section 89 directive.

2. Significant Accounting Policies

The accompanying unaudited quarterly financial statements should be read in conjunction with the most recent annual audited financial statements of SCC and with the narrative discussion included in the quarterly financial report.

A summary of the significant accounting policies used in these financial statements follows:

(a) Basis of Accounting

SCC's financial statements have been prepared in accordance with Canadian Public Sector Accounting Standards (PSAS) established by the Canadian Public Sector Accounting Board.

These condensed quarterly Consolidated Financial Statements are in compliance with the Standard on Quarterly Financial Reports for Crown Corporations, as required by the *Financial Administration Act* and issued by the Treasury Board of Canada Secretariat.

(b) Cash and Cash Equivalents

Consistent with the *Standards Council of Canada Act* and associated by-laws, SCC maintains a bank account in a chartered bank of Canada in which all receipts are deposited and through which all financial business of SCC takes place. Funds surplus to immediate operating requirements are invested in bank certificates of less than three months with a chartered bank bearing the current interest rate and are cashable at any time.

(c) Tangible Capital Assets

Tangible Capital Assets are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Amortization is recorded on a straight-line basis over the estimated useful life of the assets:

Furniture: 5 years
Equipment: 4 years
Leasehold improvements: lesser of term of the lease or expected useful life.

(d) Prepaid Expenses

Prepaid expenses include membership dues and are charged to expense over the periods expected to benefit from them.

(e) Revenue Recognition – Deferred Revenue and Deferred Contributions

Accreditation services fees revenues are derived from application fees, annual accreditation fees and assessment fees. Application fees are recognized as revenue when the application is made. The annual portion of accreditation fees is calculated and invoiced based on customer accreditation agreements and the fees received or receivable are recorded as deferred revenue and then amortized to revenue on a straight-line basis over the period to which the fee applies – which is one year, based on the start of SCC's fiscal year of April 1. Funds received or receivable in respect of assessment fees are recognized as revenue at the time the related services are provided.

Royalties from sales of standards are recognized as revenue in the period during which the related sales have occurred.

Innovative Services are fees that SCC collects in exchange for providing standards related solutions and expertise to other customers. The rights to collect Innovative Services fees are created via contracts and revenue is recognized as work progresses.

Delegate support contributions are received from third parties to support delegate participation on technical committees. This restricted funding is initially recorded as "Deferred Contributions" and is recognized as delegate support contributions revenue when the related expenditures are incurred.

(f) Deferred Lease Inducement

SCC has received funds from its landlord to pay the cost of tenant improvements made to its office space. Additionally, SCC has received the benefit of tenant inducements related to its office space lease. The value of these items, calculated based on provisions in the lease agreement, is recorded as a deferred lease inducement. It is amortized on a straight-line basis over the duration of the lease and is recognized on the Statement of Operations as a reduction of rent expense.

(g) Expenses

Expenses are reported on an accrual basis to ensure that the cost of all goods and services consumed in the year is expensed. Expenses are presented by function on the Statement of Operations. Accreditation Services expenses relate to SCC accreditation programs where SCC accredits conformity assessment bodies and standards development organizations, such as testing laboratories and product certification bodies, to internationally recognized standards. Standards Solutions & Strategy expenses relate to the development and

application of standards publications to ensure the effective and coordinated operation of standardization in Canada and representation of Canada's interests on standards-related matters in foreign, regional and international forums. Management and Administrative services include the cost of general services, accommodations, insurance, network and telephone expenses, amortization and facilities maintenance.

(h) Parliamentary Appropriation

The Government of Canada provides funding to SCC. Government transfers are recognized as revenues when the transfer is authorized, and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability.

(i) Pension Benefits

SCC employees are covered by the public service pension plan (the “Plan”); a contributory defined benefit plan established through legislation and sponsored by the Government of Canada. Contributions are required from both the employees and SCC to cover current service costs. Pursuant to legislation currently in place, SCC has no legal or constructive obligation to pay further contributions with respect to any past service or funding deficiencies of the plan. Consequently, contributions are recognized as an expense in the year when employees have rendered service and represent the total pension obligation of SCC.

(j) Employee Benefit Plan

SCC sponsors an employee benefit plan for health, dental, life and long-term disability insurance through a third-party provider. SCC’s contributions to the plan are recorded at cost and charged to salaries and benefit expenses in the year incurred. These contributions represent SCC’s total obligation to the employee benefit plan. This plan does not require SCC to make further contributions for any future unfunded liabilities of the employee benefit plan.

(k) Vacation Pay

Vacation pay is expensed as the benefit accrues to employees under their respective terms of employment. The liability for unused vacation benefit is calculated at the salary levels in effect at the end of the period.

(l) Measurement Uncertainty

The preparation of financial statements in accordance with Canadian PSAS requires management to make estimates and assumptions that affect the recorded and disclosed amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date

of the financial statements and the reported amounts of the revenues and expenses during the period. Items requiring the use of significant estimates include the useful life expectancy for tangible capital assets, certain employee-related liabilities, the accrual for assessment fees as well as contingent liabilities.

Estimates are based on the best information available at the time of financial statement preparation and are reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these financial statements. Actual results could differ from these estimates.

(m) Related Party Transactions

SCC is related, in terms of common ownership, to all Government of Canada departments, agencies and Crown corporations. Transactions with these entities are undertaken on terms and conditions similar to those adopted as if the entities were dealing at arm's length and are measured at the exchange amount. Related party receivables are recorded at SCC's normal terms whereby invoices are due within 30 days. Related party payables are recorded at terms agreed upon with its vendors and are usually due within 30 days of invoicing or upon receipt of invoice.

Related parties also include key management personnel (KMP) having authority and responsibility for planning, directing and controlling the activities of SCC, as well as their close family members. SCC has defined its KMP to be its Vice-Presidents, its Chief Executive Officer and members of its Governing Council. Transactions with KMP are measured at the exchange amount.

3. Accumulated Surplus

SCC is subject to the *Standards Council of Canada Act* and the *Financial Administration Act* and any directives issued pursuant to the *Financial Administrations Act*. These affect how SCC manages its capital; one of SCC's objectives is to effectively manage actual costs to budget on an annual basis and to ensure that it has adequate capital to deliver its mandate and to ensure that it continues as a going concern.

SCC targets to maintain a level of accumulated surplus that helps to minimize the impact of financial risks on the organization. SCC's goal is to maintain an accumulated surplus target of $2.0 million. SCC has determined that this target level of accumulated surplus allows the organization to remain financially sustainable.

SCC is prohibited from issuing its own capital or its own debt to meet any financial requirements and is not subject to externally imposed minimum capital requirements. Its capital management is granted annually through the approval of its Corporate Plan and Operating and Capital Budget.

4. Financial Instruments

SCC's financial instruments consist of cash and cash equivalents, accounts receivable, federal government departments and agencies receivable, accounts payable and accrued liabilities. For the quarter ended September 30, 2025, SCC's cash and cash equivalents balance of $20.2 million that consisted of $18.4 million term-deposits and $1.8 million of cash (September 30, 2024, was $10.2 million and consisted of $9.4 million term-deposits and $0.8 million of cash). All accounts receivable, accounts payable and accrued liabilities are incurred in the normal course of business. All are generally due within 30 days. The carrying value of each financial instrument approximates its fair value because of the short maturity of the instruments. All financial assets and financial liabilities are measured at cost or amortized cost.

In the normal course of business, SCC is primarily exposed to credit risk and liquidity risk. There has been no change to the level of risk compared to the prior year and no changes to SCC's risk management practices. SCC's exposure and strategies to mitigate these risks are noted below:

Credit Risk

Credit risk is the risk that the counterparty will not meet its obligations under a financial instrument leading to a financial loss. The maximum exposure that SCC has for credit risk is in relation to its cash and cash equivalents, accounts receivable and federal government departments and agencies receivable. The carrying amount of these financial assets represents the maximum credit risk exposure at the Statement of Financial Position date.

Cash and cash equivalents are held at a reputable Canadian bank. Credit is granted to customers in accordance with existing accreditation program policies and is automatically granted to employees for travel and to government departments, agencies, Crown corporations, and government business enterprises. There is minimal potential risk of loss related to these receivables. SCC does not hold any collateral as security. There is no concentration of credit risk with any one customer.

SCC assesses the requirement for an allowance for bad debts by considering the age of the outstanding receivable and the likelihood of collection.

An account receivable is impaired and is either written-off or provided for when SCC determines that collection is unlikely and appropriate approvals for the write-down have been obtained.

At September 30, 2025, the allowance for bad debts is estimated at $34 thousand (September 30, 2024 was $25 thousand).

Liquidity Risk

Liquidity risk can occur should SCC have difficulty in meeting its obligations associated with financial liabilities. SCC's financial liabilities have contractual maturities of less than 365 days. SCC's objective is to maintain sufficient cash and cash equivalents through drawdown of its

voted parliamentary appropriations, collection of accreditation fees and other services, in order to meet its operating requirements. SCC manages liquidity risk through a detailed annual planning and monthly cash flow planning and billing process, which is structured to allow for sufficient liquidity from one billing period to the next. SCC's financial liabilities are not significantly exposed to liquidity risk.

Market Risk

Market risk occurs when the fair value of future cash flows of a financial instrument fluctuates due to changes in financial markets. Market risk is comprised of interest risk, currency risk and other price risks such as equity risk. SCC's financial instruments are not significantly exposed to market risk.

5. Tangible Capital Assets

September 30, 2025 ($000's)	Furniture	Equipment	Leasehold Improv.	Under Construction	Total
Cost					
Begin: April 1, 2025	747	2,853	1,241	877	**5,718**
Additions	-	18	-	-	**18**
Transfers	-	523	-	(523)	**-**
Disposals	-	-	-	-	**-**
End: September 30, 2025	747	3,394	1,241	354	**5,736**
Accumulated Amortization					
Begin: April 1, 2025	(741)	(2,245)	(730)	-	**(3,716)**
Amortization	(1)	(186)	(46)	-	**(233)**
Disposals	-	-	-	-	**-**
End: September 30, 2025	(742)	(2,431)	(776)	-	**(3,949)**
Net Book Value, September 30, 2025	**5**	**963**	**465**	**354**	**1,787**

*Capital Assets under construction at September 30, 2025, were not being amortized and were related to software development (equipment).

September 30, 2024 ($000's)	Furniture	Equipment	Leasehold Improv.	Under Construction	Total
Cost					
Begin: April 1, 2024	742	2,489	1,219	433	**4,883**
Additions	4	29	-	268	**301**
Transfers	-	316	-	(316)	**-**
Disposals	-	(34)	-	-	**(34)**
End: September 30, 2024	746	2,800	1,219	385	**5,150**
Accumulated Amortization					
Begin: April 1, 2024	(739)	(1,919)	(640)	-	**(3,298)**
Amortization	(1)	(170)	(44)	-	**(215)**
Disposals	-	31	-	-	**31**
End: September 30, 2024	(740)	(2,058)	(684)	-	**(3,482)**
Net Book Value, September 30, 2024	**7**	**742**	**535**	**385**	**1,669**

*Capital Assets under construction at September 30, 2024 were not being amortized and were related to software development (equipment).

6. Royalties from Sale of Standards

Royalties related to the sale of standards are generated from ISO and the IEC since SCC is a member body. Additionally, SCC earns royalties on the sale of standards from independent distributors through National Copyright Exploitation Agreements.

Since April 1, 1998, SCC has outsourced to an independent agent the fulfillment of sales made over its StandardsStore.ca website. This agreement requires the payment of royalties to SCC based on a revenue-sharing agreement of net sales.

7. Pension Benefits

SCC and all eligible employees contribute to the *Public Service Pension Plan*. Pension benefits accrue up to a maximum period of 35 years at a rate of two percent per year of pensionable service, times the average of the best five consecutive years of earnings. The benefits are fully indexed to the increase in the Consumer Price Index.

SCC's responsibility with regard to the Plan is limited to its contributions. Actuarial surpluses or deficiencies are recognized in the financial statements of the Government of Canada.

8. Contractual Rights

SCC has signed contractual agreements with its accreditation services customers. The multi-year accreditation services contracts include an annual fee portion that is payable yearly.

SCC also has contractual agreements to collect royalty fees from ISO, IEC and various other standards sellers like the Canadian Standards Association, Camelot Clarivate and Information Handling Services (IHS). Agreements cover the fiscal year 2025-2026 and are renewed upon expiry at similar terms. Since the revenue from these contracts is based on the volume of sales, the value of the contracts fluctuates, but is expected to approximate SCC's annual average sales.

On March 14, 2025, the Standards Council of Canada (SCC) entered into an agreement with the Ministère de la Santé et des Services sociaux (MSSS) for the accreditation of medical biology laboratories, including the assumption of responsibilities previously held by Investissement Québec through the Bureau de normalisation du Québec (BNQ).

Under this agreement:

- SCC is entitled to $1.5 million annually over the remaining life of the contract (four years) to support ongoing accreditation and support services;
- SCC also assumes responsibility for $3.6 million of unused funds from BNQ related to prior funding commitments for the same services;
- SCC may also recover additional fees at cost for non-routine activities and incremental work, such as specialized evaluations or ministerially triggered scope changes.

	September 30, 2025 ($000's)			
	BNQ	**Annual Fees**	**Royalties**	**Total**
2025-2026	1,174	2,100	1,036	**4,310**
2026-2027	2,352	-	-	**2,352**
2027-2028	2,352	-	-	**2,352**
2028-2029	2,352	-	-	**2,352**
2029-2030	392	-	-	**392**
thereafter	-	-	-	**-**
	8,622	**2,100**	**1,036**	**11,758**

9. Contingent Liabilities

In the normal course of business, various legal claims have been brought against SCC. Where in the opinion of management, losses, which may result from the settlement of these matters, are determinable within a reasonable range and such losses are considered by management as likely to be incurred, they are charged to expenses. In the event management concludes that potential losses are indeterminable, no provision is recognized in the accounts of SCC. There are no significant legal claims against SCC.

During 2024-2025, SCC undertook an internal review of its processes related to the treatment of sales tax. As a result, SCC will take corrective actions regarding payments received under

the Public Service Bodies rebate program. As of September 30, 2025, SCC has established a contingent liability of $247,500, representing management's best estimate of anticipated repayment requirements, including amounts related to ineligible claims as well as applicable interest and penalties based on Canada Revenue Agency's rates. This estimate is based on an internal review of transactions over the past four fiscal years and reflects the information available to management as of the date of these statements.

10. Contractual Commitments

SCC signed a 15-year office lease, effective July 2015.

SCC entered into agreements to lease office equipment. The future minimum annual rental payments under these agreements, exclusive of operating expenses are included in the table below.

	September 30, 2025 ($000's)			
	Office Space	**Office Equipment**	**Standardization Initiatives**	**Total**
2025-2026	257	3	4,794	**5,054**
2026-2027	518	7	1,378	**1,903**
2027-2028	518	2	79	**599**
2028-2029	518	-	-	**518**
2029-2030	518	-	-	**518**
thereafter	259	-	-	**259**
	2,588	**12**	**6,251**	**8,851**

SCC has also entered contracts with several Standards Development Organizations (SDOs) to assist with standardization initiatives.

At September 30, 2025, $8.9 million of contractual commitments were in place (September 30, 2024 was $9.5 million).

11. Related Party Transactions

For the quarter ended September 30, SCC's related party transactions are summarized as follows:

September 30 ($000's)	2025	2024
Federal government departments and agencies receivable and parliamentary appropriations receivable	329	528
Accounts payable and accrued liabilities	-	-
Parliamentary appropriations	13,120	11,098
Revenue	636	339
Expenses	199	242

Related party revenues were derived primarily from accreditation services fees while expenses were primarily related to Professional and special services, as well as Telecommunications and postage.

There were no significant transactions with Key Management Personnel and their close family members; nor were there any transactions that have occurred at a value different from that which would have been arrived at if the parties were unrelated.

12. Budget Figures

Budget figures have been provided for comparison purposes to results. Budget data presented in these statements is developed based upon the 2025-2026 to 2029-2030 Corporate Plan and reviewed by the Governing Council.