Canada Economic Development for Quebec Regions
Développement économique Canada pour les régions du Québec

Canada

Canada Economic Development
for Quebec Regions

Standing by businesses,
Standing by regions.

QUARTERLY FINANCIAL REPORT FOR THE QUARTER ENDED SEPTEMBER 30, 2025

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SECTION 1

INTRODUCTION

Introduction

This quarterly financial report has been prepared by Canada Economic Development for Quebec Regions (CED) as required under section 65.1 of the *Financial Administration Act* and in the form and manner prescribed by the Treasury Board.

This report should be read in conjunction with the 2025–2026 Estimates and the 2025–2026 Departmental Plan.

This report has not been subject to an external audit or review.

1.1 Authorities, mandate and programs

Canada Economic Development for Quebec Regions (CED)'s mission is to promote the long-term economic development of the regions of Quebec by giving special attention to those where slow economic growth is prevalent or opportunities for productive employment are inadequate.

CED is the key federal organization for economic development in the regions and among small and medium-sized enterprises (SMEs) in Quebec. It aims to stimulate the start-up and growth of businesses to make the regions more innovative, productive and competitive. CED thus offers adapted services and fosters local collaboration. This support also attracts investments for greater economic prosperity in Quebec and Canada.

CED plays a crucial role in dynamizing regional economies by drawing on regional strengths. We help communities diversify their economies, especially those hit by economic shocks. We support SMEs and NPOs through strategic investments.

CED offers advisory services adapted to the needs of businesses, NPOs and communities. Specialized advisors provide personalized guidance to facilitate access to funding, establish partnerships and support the growth of Quebec businesses. CED also offer information services to help small businesses and future entrepreneurs develop.

CED has three categories of programs that support its core responsibility:

- Regional Innovation
- Community Vitality
- Targeted or Temporary Support

Additional information about CED's authority, mandate and programs can be found in the 2025–2026 Estimates and the 2025–2026 Departmental Plan.

1.2 Basis of presentation

This quarterly report was prepared by CED using an expenditure basis of accounting. The accompanying Statement of Authorities includes CED's spending authorities granted by Parliament and used by CED, consistent with the 2025–2026 Main Estimates. This quarterly report was prepared using a special-purpose financial reporting framework designed to meet financial information needs regarding the use of spending authorities.

Prior authority from Parliament is required before funds can be spent by the Government. Authorities available for use are given in the form of annually approved limits through appropriation acts or through legislation in the form of statutory authority for specific purposes.

When Parliament is dissolved for the purposes of a general election, section 30 of the *Financial Administration Act* gives the Governor General the power, under certain conditions, to issue a special warrant authorizing the government to withdraw funds from the Consolidated Revenue Fund. A special warrant is deemed to be an appropriation for the fiscal year in which it is issued.

CED uses the full accrual method of accounting to prepare and present its annual financial statements that make up part of the departmental results reporting process; however, the spending authorities voted by Parliament remain on an expenditure basis of accounting.

1.3 Financial structure of Canada Economic Development for Quebec Regions (CED)

CED manages its expenditures under two annual votes:

- Vote 1 – Net operating expenditures, which includes CED authorities related to personnel costs and operating and maintenance expenditures
- Vote 5 – Grants and contributions, which includes all authorities related to transfer payments

Expenses under budgetary statutory authorities, for which payments are made under legislation previously approved by Parliament and which are not part of the annual appropriations bills, include items such as the employer's share of the employee benefit plan.

SECTION 2

HIGHLIGHTS OF FISCAL QUARTER AND FISCAL YEAR-TO-DATE RESULTS

Highlights of fiscal quarter and fiscal year-to-date results

This section presents a variety of financial information as at September 30, 2025, including the authorities available for the year and expenditures incurred during the second quarter, as compared with the previous fiscal year.

The explanation of variances is based on the premise that discrepancies of +/-5% have a minimal impact on the interpretation of results.

Details regarding this financial information can be found in sections 2.1 and 2.2, and in the tables in the appendices.

2.1 Analysis of authorities

Authorities as at September 30, 2025, totalled $332.6M, compared with $331.2M as at June 30, 2025. The $1.4M (0.4%) variance is considered insignificant.

On a cumulative basis, CED's total annual authorities rose year-over-year from $318.0M as at September 30, 2024, to $332.6M as at September 30, 2025.

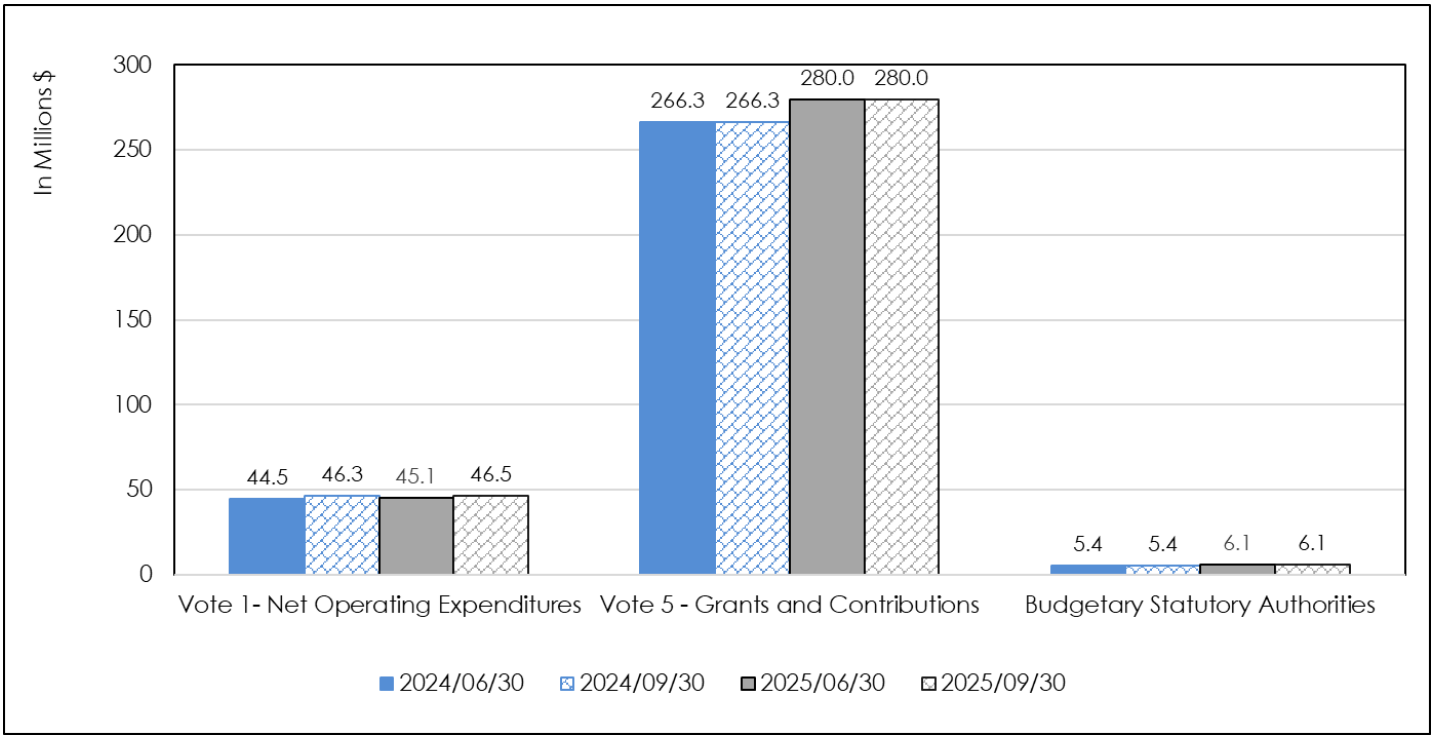
The $14.6M (4.6%) upward variance is due to the following changes:

- Vote 1 – Net operating expenditures: +$0.2M
- Vote 5 – Grants and contributions: +13.7M
- Budgetary statutory authorities: +$0.7M

NB: Totals in the report may not add up because of rounding off.

The chart below shows the annual budgetary appropriation authorities as at September 30, 2025, compared with the previous fiscal year.

Annual budgetary appropriation authorities as at June 30 and September 30, fiscal year 2025–2026, compared with 2024–2025



Vote 1 authorities (Net operating expenditures)

As at September 30, 2025, authorities totalled $46.5M, compared with $46.3M as at September 30, 2024. The year-over-year increase of $0.2M (0.4 %) is considered insignificant.

Vote 5 authorities (Grants and contributions)

As at September 30, 2025, authorities totalled $280.0M, compared with $266.3M as at September 30, 2024, representing an increase of $13.7 million (5.1%).

This variance consists of a number of items, some of which varied upward, others downward, for a net increase of $13.7M:

- Increase in funding (+$23.5M)
  - Regional Economic Growth through Innovation (REGI) program top-up: +$8.3M
  - Regional Artificial Intelligence Initiative: +$6.6M
  - Regional Homebuilding Innovation Initiative: +$6.3 M

        - Northern Isolated Communities Initiatives Fund: +$1.1 M
        - Black Entrepreneurship Program: +$0.6M
        - Other: +$0.6M

    - Decrease in funding (-$9.8M)
        - Support for Regional Quantum Innovation Initiative: -$3.3M
        - International Sustainability Standards Board: -$2.7M
        - Modernisation of the slipway at the port of Cap-aux-Meules on the Magdalen Islands: $-2.0M
        - Hurricane Fiona Recovery Fund: $-1.8M

Budgetary statutory authorities

As at September 30, 2025, authorities totalled $6.1M, compared with $5.4M as at September 30, 2024. This represents an increase of $0.7M (13.0%). This increase is the result of an adjustment to the actual effective rate for the employee benefit plan.

2.2 Analysis of expenditures

CED expenditures in the second quarter of 2025–2026 totalled $57.9M, compared with $65.3M for the same period a year ago. This represents a net year-over-year decrease of $7.4M (-11.3%).

This variance can be broken down as follows:

- Vote 1 – Net operating expenditures: +1.2M
- Vote 5 – Grants and contributions: -$8.7M
- Budgetary statutory authorities: +$0.1M

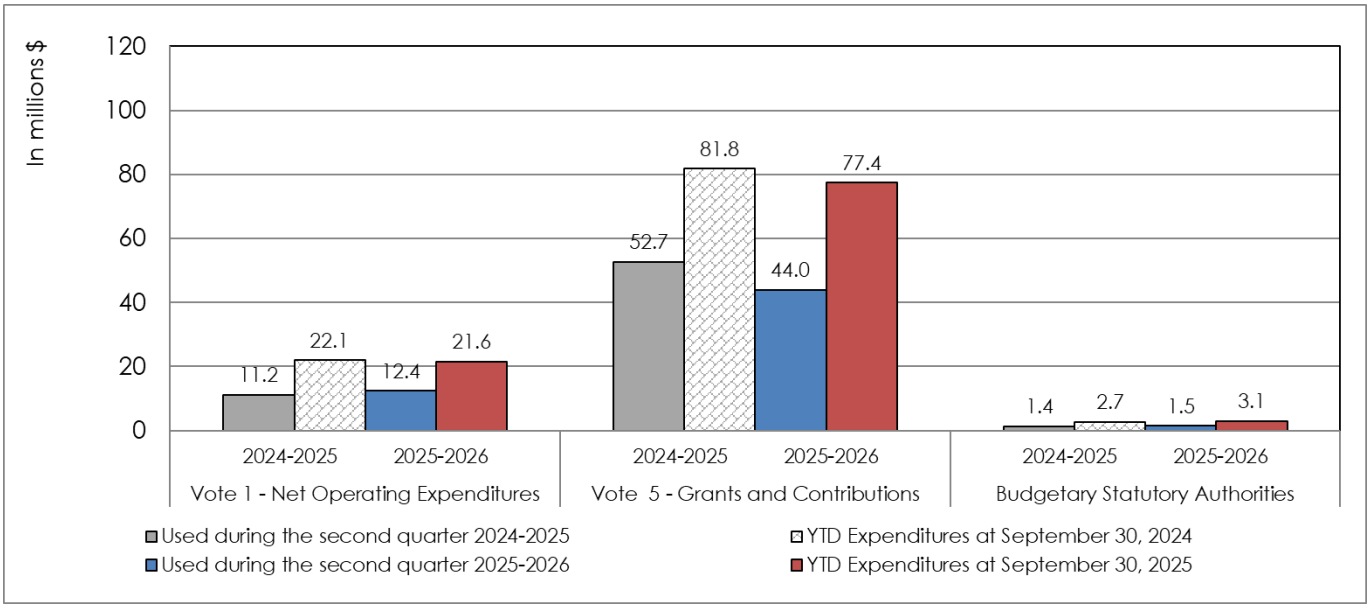
On a cumulative basis, as at September 30, 2025, expenditures amounted to $102.1M, compared with $106.6M in the same period a year ago. This year's $4.5M (-4.2%) decrease is considered insignificant.

This variance can be broken down as follows:

- Vote 1 – Net operating expenditures: -$0.5M
- Vote 5 – Grants and contributions: -$4.4M
- Budgetary statutory authorities: +$0.4M

The chart below shows expenditures in the second quarter of 2025–2026 by budgetary appropriation, compared with the previous fiscal year.

Second-quarter expenditures by budgetary appropriation as at June 30 and September 30, fiscal year 2025–2026, compared with 2024–2025



Vote 1 expenditures (Net operating expenditures)

CED's net operating expenditures for the second quarter of 2025–2026 totalled $12.4M, compared with $11.2M in 2024–2025. This represents an increase of $1.2M (10.7%) year-over-year.

Operating expenditures—primarily payroll spending—increased in the second quarter. An understated accounting entry between periods accounted for most of this $1.2M variance. This understated entry has no impact on cumulative expenditures.

Cumulative expenditures totalled $21.6M as at September 30, 2025, compared with $22.1M as at September 30,2024. The $0.5M (-2.2%) decrease this year is considered insignificant.

(For further details on expenditures, see the table entitled "Departmental budgetary expenditures by standard object" in Appendix 6.2.)

Vote 5 expenditures (Grants and contributions)

Grant and contribution expenditures for the second quarter of 2025–2026 totalled $44.0M, compared with $52.7M in 2024–2025, a year-over-year drop of -$8.7M (-16.5%).

The observed decline in spending applies mainly to regular programs such as the Community Futures Program (CFP) and the Regional Economic Growth through Innovation (REGI) fund. At the same time, a number of temporary and targeted initiatives were launched, resulting in a slight increase in spending. These include the Northern Isolated Communities Initiatives Fund, the Regional Homebuilding Innovation Initiative and the Regional Artificial Intelligence Initiative. The renegotiation of the CFP in the first quarter of fiscal 2024-2025 resulted in a deferral of spending to the second quarter of fiscal 2024-2025.

Cumulative expenditures as at September 30, 2025, totalled $77.4 million, compared with $81.8M as at September 30, 2024, a year-over-year decrease of $4.4M (-5.4%) this year, for the same reasons as noted above.

Expenditures under budgetary statutory authorities

Spending on statutory authorities in the second quarter of 2025–2026 totalled $1.5M, compared with $1.4M as at September 30, 2024, a year-over-year increase of $0.1M (-7.1%). Spending in the first two quarters remained stable, with no significant variations to report.

On a cumulative basis, expenditures as at September 30, 2025, totalled $3.1M, compared with $2.7M as at September 30, 2024, a year-over-year increase of $0.4M (-14.8%) this year. This increase can be exclusively attributed to the payment of employee benefits to the Treasury Board Secretariat in this quarter of 2025–2026.

(For further details on expenditures, see the table entitled "Departmental budgetary expenditures by standard object" in Appendix 6.2.)

SECTION 3

RISKS AND UNCERTAINTIES

Risks and uncertainties

In a context of economic uncertainty and government transformation, CED must deal with certain risks that could affect its ability to achieve its objectives and ensure the optimal delivery of its mandate.

Financial situation

Budgetary constraints, combined with the public service expenditure review and the uncertainty surrounding the availability of funds over the next few years, could pose challenges for CED in terms of its capacity to intervene. To mitigate this risk, CED will ensure the rigorous and sustained management of its human and financial resources; focus on simplifying its internal processes and modernizing its digital environment, thereby generating efficiency gains; and pursue the transformation of certain business models, notably as concerns collections.

Programs and services

The current context, and in particular the global economic situation and changes to government programs for SMEs, has increased the challenges faced by CED's clients and poses a risk to the Agency's ability to effectively intervene across the entire continuum of economic development projects. To address these challenges, CED is adjusting its programs; pursuing its collaboration with its partners and other levels of government in order to strengthen its capacity to identify and carry out strategic projects; and simplifying access to its services, notably through the gradual roll-out of its transactional portal.

IT security

As cyberthreats intensify, CED remains exposed to the risk of a cybersecurity incident that could disrupt the Agency's activities or damage its reputation. To build its resilience, the organization is continuing to implement targeted cybersecurity training courses, update business continuity plans, hold simulation exercises and assess potential impacts on key organizational functions.

SECTION 4

SIGNIFICANT CHANGES TO OPERATIONS, PERSONNEL AND PROGRAMS

Significant changes to operations, personnel and programs

CED has completed the comprehensive expenditure review exercise aimed at reducing and refocusing spending in line with the priorities set by the government for the coming fiscal years. CED will implement two new initiatives announced in Budget 2025. The first of these, the Regional Tariff Response Initiative, aims to help small and medium-sized businesses boost their productivity, catalyze their growth and diversify their markets. The second, the Regional Defence Investment Initiative, will support the scale-up of businesses and their integration into defence sector supply chains. It will also help build industrial capacity and strengthen innovation to meet Canada's defence and security needs, while fostering regional economic development.

SECTION 5

APPROVAL BY SENIOR OFFICIALS

Approval by senior officials

The purpose of this section is to provide the approval of senior officials, as required by the Policy on Financial Management, as follows:

Approved by:

Original signed by	Original signed by
Sony Perron	**Maxime Garon**
Deputy Minister / President	Chief Financial Officer
Montréal, Canada	Montréal, Canada
November 14, 2025	November 14, 2025

SECTION 6

APPENDICES

6.1 Statement of authorities (unaudited)

Fiscal year 2025–2026 ($000's)

	Total available for use for the year ended March 31, 2026*	Used during the quarter ended September 30, 2025	Year-to-date used at quarter-end
Vote 1 – Net operating expenditures	46,500	12,394	21,585
Vote 5 – Grants and contributions	279,995	43,964	77,404
Total budgetary statutory authorities	6,133	1,533	3,066
Total authorities	**332,628**	**57,891**	**102,055**

Fiscal year 2024–2025 ($000's)

	Total available for use for the year ended March 31, 2025*	Used during the quarter ended September 30, 2024	Year-to-date used at quarter-end
Vote 1 – Net operating expenditures	46,270	11,204	22,061
Vote 5 – Grants and contributions	266,262	52,687	81,771
Total budgetary statutory authorities	5,440	1,360	2,721
Total authorities	**317,972**	**65,251**	**106,553**

*Includes only authorities available for use and granted by Parliament at quarter-end.

6.2 Departmental budgetary expenditures by standard object (unaudited)

Fiscal year 2025–2026 ($000's)

	Planned expenditures for the year ended March 31, 2026	Expenditures during the quarter ended September 30, 2025	Year-to-date used at quarter-end
Expenses:			
Personnel*	47,618	13,031	22,977
Transport and communications	318	87	208
Information	225	6	35
Professional and special services	2,869	448	635
Rent	887	174	574
Repair and maintenance services	46	18	30
Public utilities, materials and supplies	49	8	16
Acquisition of land, buildings and works	0	0	0
Acquisition of machinery and equipment	621	132	142
Transfer payments	279,995	43,964	77,404
Other grants and payments	0	23	34
Total net budgetary expenditures	**332,628**	**57,891**	**102,055**

*Includes employee benefit plans (EBPs)

Fiscal year 2024–2025 ($000's)

	Planned expenditures for the year ended March 31, 2025	Expenditures during the quarter ended September 30, 2024	Year-to-date used at quarter-end
Expenses:			
Personnel*	46,647	11,548	22,746
Transport and communications	341	196	459
Information	218	43	105
Professional and special services	3,024	396	583
Rent	763	102	483
Repair and maintenance services	19	10	27
Utilities, materials and supplies	58	12	41
Acquisition of land, buildings and works	0	0	0
Acquisition of machinery and equipment	640	242	279
Transfer payments	266,262	52,687	81,771
Other grants and payments	0	15	59
Total net budgetary expenditures	**317,972**	**65,251**	**106,553**

*Includes employee benefit plans (EBPs)