



QUARTERLY FINANCIAL PERFORMANCE

Unaudited

For the period ended December 31, 2025



STANDARDS COUNCIL OF CANADA
QUARTERLY FINANCIAL PERFORMANCE
For the period ended December 31, 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
February 27, 2026

Management Discussion and Analysis

Highlights of Third Quarter and Year-to-Date Results

Financial Overview - unaudited

For the Period Ended December 31

(in thousands of dollars)

	For the quarter,			For the year-to-date,		
	Actual	Budget	Prior Year	Actual	Budget	Prior Year
Revenue from operations	4,360	4,534	3,384	12,490	12,075	10,384
Expenses						
Accreditation services	2,578	2,814	2,108	7,362	7,756	6,269
Standardization services	3,407	3,604	3,085	9,561	9,769	9,479
Management and administrative services	4,475	4,192	3,616	12,547	11,889	10,510
Total expenses	10,460	10,610	8,809	29,470	29,414	26,258
Deficit before appropriations	(6,100)	(6,076)	(5,425)	(16,980)	(17,339)	(15,874)
Parliamentary appropriations	6,658	6,514	5,475	19,778	19,544	16,573
Total surplus for the period	558	438	50	2,798	2,205	699

Standards Council of Canada (SCC) ended its third quarter with a year-to-date surplus of \$2.8 million, which was \$0.6 million higher than its budgeted third quarter surplus of \$2.2 million and was also \$2.1 million higher than the prior year's third quarter surplus of \$0.7 million. The current year actuals to budget variance through December 31 was primarily due to accreditation revenue as well as royalties and other income.

Revenue from operations through December 31 was \$12.5 million, which was \$0.4 million higher than budgeted revenue of \$12.1 million for the same period. Year-to-date revenue was also \$1.7 million higher than the \$10.4 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 \$10.0 million was \$0.3 million higher than its budget of \$9.7 million and \$1.8 million higher than the \$8.2 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 Santé Québec 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 \$1.6 million, which was \$0.1 million higher than budget of \$1.5 million and was on par with prior year-to-date actual results of

\$1.6 million. SCC continues to expect sales to stabilize or decrease due to 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 \$0.7 million which was \$0.1 million lower than their combined budget of \$0.8 million but \$0.2 million higher than prior year third quarter-to-date revenue of \$0.5 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 \$0.8 million lower than budget. Variances in Other income stems from an increase of interest on bank balances, due to higher-than-expected liquidity. 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 December 31 were \$29.5 million. These expenses were \$0.1 million higher than budgeted expenses of \$29.4 million and were \$3.2 million higher than last year's third quarter-to-date operating expenses of \$26.3 million.

The +\$0.1 million variance to budget was mainly driven by higher than budgeted salaries and benefits, related to one-time costs that are recovered via appropriations and additional recruiting costs.

The operating expenses increase versus prior year of +\$3.2 million was driven mainly by:

- +\$1.3 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.
- +\$1.3 million of higher consulting & professional services (including assessments fees), which is consistent with the increased number of planned activities this year, while still being within budget for the year.
- +0.6 million due to more travel (partly related to the increased number of assessments), the attendance of more conferences and higher hospitality costs.

Through December 31, 2025, SCC has recognized \$19.8 million in parliamentary appropriations, which was \$0.3 million higher than budget of \$19.5 million and \$3.2 million higher than the \$16.6 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:

- +\$2.7 million increase from critical operating requirements (current year funding matches prior year, but draw-down last year commenced in the fourth quarter),
- +\$1.3 million net increase across SCC's Infrastructure programs,
- -\$0.6 million decrease for the Pan-Canadian Artificial Intelligence Program, and
- -\$0.2 million decrease in recoverable one-time expenses.

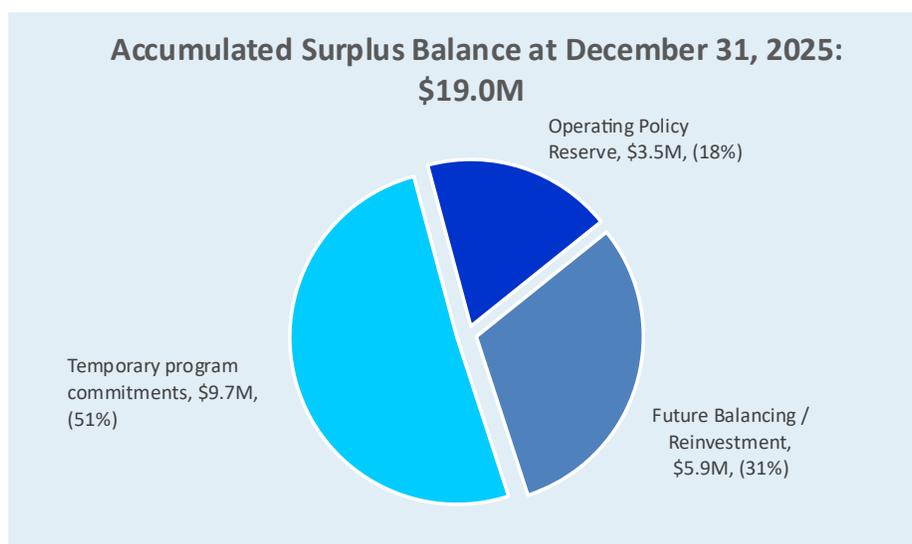
Summarized Financial Position - unaudited

(in thousands of dollars)

	December 31, 2025	March 31, 2025
Assets		
Total financial assets	25,068	16,963
Total liabilities	8,537	4,433
Net financial assets	16,531	12,530
Total non-financial assets	2,511	3,714
Accumulated surplus	19,042	16,244

SCC's Net Financial Assets at the end of the third quarter were \$16.5 million, which was an increase of \$4.0 million from March 31, 2025. There was an \$8.1 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 SQ. Liabilities also increased by \$4.1 million which was primarily due to \$4.5 million growth in deferred revenue stemming from the billing of annual fees at the beginning of the year and the agreement with SQ.

At December 31, 2025, SCC's Accumulated Surplus was \$19.0 million which was a \$2.8 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 accumulated surplus is fully committed to fulfill SCC's temporary program deliverables (\$9.7 million), maintain current operational levels and strategic reinvestments (\$5.9 million), and a modest risk reserve per SCC's Operating Policy Reserve (\$3.5 million).



Risks and Uncertainties: Q3 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 December 31, 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 third 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:	December 31, 2025	March 31, 2025
Assets		
Financial assets		
Cash and cash equivalents	19,802	12,270
Accounts receivable	5,266	4,693
Total Financial Assets	25,068	16,963
Liabilities		
Accounts payable and accrued liabilities	1,298	1,870
Salaries and benefits payable	2,329	1,994
Deferred contributions	6	74
Deferred revenue	4,516	46
Deferred lease inducement	388	449
Total Liabilities	8,537	4,433
Net financial assets	16,531	12,530
Non-financial assets		
Prepaid expenses	751	1,712
Tangible Capital Assets (Net)	1,760	2,002
Total non-financial assets	2,511	3,714
Accumulated surplus	19,042	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 December 31

(in thousands of dollars)

	2025 - 2026 Budget		2025 - 2026 Actual		2024 - 2025 Actual	
	Q3	Year-to-date	Q3	Year-to-date	Q3	Year-to-date
Revenues from operations						
Accreditation service fees	3,318	9,672	3,278	9,960	2,663	8,224
Royalties from sales of standards	639	1,530	673	1,649	547	1,643
Delegate support contributions	17	51	120	183	8	31
Innovative services	435	449	104	208	7	33
Other income	125	373	185	490	159	453
Total revenue from operations	4,534	12,075	4,360	12,490	3,384	10,384
Expenses						
Accreditation services	2,814	7,756	2,578	7,362	2,108	6,269
Standardization services	3,604	9,769	3,407	9,561	3,085	9,479
Management and administrative services	4,192	11,889	4,475	12,547	3,616	10,510
Total expenses	10,610	29,414	10,460	29,470	8,809	26,258
Deficit before appropriations	(6,076)	(17,339)	(6,100)	(16,980)	(5,425)	(15,874)
Parliamentary Appropriation	6,514	19,544	6,658	19,778	5,475	16,573
Total surplus for the period	438	2,205	558	2,798	50	699
Accumulated surplus, beginning of period	14,030	12,263	18,484	16,244	11,100	10,451
Accumulated surplus, end of period	14,468	14,468	19,042	19,042	11,150	11,150

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

Expenses- unaudited

For the Period Ended December 31

(in thousands of dollars)

	For the quarter ended			Quarter Actuals vs	
	▼Actual	Budget	Prior Year	Budget	Prior Year
Expenses					
Salaries & Employee Benefits	6,205	5,948	5,807	(257)	(398)
Professional and special services	1,222	1,481	798	259	(424)
Travel	932	1,030	643	98	(289)
Assessment Services	477	534	255	57	(222)
Memberships in Int'l Organizations	393	381	393	(12)	-
Office Supplies	278	311	246	33	(32)
Office Accomodation	227	222	210	(5)	(17)
Hospitality	217	141	21	(76)	(196)
Conferences & Events	165	178	70	13	(95)
Amortization	125	163	111	38	(14)
Training and Development	92	82	40	(10)	(52)
Publications & Printing	77	10	128	(67)	51
Insurance	35	42	34	7	(1)
Offsite Storage & Other	19	34	9	15	(10)
Telecommunications & Postage	14	10	17	(4)	3
Repair & Upkeep	3	9	9	6	6
Bank Charges	2	15	12	13	10
Rental of Office Equipment	2	2	2	-	-
Public Relations	-	7	6	7	6
Bad Debt Expense	(25)	10	(2)	35	23
Total Expenses	10,460	10,610	8,809	150	(1,651)

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

Expenses- unaudited

For the Period Ended December 31

(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	18,461	17,949	17,142	(512)	(1,319)
Professional and special services	3,310	3,638	2,402	328	(908)
Travel	2,153	2,227	1,853	74	(300)
Assessment Services	1,455	1,546	1,022	91	(433)
Memberships in Int'l Organizations	1,176	1,154	1,116	(22)	(60)
Office Supplies	789	849	757	60	(32)
Office Accomodation	656	648	630	(8)	(26)
Amortization	358	384	326	26	(32)
Conferences & Events	257	240	254	(17)	(3)
Hospitality	236	170	75	(66)	(161)
Training and Development	200	200	174	-	(26)
Publications & Printing	190	33	174	(157)	(16)
Insurance	96	124	100	28	4
Bank Charges	48	45	50	(3)	2
Offsite Storage & Other	43	90	72	47	29
Telecommunications & Postage	32	31	43	(1)	11
Repair & Upkeep	12	37	33	25	21
Rental of Office Equipment	6	6	6	-	-
Public Relations	1	13	6	12	5
Bad Debt Expense	(9)	30	23	39	32
Total Expenses	29,470	29,414	26,258	(56)	(3,212)

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 December 31

(in thousands of dollars)

	2025 - 2026		2024 - 2025	
	Q3	Year-to-date	Q3	Year-to-date
Total surplus for the period	558	2,798	50	699
Acquisition of tangible capital assets	(99)	(117)	(165)	(467)
Disposal of tangible capital assets	-	-	-	4
Amortization of tangible capital assets	126	359	111	326
Acquisition of prepaid expense	(786)	(3,447)	(435)	(2,319)
Use of prepaid expense	1,424	4,408	845	3,060
Increase in net financial assets	1,223	4,001	406	1,303
Net financial assets, beginning of period	15,308	12,530	8,350	7,453
Net financial assets, end of period	16,531	16,531	8,756	8,756

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

Statement of Cash Flows - unaudited

For the Period Ended December 31

(in thousands of dollars)

	2025 - 2026		2024 - 2025	
	Q3	Year-to-date	Q3	Year-to-date
Net Cash from operations				
Total surplus for the period	558	2,798	50	699
Adjustments for non-cash items:				
amortization of tangible capital assets	126	359	111	326
Changes in:				
accounts receivable	(127)	(574)	(409)	2,321
prepaid expense	638	961	410	742
payables and accrued liabilities	119	(237)	446	(1,621)
deferred revenues	(1,561)	4,410	(972)	879
deferred contributions	(100)	(68)	(12)	(5)
Cash (used by) / provided by operations	(347)	7,649	(376)	3,341
Capital transactions:				
Acquisition of tangible capital assets	(99)	(117)	(165)	(467)
Disposal of tangible capital assets	-	-	-	4
Cash used by capital transactions	(99)	(117)	(165)	(463)
Cash applied to financing transactions	-	-	-	-
(Decrease) / Increase in Cash and Cash Equivalents	(446)	7,532	(541)	2,878
Cash and cash equivalents, beginning of period	20,248	12,270	10,171	6,752
Cash and cash equivalents, end of period	19,802	19,802	9,630	9,630

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 December 31, 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.
- Accredite 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 December 31, 2025, SCC's cash and cash equivalents balance of \$19.8 million that consisted of \$18.0 million term-deposits and \$1.8 million of cash (December 31, 2024, was \$9.6 million and consisted of \$8.4 million term-deposits and \$1.2 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 December 31, 2025, the allowance for bad debts is estimated at \$10 thousand (December 31, 2024 was \$23 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

<u>December 31, 2025 (\$000's)</u>	<u>Furniture</u>	<u>Equipment</u>	<u>Leasehold Improv.</u>	<u>Under Construction</u>	<u>Total</u>
<u>Cost</u>					
Begin: April 1, 2025	747	2,852	1,241	877	5,717
Additions	-	77	-	40	117
Transfers	-	523	-	(523)	-
Disposals	-	-	-	-	-
End: December 31, 2025	747	3,452	1,241	394	5,834
<u>Accumulated Amortization</u>					
Begin: April 1, 2025	(741)	(2,244)	(730)	-	(3,715)
Amortization	(1)	(288)	(70)	-	(359)
Disposals	-	-	-	-	-
End: December 31, 2025	(742)	(2,532)	(800)	-	(4,074)
Net Book Value, December 31, 2025	5	920	441	394	1,760

*Capital Assets under construction at December 31, 2025 were not being amortized and were related to software development (equipment).

December 31, 2024 (\$000's)	Furniture	Equipment	Leasehold Improv.	Under Construction	Total
<u>Cost</u>					
Begin: April 1, 2024	743	2,489	1,219	433	4,884
Additions	4	48	-	415	467
Transfers	-	316	-	(316)	-
Disposals	-	(35)	-	-	(35)
End: December 31, 2024	747	2,818	1,219	532	5,316
<u>Accumulated Amortization</u>					
Begin: April 1, 2024	(739)	(1,919)	(640)	-	(3,298)
Amortization	(1)	(258)	(67)	-	(326)
Disposals	-	31	-	-	31
End: December 31, 2024	(740)	(2,146)	(707)	-	(3,593)
Net Book Value, December 31, 2024	7	672	512	532	1,723

*Capital Assets under construction at December 31, 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 Santé Québec 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.

	December 31, 2025 (\$000's)			
	Santé Québec	Annual Fees	Royalties	Total
2025-2026	587	1,140	520	2,247
2026-2027	2,352	-	-	2,352
2027-2028	2,352	-	-	2,352
2028-2029	2,352	-	-	2,352
2029-2030	392	-	-	392
thereafter	-	-	-	-
	8,035	1,140	520	9,695

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.

	December 31, 2025 (\$000's)			
	Office Space	Office Equipment	Standardization Initiatives	Total
2025-2026	128	2	4,504	4,634
2026-2027	518	7	1,816	2,341
2027-2028	518	2	151	671
2028-2029	518	-	-	518
2029-2030	518	-	-	518
thereafter	259	-	-	259
	2,459	11	6,471	8,941

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

At December 31, 2025, \$8.9 million of contractual commitments were in place (December 31, 2024 was \$9.4 million).

11. Related Party Transactions

For the quarter ended December 31, SCC’s related party transactions are summarized as follows:

December 31 (\$000's)	2025	2024
Federal government departments and agencies receivable and parliamentary appropriations receivable	2,562	729
Accounts payable and accrued liabilities	-	-
Parliamentary appropriations	19,778	16,573
Revenue	768	620
Expenses	202	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.