Consolidated Financial Statements of

Canadian Blood Services

BLOOD
PLASMA
STEM CELLS
ORGANS
& TISSUES

And Independent Auditor's Report thereon

Year ended March 31, 2026

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INDEPENDENT AUDITOR'S REPORT

To the Members of Canadian Blood Services

Opinion

We have audited the consolidated financial statements of Canadian Blood Services (the Entity), which comprise:

- the consolidated statement of financial position as at March 31, 2026
- the consolidated statement of operations for the year then ended
- the consolidated statement of changes in net assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at March 31, 2026, and its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

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

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

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

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also:

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Canada

June 18, 2026

Canadian Blood Services
BLOOD PLASMA STEM CELLS ORGANS & TISSUES

Consolidated Statement of Financial Position

As at March 31, 2026, with comparative information for 2025
(In thousands of dollars)

	2026	2025
Assets		
Current assets:		
Cash and cash equivalents (note 3)	$ 223,686	$ 136,139
Members' contributions receivable	19,109	34,293
Other amounts receivable	40,156	22,679
Inventory (note 4)	369,943	304,867
Forward currency contracts (note 15)	612	1,631
Prepaid expenses	20,482	20,204
	673,988	519,813
Deferred charges	2,250	–
Employee future benefit asset (note 8)	35,421	7,052
Investments, captive insurance operations (note 5)	604,348	577,377
Capital assets (note 6)	320,714	291,892
Total Assets	$ 1,636,721	$ 1,396,134
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities (note 7)	$ 240,633	$ 174,455
Forward currency contracts (note 15)	–	269
	240,633	174,724
Obligations under capital leases	998	1,179
Employee future benefit liability (note 8)	26,043	34,871
Deferred contributions (note 10)	587,456	487,576
Provision for future claims (note 16)	299,947	299,983
Total Liabilities	1,155,077	998,333
Net assets (note 11):		
Invested in capital assets	20,617	20,617
Restricted for fair value of forward currency contracts	612	1,362
Restricted for captive insurance purposes	328,545	283,725
Unrestricted net accumulated surplus	131,870	92,097
	481,644	397,801
Guarantees and contingencies (note 17)		
Commitments (note 18)		
Total Liabilities and Net Assets	$ 1,636,721	$ 1,396,134

See accompanying notes to the consolidated financial statements.

On behalf of the Board

Dr. Brian Postl, Director and Chair

Donnie Wing, Director

Canadian Blood Services

Consolidated Statement of Operations

Year ended March 31, 2026, with comparative information for 2025
(In thousands of dollars)

	2026	2025
	(note 13)	(note 13) (note 25)
Revenue:		
Members' contributions	$ 1,824,482	$ 1,661,150
Federal contributions	87,024	11,397
Less amounts deferred	(175,105)	(73,957)
	1,736,401	1,598,590
Amortization of previously deferred contributions:		
Relating to capital assets	30,659	26,514
Relating to operations	19,766	17,999
Total contributions recognized as revenue	1,786,826	1,643,103
Net investment income (note 12)	36,723	24,694
Stem cells revenue	31,245	25,865
Other income	3,085	3,223
Total revenue	**1,857,879**	**1,696,885**
Expenses:		
Cost of plasma protein and related products	1,063,832	1,009,304
Staff costs (note 8)	409,246	379,925
General and administrative	248,433	199,961
Medical supplies	73,915	69,392
Depreciation and amortization	30,355	25,554
Foreign exchange loss (gain)	1,285	(2,010)
Total expenses	**1,827,066**	**1,682,126**
Excess of revenue over expenses before the undernoted	**30,813**	**14,759**
Change in fair value of forward currency contracts	(750)	2,060
Change in fair value of investments measured at fair value	13,833	20,181
Excess of revenue over expenses	**$ 43,896**	**$ 37,000**

See accompanying notes to the consolidated financial statements.

Consolidated Statements of Changes in Net Assets

Year ended March 31, 2026, with comparative information for 2025
(In thousands of dollars)

March 31, 2026	Invested in capital assets	Restricted for fair value of forward currency contracts	Restricted for captive insurance purposes	Unrestricted net accumulated surplus	Total
Balance, beginning of year (note 11)	$ 20,617	$ 1,362	$ 283,725	$ 92,097	$ 397,801
Excess (deficiency) of revenue over expenses	–	–	44,820	(924)	43,896
Remeasurements and other items related to employee future benefits (note 8)	–	–	–	39,947	39,947
Release of net asset restriction for realized loss	–	816	–	(816)	–
Change in fair value of forward currency contracts	–	(1,566)	–	1,566	–
Balance, end of year (note 11)	$ 20,617	$ 612	$ 328,545	$ 131,870	$ 481,644

March 31, 2025	Invested in capital assets	Restricted for fair value of forward currency contracts	Restricted for captive insurance purposes	Unrestricted net accumulated surplus	Total
Balance, beginning of year (note 11)	$ 20,617	$ (698)	$ 245,954	$ 100,896	$ 366,769
Excess (deficiency) of revenue over expenses	–	–	37,771	(771)	37,000
Remeasurements and other items related to employee future benefits (note 8)	–	–	–	(5,968)	(5,968)
Release of net asset restriction for realized gain	–	(2,572)	–	2,572	–
Change in fair value of forward currency contracts	–	4,632	–	(4,632)	–
Balance, end of year (note 11)	$ 20,617	$ 1,362	$ 283,725	$ 92,097	$ 397,801

See accompanying notes to the consolidated financial statements.

Canadian Blood Services
BLOOD PLASMA STEM CELLS ORGANS & TISSUES

Consolidated Statement of Cash Flows

Year ended March 31, 2026, with comparative information for 2025
(In thousands of dollars)

	2026	2025
Cash and cash equivalents provided by (used for):		
Operating activities:		
Excess of revenue over expenses	$ 43,896	$ 37,000
Items not involving cash and cash equivalents:		
Depreciation and amortization	30,355	25,554
Amortization of deferred contributions	(50,425)	(44,513)
(Gain) loss on sale of capital assets	(137)	599
Net realized gain on sales of investments, captive insurance operations	(17,504)	(5,137)
Change in fair value of investments measured at fair value	(13,833)	(20,181)
Interest amortization of bonds, captive insurance operations	(332)	(1,065)
Change in provision for future claims	(36)	224
Employee future benefit expenses in excess of cash payments	2,750	794
Change in fair value of forward currency contracts	750	(2,060)
	(4,516)	(8,785)
Change in non-cash operating working capital:		
Members' contributions receivable	15,184	(34,068)
Other amounts receivable	(17,477)	4,101
Inventory	(65,076)	(24,069)
Prepaid expenses	(278)	(7,323)
Deferred charges	(2,250)	–
Accounts payable and accrued liabilities	65,934	44,293
Deferred contributions received for expenses of future periods	90,824	43,332
Total operating activities	82,345	17,481
Investing activities:		
Proceeds on sale of investments, captive insurance operations	543,902	432,668
Purchases of investments, captive insurance operations	(539,204)	(440,953)
Proceeds on sale of capital assets	441	362
Purchase of capital assets	(59,418)	(38,398)
Total investing activities	(54,279)	(46,321)
Financing activities:		
Deferred contributions received related to capital assets	59,481	38,571
Total financing activities	59,481	38,571
Change in cash and cash equivalents	87,547	9,731
Cash and cash equivalents, beginning of year	136,139	126,408
Cash and cash equivalents, end of year	$ 223,686	$ 136,139
Cash and cash equivalents are comprised of:		
Cash on deposit	$ 222,416	$ 133,852
Short-term notes	1,270	2,287
	$ 223,686	$ 136,139

See accompanying notes to the consolidated financial statements.

1. Nature of the organization and operations:

Canadian Blood Services/Société canadienne du sang (the Corporation) owns and operates the national blood supply system for Canada, except Québec, and is responsible for the collection, testing, processing and distribution of blood and blood products, including red blood cells, platelets, plasma and cord blood, as well as the recruitment and management of donors. In addition, the Corporation provides the following services: (i) contracting of plasma protein manufacturers, and purchasing and distributing of plasma protein and related products, (ii) developing and managing donor registries for stem cells, cord blood stem cells and organs, (iii) providing patient testing for patients and hospitals across Western Canada and some parts of Ontario, (iv) supporting policy and leading practice development, professional education and public awareness over transfusion practices and organ and tissue donation and transplantation, and (v) conducting and supporting research in transfusion science, medicine, cellular therapies and organ and tissue transplantations.

The Corporation was incorporated on February 16, 1998, under Part II of the Canada Corporations Act. Effective May 7, 2014, the Corporation transitioned its incorporation to the Canada Not-for-Profit Corporations Act. It is a corporation without share capital and qualifies for tax-exempt status as a registered charity under the Income Tax Act (Canada). The Members of the Corporation are the Ministers of Health of the Provinces and Territories of Canada, except Québec. The Members, as well as the Federal and Québec governments, provide contributions to fund the operations of the Corporation. The Corporation operates in a regulated environment, pursuant to the requirements of Health Canada.

The Corporation has established two wholly owned captive insurance corporations; CBS Insurance Company Limited (CBSI) and Canadian Blood Services Captive Insurance Company Limited/Compagnie d'assurance captive de la société canadienne du sang limitée (CBSE). CBSI was incorporated under the laws of Bermuda on September 15, 1998 and is licensed as a Class 3 reinsurer under the Insurance Act, 1978 of Bermuda and related regulations. CBSE was incorporated under the laws of British Columbia on May 4, 2006 and is registered under the Insurance (Captive Company) Act of British Columbia.

2. Basis of preparation and significant accounting policies:

Basis of preparation:

The consolidated financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook – Accounting.

2. Basis of preparation and significant accounting policies (continued):

Significant accounting policies:

A summary of the significant accounting policies used in these consolidated financial statements are set out below. The accounting policies have been applied consistently to all periods presented.

(a) Consolidation:

The consolidated financial statements include the results of the operations of Canadian Blood Services and the accounts of its wholly owned captive insurance subsidiaries.

(b) Use of estimates:

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses in the consolidated financial statements. Estimates and assumptions may also affect disclosure of contingent assets and liabilities at the date of the consolidated financial statements.

The risk of geopolitical, economic, and market uncertainties result in complexity in determining certain critical judgments. As a result, significantly different amounts could be reported under different conditions or assumptions. The Corporation continues to monitor and assess the impacts of these uncertainties on critical accounting judgments, estimates and assumptions. Significant estimates include assumptions used in measuring pension and other post-employment benefits, the provision for future insurance claims and the valuation of blood products, plasma protein and related products and cord blood product inventory, which are described in more detail in notes 8, 16, and 4, respectively.

(c) Revenue recognition:

The Corporation follows the deferral method of accounting for contributions for not-for-profit organizations.

Members' and Federal contributions are recorded as revenue in the period to which they relate. Amounts approved but not received by the end of an accounting period are accrued. Where a portion of a contribution relates to a future period, it is deferred and recognized in the subsequent period.

Externally restricted contributions are recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for the purchase of capital assets other than land are initially deferred and then amortized to revenue on a straight-line basis, at a rate corresponding with the depreciation rate for the related capital asset. Contributions restricted for the purchase of land are recognized as direct increases in net assets invested in capital assets.

Unrestricted funding is recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

2. Basis of preparation and significant accounting policies (continued):

Significant accounting policies (continued):

(c) Revenue recognition (continued):

Restricted investment income is recognized as revenue in the year in which the related expenses are recognized. Unrestricted investment income is recognized as revenue when earned.

Revenue from fees and contracts is recognized when the services are provided, or the goods are distributed.

Restricted donations are recognized as revenue in the year in which the related expenses are recognized. Unrestricted donations are recognized as revenue in the year received.

(d) Donated goods and services:

The Corporation does not pay donors for whole blood, plasma, platelets or cord donations. Additionally, a substantial number of volunteers contribute a significant amount of time each year in support of the activities of the Corporation. The value of such contributed goods and services is not quantified in the consolidated financial statements. Contributions of materials and services, other than volunteer hours, are recorded when a fair value can be reasonably estimated and when the materials and services are used in the normal course of operations and would otherwise be purchased.

(e) Inventory:

Inventory of the Corporation consists of plasma protein and related products, blood products, cord blood products and supplies related to the collection, manufacturing and testing of blood products.

Inventory is measured at the lower of cost and current replacement cost. Cost for plasma protein and related products and supplies inventories is measured at average cost. Cost for blood products, plasma products and cord blood products includes an estimate of the appropriate portion of direct costs and overhead incurred in the collection, manufacturing, testing and distribution processes.

Plasma protein and related products, blood products, cord blood products are charged to the consolidated statement of operations upon distribution to hospitals and clinics.

Management regularly performs reviews and when necessary, writes off slow moving or obsolete inventory.

2. Basis of preparation and significant accounting policies (continued):

Significant accounting policies (continued):

(f) Capital assets:

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Assets acquired under capital leases are amortized over the estimated life of the assets or over the lease term, as appropriate. Expenditures on internally generated intangible assets during the development phase are expensed as they are incurred.

Repairs and maintenance costs are expensed. Betterments, which enhance the service potential of an asset are capitalized.

When capital assets can be segregated into major components that have different useful lives, these components are separately identified and amortized over their respective estimated useful lives.

Capital assets are reviewed for impairment whenever events or changes in circumstances indicate that the asset no longer contributes to the Corporation's ability to provide goods or services, or that the value of future economic benefits or service potential associated with the asset is less than its net carrying amount. In this event, the recoverability of assets held and used is measured by reviewing the estimated fair value or replacement cost of the asset. If the carrying amount of an asset exceeds its estimated fair value or replacement cost, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value or replacement cost of the asset. In instances where a tangible capital asset is integrated with other assets such that it may be necessary to consider the value of the tangible capital asset's future economic benefits or service potential for the group of integrated assets as a whole; a write-down may be recognized and measured for the group of assets rather than for an individual tangible capital asset. Any write-down is allocated to the assets of the group on a pro rata basis using the relative carrying amounts of those assets. When a capital asset is written down, the corresponding amount of any unamortized deferred contributions related to the capital asset is recognized as revenue. Write-downs are not reversed.

Amortization is recorded on a straight-line basis over the estimated useful lives of the assets at the rates indicated below:

Asset	Useful life
Buildings and building components	25 to 65 years
Machinery and equipment	8 to 25 years
Furniture and office equipment	5 to 10 years
Computer equipment	3 years
Motor vehicles	8 years
Computer software	2 to 5 years

2. Basis of preparation and significant accounting policies (continued):

Significant accounting policies (continued):

(f) Capital assets (continued):

Leasehold improvements are depreciated on a straight-line basis over the shorter of the lease term or their estimated useful lives. Assets under construction are not depreciated until they are available for use by the Corporation.

The right to the blood supply system represents the excess of the purchase price of the system over the fair value of the tangible net assets acquired in 1998 and is being amortized on a straight-line basis over 40 years.

The Corporation has future obligations associated with the disposal of certain equipment in an environmentally responsible manner, and the restoration of leased premises to an agreed upon standard at the end of the lease. Where there is a legal obligation associated with the retirement of equipment or restoration of leased premises, the Corporation recognizes a liability and the costs are capitalized as part of the carrying amount of the related asset and depreciated over the asset's estimated useful life. This liability is included in accounts payable and accrued liabilities in the consolidated statement of financial position.

(g) Cloud computing arrangements:

The Corporation has entered into several cloud computing arrangements. The Corporation has elected the simplification approach and treats the expenditures of such arrangements as a supply of services. As a result, the Corporation recognizes the expenditure as an expense when it receives the services.

(h) Foreign currency transactions:

Foreign currency transactions of the Corporation are translated using the temporal method. Under this method, transactions are initially recorded at the rate of exchange prevailing at the date of the transaction. Thereafter, monetary assets and liabilities are adjusted to reflect the exchange rates in effect at the consolidated statement of financial position date. Gains and losses resulting from the adjustment are included in the consolidated statement of operations.

(i) Employee future benefits:

The Corporation sponsors two defined benefit plans, one for employees and the other for executives. Benefits provided under the defined benefit pension plans are based on a member's term of service and average earnings over a member's five highest consecutive annualized earnings. In addition, the Corporation provides post-employment benefits to eligible employees and up until February 23, 2025, provided a defined contribution pension plan (DC plan).

2. Basis of preparation and significant accounting policies (continued):

Significant accounting policies (continued):

(i) Employee future benefits (continued):

Effective February 23, 2025, the Corporation's DC plan was terminated, and active DC plan members were enrolled into the employees' defined benefit plan (the defined benefit plan). On September 10, 2025, the regulator approved the DC plan's wind-up report, which has resulted in the requirement for DC plan members to transfer their assets out of the DC plan. One of the asset transfer options available to eligible DC plan members is to buyback services in the employees' defined benefit plan. As at March 31, 2026, 95 members have transferred approximately $26,400 to the defined benefit plan to buyback services. The transfer of assets out of the DC plan and the wind-up process remains ongoing.

The Corporation accrues its obligations under employee benefit plans as the employees render the services necessary to earn pension and other retirement and post-employment benefits.

The defined benefit obligation for pensions and other retirement and post-employment benefits earned by employees is measured using an actuarial valuation prepared for accounting purposes.

The obligation is actuarially determined using the projected benefit method pro-rated on service and management's best estimate assumptions including discount rate, inflation rate, salary escalation, retirement ages and expected health care costs. Plan assets are measured at their fair value. The measurement date of the plan assets and defined benefit obligation coincides with the Corporation's fiscal year. The most recent actuarial valuations for the employees and executive benefit pension plans for funding purposes were as of May 31, 2025 and January 1, 2026, respectively. The next required valuation for the employees and executive pension plan will be as of May 31, 2028 and January 1, 2029, respectively. The most recent actuarial valuation of the other retirement and post-employment benefits was as of April 1, 2024 and the next valuation will be as of April 1, 2027.

The defined benefit pension plan for employees is jointly sponsored by the employer and participating unions. To reflect the risk-sharing provisions of this plan, the Corporation recognizes 50 percent of the defined benefit liability or asset that accrues to the employer.

The cost of the defined contribution plan is recognized based on the contributions required to be made during each period.

2. Basis of preparation and significant accounting policies (continued):

Significant accounting policies (continued):

(i) Employee future benefits (continued):

Termination benefits result from either the Corporation's decision to terminate employment or an employee's decision to accept the Corporation's offer of benefits in exchange for termination of employment. The Corporation recognizes contractual termination benefits when it is probable that employees will be entitled to benefits and the amount can be reasonably estimated. Special termination benefits for voluntary terminations are recognized when employees accept the offer and the amount is reasonably estimated. Special termination benefits for involuntary terminations are recognized when management commits to a detailed plan that establishes the termination benefits, it is communicated in sufficient detail to employees, and the plan will be executed in a reasonable time such that significant changes are not likely.

(j) Financial instruments:

Upon initial recognition, financial instruments are measured at their fair value. Financial assets and financial liabilities are recognized initially on the trade date, which is the date that the Corporation becomes a party to the contractual provisions of the instrument.

Fixed income securities are measured on the consolidated statement of financial position at amortized cost. Interest income is recognized on the accrual basis and includes the amortization of premiums or discounts on fixed interest securities purchased at amounts different from their par value. Pooled funds, equity securities and equity futures are measured at fair value with changes in fair value recorded directly in the consolidated statement of operations. Dividends and distributions are recorded as income when declared.

Forward currency contracts are measured at fair value with changes in fair value recorded directly in the consolidated statement of operations.

All other financial instruments are subsequently measured at cost or amortized cost.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the effective interest rate method. Transaction costs are comprised primarily of legal, accounting, underwriters' fees and other costs directly attributable to the acquisition, issuance or disposal of a financial asset or financial liability.

(In thousands of dollars)

2. Basis of preparation and significant accounting policies (continued):

Significant accounting policies (continued):

(j) Financial instruments (continued):

Financial assets measured at cost or amortized cost are assessed for indicators of impairment on an annual basis at the end of the fiscal year. If there is an indicator of impairment, the Corporation determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the higher of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Corporation expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal shall be recognized in the consolidated statement of operations in the period the reversal occurs.

3. Cash and cash equivalents:

Cash and cash equivalents include deposits with financial institutions that can be withdrawn without prior notice or penalty, short-term notes, and broker deposits.

Cash and cash equivalents include $17,518 (2025 - $3,592) that is restricted for captive insurance operations.

4. Inventory:

Inventory comprises:

	2026	2025
Raw materials	$ 8,194	$ 7,878
Work-in-process	100,323	82,450
Finished goods	261,426	214,539
	$ 369,943	$ 304,867

(In thousands of dollars)

4. Inventory (continued):

Raw materials include supplies available for use in the collection, manufacturing and testing of blood products. Work-in-process consists of plasma for fractionation and blood products. Finished goods include plasma protein and related products, red blood cells, platelets and plasma for transfusion and cord blood products that are available for distribution to hospitals. Work-in-process and finished goods inventories include direct costs and overhead incurred in the collection, manufacturing, testing and distribution process.

5. Investments, captive insurance operations:

All investments are restricted for captive insurance operations. The amortized cost and fair value of investments are as follows:

	2026	2025
Measured at amortized cost:		
Fixed income securities	$ 391,723	$ 366,525
Measured at fair value:		
Pooled funds	179,515	173,641
Equity securities	33,110	37,211
	$ 604,348	$ 577,377

At March 31, 2026, equity securities include equity futures equal to $1 (2025 - $(3)) for which the notional value and fair value of the underlying equities are $363 (2025 - $613) and $364 (2025 - $610), respectively.

(In thousands of dollars)

6. Capital assets:

			2026	2025
	Cost	Accumulated amortization	Net book value	Net book value
Land, building, software and equipment:				
Buildings and building components	$ 212,777	$ (80,387)	$ 132,390	$ 137,475
Machinery and equipment	154,201	(108,110)	46,091	34,356
Land	20,617	–	20,617	20,617
Land improvements	3,333	(755)	2,578	2,711
Furniture and office equipment	39,616	(27,151)	12,465	8,960
Leasehold improvements	76,205	(36,837)	39,368	33,151
Computer equipment	90,223	(74,867)	15,356	14,663
Motor vehicles	27,733	(12,791)	14,942	11,694
Computer software	41,199	(41,027)	172	395
Equipment under capital leases	6,510	(5,563)	947	1,150
Assets under construction	24,787	–	24,787	14,839
	697,201	(387,488)	309,713	280,011
Intangible asset:				
Right to the blood supply system	35,203	(24,202)	11,001	11,881
	$ 732,404	$ (411,690)	$ 320,714	$ 291,892

During the current year, cash payments of $59,418 (2025 - $38,398) were made to acquire capital assets. Capital assets no longer in use with cost of $3,624 (2025 - $5,071) and accumulated amortization of $3,320 (2025 - $4,111) were sold or written off.

Cost and accumulated amortization of capital assets at March 31, 2025 amounted to $676,547 and $384,655, respectively.

7. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of $4,872 (2025 - $4,514) which include amounts payable for sales and payroll taxes.

(In thousands of dollars)

8. Employee future benefits:

The Corporation sponsors two defined benefit pension plans, one for employees and the other for executives. In addition, the Corporation provides other retirement and post-employment benefits to eligible employees.

The Corporation's defined benefit asset/liability included in the consolidated statement of financial position are comprised of the following:

	2026	2025
Benefit asset:		
Defined benefit pension plans asset	$ 35,421	$ 7,052
Benefit liability:		
Defined benefit pension plans liability	$ –	$ 9,638
Other retirement and post-employment benefit plans liability	26,043	25,233
Employee future benefit liability	$ 26,043	$ 34,871
Net employee future benefit asset (liability)	$ 9,378	$ (27,819)

(a) Defined benefit pension plans:

Information about the Corporation's defined benefit pension plans are combined and summarized as follows:

	2026	2025
Fair value of plan assets	$ 769,600	$ 655,955
Defined benefit obligation	714,330	668,179
Net defined benefit asset (liability) before adjustment for risk sharing provisions	55,270	(12,224)
Adjustment for risk sharing provisions	(19,849)	9,638
Net defined benefit asset (liability)	$ 35,421	$ (2,586)

(In thousands of dollars)

8. Employee future benefits (continued):

(a) Defined benefit pension plans (continued):

The significant actuarial assumptions adopted in measuring the Corporation's defined benefit plans, defined benefit obligation and benefit cost are summarized as follows:

	2026	2025
Defined benefit obligation:		
Discount rate	5.20%	4.80%
Inflation rate	2.00%	2.00%
Rate of compensation increases	3.00% - 3.71%	2.50% - 3.31%
Mortality tables	105% CPM 2014-C (MI-2024) CPM 2014Publ (MI-2024	105% CPM 2014-B CPM 2014Publ-B
Benefit cost:		
Discount rate	4.80%	4.90%
Rate of compensation increases	2.50% - 3.31%	2.50% - 3.31%

Other information about the Corporation's defined benefit plans is combined and summarized as follows:

	2026	2025
Employer contributions	$ 23,244	$ 18,981
Employee contributions	41,717	13,048
Benefits paid	23,809	24,074
Net expense	24,835	18,912
Remeasurement (gain) loss	(39,598)	5,909

(b) Defined contribution pension plan:

The expense for the Corporation's defined contribution pension plan was $Nil (2025 - $1,885).

(In thousands of dollars)

8. Employee future benefits (continued):

(c) Other retirement and post-employment benefits:

Information about the Corporation's other retirement and post-employment benefits is as follows:

	2026	2025
Benefits paid	$ 1,322	$ 1,448
Net expense	2,481	2,311
Remeasurement (gain) loss	(349)	59
Defined benefit liability	26,043	25,233

The significant actuarial assumptions adopted in measuring the Corporation's other retirement and post-employment defined benefit obligation and benefit cost are as follows:

	2026	2025
Defined benefit obligation:		
Discount rate	4.80% - 5.10%	4.40% - 4.70%
Rate of compensation increases	3.00% - 3.70%	2.50% - 3.10%
Mortality tables		
	105% CPM2014C (MI-2024) CPM 2014Publ (MI-2024)	105% CPM2014C (B) CPM 2014Publ (B)
Benefit cost:		
Discount rate	4.40% - 4.70%	4.80% - 4.90%
Rate of compensation increases	3.00% - 3.70%	2.50% - 3.10%

Hospital costs - 4.00% (2025 - 4.00%) per annum;

Drug costs - 5.70% (2025 - 5.82%) per annum, grading remains at 4.00% (2025 - 4.00%) per annum in and after 2040 (2025 - 2040);

Other health costs - 4.00% (2025 - 4.00%) per annum.

Termination benefits have been recognized in accounts payable and accrued liabilities on the consolidated statement of financial position and in staff costs in the consolidated statement of operations. At March 31, 2026, $1,359 (2025 - $1,586) is accrued for termination benefits on the consolidated statement of financial position. During the year ended March 31, 2026, movements relating to the accrual included payments of $1,117 (2025 - $2,432), a reversal to opening accrual of $124 (2025 - $318) and the establishment of new termination benefits of $1,013 (2025 - $1,329).

(In thousands of dollars)

9. Credit facilities:

(a) Demand operating credit:

This facility has been arranged as an operating line of credit in the amount of $125,000 (2025 - $125,000). At March 31, 2026, $Nil (2025 - $Nil) was outstanding under the facility.

(b) Standby letters of credit:

Standby letters of credit in the amount of $2,000 (2025 - $2,000) were arranged to cover municipal requirements regarding the redevelopment of the Corporation's facilities. At March 31, 2026, $82 (2025 - $82) had been issued under the facility.

Pursuant to the arrangements included in (a) and (b) above, the Corporation has provided a general security agreement in favour of the bank over receivables, inventory, equipment and machinery and a floating charge debenture over all present and future assets, property and undertaking of the Corporation. Amounts deferred for contingency and federal funding purposes are excluded from the general security agreement and debenture.

10. Deferred contributions:

	2026	2025
Expenses of future periods:		
Balance, beginning of year	$ 216,301	$ 190,968
Increase in amounts received related to future periods	104,984	56,430
Less amounts recognized as revenue in the year	(19,766)	(17,999)
Less capital assets purchased from deferred contributions	(16,001)	(15,877)
Add income earned on resources restricted for contingency	798	1,146
Add income earned on other restricted resources	1,043	1,633
	287,359	216,301
Capital assets:		
Balance, beginning of year	271,275	259,218
Deferred contributions received	59,481	38,571
Less capital assets sold or written off	(304)	(960)
Less amounts amortized to revenue	(30,355)	(25,554)
	300,097	271,275
	$ 587,456	$ 487,576

(In thousands of dollars)

10. Deferred contributions (continued):

(a) Expenses of future periods:

Deferred contributions represent externally restricted contributions to fund expenses of future periods.

The capital assets purchased represent purchases from contributions that were deferred at March 31, 2025, as well as contributions received and deferred in the year ending March 31, 2026.

At March 31, deferred contributions comprise:

	2026	2025
Members' funding received in advance	$ 30,431	$ 25,710
National facilities redevelopment program additional funding advance	–	6,637
Total members' advance	30,431	32,347
Blood and plasma inventory	80,519	76,027
Federal funding	75,047	–
Plasma protein and related products inventory	47,653	47,653
Contingency	26,043	25,245
National facilities redevelopment program	15,097	23,107
Research and development	7,619	7,670
Fundraising	3,113	2,362
Other	1,837	1,890
	$ 287,359	$ 216,301

(b) Capital assets:

Funds received to acquire capital assets are recorded as deferred contributions on the consolidated statement of financial position. They are amortized to revenue in the consolidated statement of operations at the same rate as capital assets are depreciated to expenses.

11. Net assets:

Net assets restricted for captive insurance purposes are subject to externally imposed restrictions stipulating that they be used to provide insurance coverage with respect to risks associated with the operations of the Corporation.

Net assets restricted for forward currency contracts are subject to internally imposed restrictions on the unrealized fair value of the forward currency contracts not designated to be in a hedging relationship. This restriction will be released once the forward currency contracts mature.

(In thousands of dollars)

11. Net assets (continued):

Unrestricted net assets comprise of the following:

	2026	2025
Accumulated employee future benefits gains	$ 97,227	$ 57,280
Unrestricted accumulated surplus	34,643	34,817
	$ 131,870	$ 92,097

12. Net investment income:

	2026	2025
Net investment income earned on investments restricted for captive insurance	$ 33,068	$ 19,836
Interest income	4,708	6,390
	37,776	26,226
Less restricted interest income deferred	(1,053)	(1,532)
	$ 36,723	$ 24,694

Included in net investment income earned on investments restricted for captive insurance is $15,564 (2025 - $14,699) of investment income and $17,504 (2025 - $5,137) of realized gains on sales of investments.

Canadian Blood Services BLOOD PLASMA STEM CELLS ORGANS & TISSUES

Year ended March 31, 2026
(In thousands of dollars)

13. Canadian Blood Services revenue and expenses detail:

	Blood and NFRP(1) 2026	Blood and NFRP(1) 2025	Plasma Operations 2026	Plasma Operations 2025	Plasma Protein and Related Products 2026	Plasma Protein and Related Products 2025	Patient Testing 2026	Patient Testing 2025	Stem Cells 2026	Stem Cells 2025	Organs and Tissues 2026	Organs and Tissues 2025	Total Canadian Blood Service 2026	Total Canadian Blood Service 2025	Captive Insurance Operations 2026	Captive Insurance Operations 2025	Intercompany Transactions 2026	Intercompany Transactions 2025	Total Consolidated 2026	Total Consolidated 2025
Revenue:																				
Members' contributions	$ 604,737	$ 527,758	$ 55,649	$ 42,583	$ 1,122,514	$ 1,053,857	$ 20,557	$ 16,928	$ 15,990	$ 15,229	$ 5,035	$ 4,795	$ 1,824,482	$ 1,661,150	$ –	$ –	$ –	$ –	$ 1,824,482	$ 1,661,150
Federal contributions	82,782	7,675	–	–	–	–	–	–	–	–	4,242	3,722	87,024	11,397	–	–	–	–	87,024	11,397
Less amounts deferred	(159,803)	(57,082)	(5,269)	(9,750)	(53)	(1,125)	(289)	(24)	(414)	(235)	(9,277)	(5,741)	(175,105)	(73,957)	–	–	–	–	(175,105)	(73,957)
	527,716	478,351	50,380	32,833	1,122,461	1,052,732	20,268	16,904	15,576	14,994	–	2,776	1,736,401	1,598,590	–	–	–	–	1,736,401	1,598,590
Amortization of previously deferred contributions:																				
Relating to capital assets	30,659	26,514	–	–	–	–	–	–	–	–	–	–	30,659	26,514	–	–	–	–	30,659	26,514
Relating to operations	10,528	10,970	–	651	–	–	–	65	58	572	9,180	5,741	19,766	17,999	–	–	–	–	19,766	17,999
Total contributions recognized as revenue	568,903	515,835	50,380	33,484	1,122,461	1,052,732	20,268	16,969	15,634	15,566	9,180	8,517	1,786,826	1,643,103	–	–	–	–	1,786,826	1,643,103
Gross premiums written and earned	–	–	–	–	–	–	–	–	–	–	–	–	–	–	490	510	(490)	(510)	–	–
Net investment income	3,655	4,858	–	–	–	–	–	–	–	–	–	–	3,655	4,858	33,068	19,836	–	–	36,723	24,694
Other stem cells revenue	–	–	–	–	–	–	–	–	31,245	25,865	–	–	31,245	25,865	–	–	–	–	31,245	25,865
Other income	951	969	–	–	774	758	–	–	135	271	1,225	1,225	3,085	3,223	–	–	–	–	3,085	3,223
Total revenue	573,509	521,662	50,380	33,484	1,123,235	1,053,490	20,268	16,969	47,014	41,702	10,405	9,742	1,824,811	1,677,049	33,558	20,346	(490)	(510)	1,857,879	1,696,885
Expenses:																				
Cost of plasma protein and related products	–	–	–	–	1,063,832	1,009,304	–	–	–	–	–	–	1,063,832	1,009,304	–	–	–	–	1,063,832	1,009,304
Staff costs	348,818	322,592	22,742	21,096	5,610	5,319	15,178	13,929	10,151	10,461	6,747	6,528	409,246	379,925	–	–	–	–	409,246	379,925
General and administrative	177,262	150,778	24,073	8,628	3,839	2,734	1,633	1,957	35,887	30,404	3,658	3,214	246,352	197,715	2,571	2,756	(490)	(510)	248,433	199,961
Medical supplies	64,907	60,061	3,565	3,760	729	757	3,457	3,353	1,257	1,461	–	–	73,915	69,392	–	–	–	–	73,915	69,392
Depreciation and amortization	30,355	25,554	–	–	–	–	–	–	–	–	–	–	30,355	25,554	–	–	–	–	30,355	25,554
Foreign exchange loss (gain)	(225)	(73)	–	–	1,617	(1,874)	–	–	(107)	(63)	–	–	1,285	(2,010)	–	–	–	–	1,285	(2,010)
Transfer of recovered plasma costs	(47,608)	(37,250)	–	–	47,608	37,250	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total expenses	573,509	521,662	50,380	33,484	1,123,235	1,053,490	20,268	19,239	47,188	42,263	10,405	9,742	1,824,985	1,679,880	2,571	2,756	(490)	(510)	1,827,066	1,682,126
Excess (deficiency) of revenue over expenses before the undernoted	–	–	–	–	–	–	–	(2,270)	(174)	(561)	–	–	(174)	(2,831)	30,987	17,590	–	–	30,813	14,759
Change in fair value of forward currency contracts	–	–	–	–	(750)	2,060	–	–	–	–	–	–	(750)	2,060	–	–	–	–	(750)	2,060
Change in fair value of investments measured at fair value	–	–	–	–	–	–	–	–	–	–	–	–	–	–	13,833	20,181	–	–	13,833	20,181
Excess (deficiency) of revenue over expenses	$ –	$ –	$ –	$ –	$ (750)	$ 2,060	$ –	$ (2,270)	$ (174)	$ (561)	$ –	$ –	$ (924)	$ (771)	$ 44,820	$ 37,771	$ –	$ –	$ 43,896	$ 37,000

(1) National facilities redevelopment program

(In thousands of dollars)

14. Blood and national facilities redevelopment program details:

	Blood		National Facilities Redevelopment Program		Total	
	2026	2025	2026	2025	2026	2025
Revenue:						
Members' contributions	$ 598,646	$ 505,804	$ 6,091	$ 21,954	$ 604,737	$ 527,758
Federal contributions	82,782	7,675	–	–	82,782	7,675
Less amounts deferred	(153,712)	(35,128)	(6,091)	(21,954)	(159,803)	(57,082)
	527,716	478,351	–	–	527,716	478,351
Amortization of previously deferred contributions:						
Relating to capital assets	30,659	26,514	–	–	30,659	26,514
Relating to operations	7,855	8,944	2,673	2,026	10,528	10,970
Total contributions recognized as revenue	566,230	513,809	2,673	2,026	568,903	515,835
Net investment income	2,915	3,610	740	1,248	3,655	4,858
Other income	951	969	–	–	951	969
Total revenue	570,096	518,388	3,413	3,274	573,509	521,662
Expenses:						
Staff costs	347,691	321,247	1,127	1,345	348,818	322,592
General and administrative	174,987	148,874	2,275	1,904	177,262	150,778
Medical supplies	64,896	60,036	11	25	64,907	60,061
Depreciation and amortization	30,355	25,554	–	–	30,355	25,554
Foreign exchange gain	(225)	(73)	–	–	(225)	(73)
Transfer of recovered plasma costs	(47,608)	(37,250)	–	–	(47,608)	(37,250)
Total expenses	570,096	518,388	3,413	3,274	573,509	521,662
Excess (deficiency) of revenue over expenses	$ –	$ –	$ –	$ –	$ –	$ –

15. Financial instruments:

Risk management:

The Board of Directors has responsibility for the review and oversight of the Corporation's risk management framework and general corporate risk profile. Through its committees, the Board oversees analysis of various risks facing the organization that evolve in response to economic conditions and industry circumstances.

The Corporation's financial instruments consist of cash and cash equivalents, members' contributions receivable, other amounts receivable, investments, accounts payable and accrued liabilities, and forward currency contracts.

15. Financial instruments (continued):

Risk management (continued):

The Corporation is exposed to risks as a result of holding financial instruments. The Corporation does not enter into transactions involving financial instruments, including derivative financial instruments such as forward currency contracts, for speculative purposes. The following is a description of those risks and how they are managed.

(i) Market risk:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk. These risks are discussed below:

Interest rate risk:

Interest rate risk pertains to the effect of changes in market interest rates on the fair value or future cash flows related to the Corporation's existing financial assets and liabilities.

The Corporation is exposed to interest rate risk on its cash and cash equivalents and investments that have a fixed interest rate.

Foreign currency risk:

Foreign currency risk is the risk that the value or future cash flows of financial instruments will fluctuate as a result of changes in foreign exchange rates. The Corporation is exposed to foreign currency risk on purchases that are denominated in currencies other than the functional currency of the Corporation. To mitigate this risk, the Corporation has a formal foreign exchange policy in place. The objective of this policy is to monitor the marketplace and, when considered appropriate, fix exchange rates using forward contracts to reduce the risk exposures related to purchases made in foreign currencies. Generally, forward currency contracts are for periods not in excess of twenty-four months.

(In thousands of dollars)

15. Financial instruments (continued):

Risk management (continued):

(i) Market risk (continued):

Foreign currency risk (continued):

Excluding the investments held by the CBS Insurance Company Limited, at March 31, the Corporation had the following instruments denominated in U.S. dollars (USD):

	2026 CAD		2025 CAD	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets:				
Cash	$ 358	$ 358	$ 8,875	$ 8,875
Accounts receivable	141	141	103	103
Financial liabilities:				
Accounts payable and accrued liabilities	(5,407)	(5,407)	(6,215)	(6,215)
Forward currency contract not designated as hedges:				
Assets	612	612	1,631	1,631
Liabilities	–	–	(269)	(269)

During the years ended March 31, 2026 and 2025, the Corporation entered into forward currency contracts to hedge its foreign currency exposure on a substantial portion of its USD product and service purchases. The contracts are intended to match the timing of the purchase of USD and the anticipated USD product and services purchases resulting in establishing a fixed foreign exchange rate.

As at March 31, 2026, the outstanding forward currency contracts are not designated (2025 - not designated) to be in a hedging relationship and hedge accounting will not be applied. These contracts consist of the following:

- USD $63,000 with USD $5,250 maturing monthly from April 2026 through March 2027, at an average rate of 1.37.

15. Financial instruments (continued):

Risk management (continued):

(i) Market risk (continued):

Foreign currency risk (continued):

In addition to operational foreign currency risk, investments held by CBS Insurance Company Limited denominated in currencies other than the Canadian dollar expose the Corporation to fluctuations in foreign exchange rates. Fluctuations in the relative value of foreign currencies against the Canadian dollar can result in a significant impact on the fair value of investments. The Corporation's exposure to foreign currency arises from its investment in pooled funds of $179,515 (2025 - $173,641) and equity securities of $33,110 (2025 - $37,211). The pooled funds hold international equities and global fixed income of which $59,589 (2025 - $60,523) and $50,063 (2025 - $48,504), respectively, are denominated in foreign currencies. The equity securities include $31,902 (2025 - $36,374) which are denominated in foreign currency.

Other price risk:

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or foreign exchange risk), whether those changes are caused by factors specific to the individual financial instrument or its issues, or factors affecting similar financial instruments traded in the market.

The Corporation is exposed to other price risk on its pooled funds and equity securities and equity futures due to changes in general economic or stock market conditions, and specific price risk which refers to equity price volatility that is determined by entity specific characteristics. These risks affect the carrying value of these securities and the level and timing of recognition of gains and losses on securities held, causing changes in realized and unrealized gains and losses.

The Corporation mitigates price risk by holding a diversified portfolio. The portfolio is managed through the use of a third-party investment advisor and third-party investment managers and their performance is monitored by the Board of Directors of the captive insurance operations.

(ii) Credit risk:

The Corporation is exposed to the risk of financial loss resulting from the potential inability of a counterparty to a financial instrument to meet its contractual obligations. The carrying amount of cash and cash equivalents, members' contributions receivable, other amounts receivable, forward currency contracts, and investments represent the maximum exposure of the Corporation to credit risk.

15. Financial instruments (continued):

Risk management (continued):

(ii) Credit risk (continued):

Cash and cash equivalents and forward currency contracts are mainly held with Canadian financial institutions rated by Standard & Poor's credit rating as A+ with a stable outlook and short-term notes consisting of Canadian treasury bills. All forward currency contracts must be transacted with Schedule I banks and/or a wholly owned subsidiary of a Schedule I bank as per the Corporation's foreign exchange policy.

The Corporation is also exposed to credit risk on fixed income securities investments, equity securities and equity futures. The investment policy requires an average credit rating of 'A' on the credit quality of its fixed income portfolio. In addition, equity futures are exchange-traded and as such, are subject to a number of safeguards to ensure that obligations are met. These include the use of clearing houses (thus reducing counterparty credit risk), the posting of margins and the daily settlement of unrealized gains and losses.

Members' contributions receivable are current in nature and management considers there to be minimal exposure to credit risk from Members due to funding agreements in place and third-party Member credit ratings. Standard & Poor's available credit ratings for Members range from AA to A.

Other amounts receivable consists primarily of amounts due from provincial agencies and other external parties and is considered to have low credit risk.

(iii) Liquidity risk:

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they fall due. The Corporation's approach to managing liquidity is to evaluate current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash and cash equivalents. In addition, the Corporation has credit facilities described in note 9 that it can draw on as required.

At March 31, 2026, the Corporation's accounts payable and accrued liabilities are due within one year.

The provision for future claims has no contractual maturity and the timing of settlement will depend on actual claims experience in the future.

The liabilities for employee future benefits are generally long-term in nature and fall due as eligible employees in the Corporation's defined benefit pension plans retire or terminate employment with the Corporation.

Management believes the Corporation has sufficient funds to meet its liabilities.

16. Captive insurance operations:

CBSI provides insurance coverage up to $300,000 with respect to risks associated with the operation of the blood system. CBSE has entered into an arrangement whereby the Members have agreed to indemnify CBSE for all amounts payable by CBSE under the terms of the excess policy up to $700,000, which is in excess of the $300,000 provided by CBSI. No payment shall be made under CBSE until the limit of the liability under the primary policy in CBSI, in the amount of $300,000, has been exhausted. As a result, the Corporation has $1,000,000 total in coverage.

The provision for future claims is an actuarially based estimate of the cost to the Corporation of settling claims relating to insured events (both reported and unreported) that have occurred to March 31, 2026 and 2025, respectively.

Both the future claims expense for the period and the related cumulative estimated liability of the Corporation for these future claims at March 31, 2026, of $299,947 (2025 - $299,983) covers the manifestation of blood diseases, which is inherently difficult to assess and quantify. There is a variance between these recorded amounts and other reasonably possible estimates.

17. Guarantees and contingencies:

(a) Guarantees:

In the normal course of business, the Corporation enters into lease agreements for facilities and assets acquired under capital leases. In the Corporation's standard commercial lease for facilities, the Corporation, as the lessee, agrees to indemnify the lessor and other related third parties for liabilities that may arise from the use of the leased premises where the event triggering liability results from a breach of a covenant, any wrongful act, neglect or default on the part of the tenant or related third parties. However, this clause may be altered through negotiation. In the Corporation’s assets acquired under capital leases, both the lessee and the lessor agree to indemnify each other for death or injury to the employees or agents of either party, where the event triggering liability results from negligent acts, omissions or wilful misconduct.

The maximum amount potentially payable under any such indemnities cannot be reasonably estimated. The Corporation has liability insurance that relates to the indemnifications described above. Historically, the Corporation has not made significant payments related to the above-noted indemnities and, accordingly, no liabilities have been accrued in the consolidated financial statements.

(In thousands of dollars)

17. Guarantees and contingencies (continued):

(b) Contingencies:

The Corporation is party to legal proceedings in the ordinary course of its operations. In the opinion of management, the outcome of such proceedings will not have a material adverse effect on the Corporation's consolidated financial statements or its activities. Claims and obligations related to the operation of the blood supply system prior to September 28, 1998, and the Canadian Council for Donation and Transplantation prior to April 1, 2008, are not the responsibility of the Corporation.

18. Commitments:

The Corporation has entered into a strategic alliance agreement with Grifols to collect plasma on its behalf. Under the contract with this supplier, the Corporation has commitments with the objective to secure plasma supply through 2037. The commitment for the year ending March 31, 2027, is included in the table below. For the years after March 31, 2027, the Corporation has committed to purchase the finished products produced from the plasma collected by this supplier, in any given year, up to a specified volume. The purchase of these volumes has not been included in the table below.

At March 31, 2026, the Corporation had the following contractual commitments:

	Vendor commitments	Research and development grants	Operating leases	Total
2026-2027	$ 338,746	$ 1,398	$ 12,554	$ 352,698
2027-2028	5,646	620	11,868	18,134
2028-2029	4,266	80	10,595	14,941
2029-2030	4,404	–	9,489	13,893
2030-2031	4,472	–	8,046	12,518
Thereafter	32,579	–	19,712	52,291
Total	$ 390,113	$ 2,098	$ 72,264	$ 464,475

The research and development grants are funded by contributions included in deferred contributions for future expenses.

19. Donated goods and services:

The Corporation received donated goods, leased space and marketing services and recorded an amount of $198 (2025 - $158) relating to these donations in other income and general and administrative expenses in the consolidated statement of operations.

20. Research and development:

For the year ended March 31, 2026, the Corporation incurred $14,434 (2025 - $14,838) of expenses related to research and development which are included in general and administrative and staff costs in the consolidated statement of operations. These costs are reported in note 13 under the Blood and National Facilities Redevelopment Program, and in note 14 under the Blood Program.

21. Related party transactions:

(a) The Members provide funding for the operating budgets of the Corporation. The Corporation enters into other transactions with these related parties in the normal course of business.

University Health Network (UHN) is an entity controlled by our Ontario Member and as a result, UHN and Canadian Blood Services are related parties. UHN provides Canadian Blood Services rental space for a nominal consideration for a period of 10 years, with an option to renew for up to 10 additional years. During the years ended March 31, 2026 and 2025, Canadian Blood Services recorded rent expense at the notional value paid to UHN.

Alberta Infrastructure and our Alberta Member are entities under common control and as a result, Alberta Infrastructure and Canadian Blood Services are related parties. Alberta Infrastructure provides Canadian Blood Services rental space for a nominal consideration. The current lease was originally effective from April 1, 2015 to March 31, 2020, and subsequently extended to March 31, 2027. During the years ended March 31, 2026 and 2025, Canadian Blood Services recorded rent expense at the notional value paid to Alberta Infrastructure.

(b) Transactions with the defined contribution pension plan, the two defined benefit pension plans, and the other defined retirement and post-employment benefits plan are conducted in the normal course of business. The transactions with these plans consist of contributions as disclosed in note 8, as well as administrative expenses charged by the Corporation to the pension plans totaling $387 (2025 - $351). At March 31, 2026, the net amount due from the Corporation's pension plans is $395 (2025 - $887).

22. Cloud computing arrangements:

The total expenditures in the period for cloud computing arrangements is $8,736 (2025 - $7,025) and are included in general and administrative expenses in the consolidated statement of operations. These costs are reported in note 13 under the Blood and National Facilities Redevelopment Program and in note 14 under the Blood Program.

23. Capital disclosures:

The Corporation is a non-share capital corporation and plans its operations to essentially result in an annual financial breakeven position. The Corporation considers its capital to be the sum of its net assets. This definition is used by management and may not be comparable to measures presented by other entities. The Corporation manages capital through a formal and approved budgetary process where funds are allocated following the underlying objectives below:

(a) to provide a safe, secure, cost-effective and accessible supply of blood and blood products, including red blood cells, platelets, cord blood, and plasma protein and related products, to all Canadians. The Corporation also provides the management of donor registries for stem cells, cord blood stem cells and organs, patient testing in certain parts of Canada, and research and development;

(b) to ensure the Corporation's physical infrastructure and information technology systems are in appropriate condition to ensure operational resiliency, and system continuity and effectiveness;

(c) to support the Corporation’s ability to continue as a going concern;

(d) to meet regulatory and statutory capital requirements related to captive insurance operations; and

(e) to ensure the funding of working capital requirements.

The Corporation evaluates its accomplishments against its objectives annually. The Corporation has complied with all externally imposed capital requirements and there were no changes in the approach to capital management during the period.

The Corporation’s captive insurance operations are required to maintain statutory capital and surplus greater than a minimum amount determined as the greater of a percentage of outstanding losses or a given fraction of net written premiums. At March 31, 2026, the Corporation’s captive insurance operations were required to maintain a minimum statutory capital and surplus of $44,992 (2025 - $44,997). The actual statutory capital and surplus was $319,936 (2025 - $283,970) and the minimum margin of solvency was therefore met.

The Corporation’s captive insurance operations were also required to maintain a minimum liquidity ratio whereby the value of its relevant assets is not less than 75% of the amount of its relevant liabilities. At March 31, 2026, the Corporation’s captive insurance operations were required to maintain regulatory assets of at least $225,127 (2025 - $225,355). At that date, relevant assets were $620,105 (2025 - $584,443) and the minimum liquidity ratio was therefore met. The value of regulatory assets differs from that reported on the consolidated statement of financial position as it is determined under a different accounting framework, International Financial Reporting Standards.

24. Statutory disclosures:

As required under the Charitable Fundraising Act of Alberta, included in staff costs are $597 (2025 - $939) paid as remuneration to employees whose principal duties involve fundraising.

25. Comparative figures:

Certain comparative figures have been reclassified to conform with the current year's presentation of the Consolidated Statement of Operations and the Consolidated Statement of Changes in Net Assets. These reclassifications had no impact on total revenues, total expenses, excess of revenues over expenses, or net assets.