



ATOMIC ENERGY OF CANADA LIMITED

Third Quarter Financial Report

Financial Statements (Unaudited)

**As at and for the three and nine months ended
December 31, 2024**

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MANAGEMENT'S NARRATIVE DISCUSSION

Introduction

Management's Narrative Discussion is intended to provide the reader with a greater understanding of AECL's business, its business strategy and performance, its expectations for the future, and its management of risk and capital resources.

All financial information presented, including tabular amounts, is in Canadian dollars and is prepared in accordance with Canadian Public Sector Accounting Standards (PSAS). Management's Narrative Discussion should be read in conjunction with the unaudited financial statements.

Management's Narrative Discussion was authorized for issuance by the Board of Directors on February 18, 2025.

Our Business

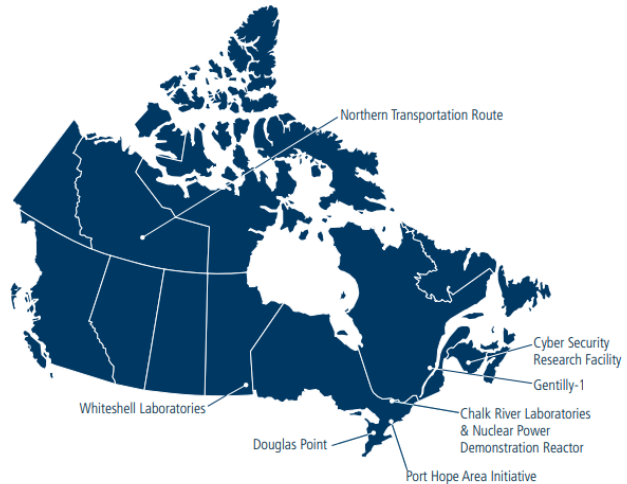
As a federal Crown corporation, Atomic Energy of Canada Limited (AECL) is working to advance Canada's interests through leading edge nuclear science and technology initiatives and protection of the environment. This includes combating climate change through clean energy growth and decarbonization strategies, advancing the battle against cancer and other diseases by pioneering new treatment methods, and accelerating Canada's environmental remediation responsibilities related to past nuclear science activities. AECL receives funding from the Government of Canada to enable nuclear science and technology and manage the Government of Canada's radioactive waste liabilities. Since 2015, AECL has been delivering its mandate through a Government-owned, Contractor-operated (GoCo) model, whereby a private-sector organization of approximately 4,000 employees, Canadian Nuclear Laboratories (CNL), is responsible for managing and operating AECL's sites on its behalf.

Under the GoCo model, AECL retains ownership of the sites, facilities, intellectual property, and liabilities. CNL manages AECL's sites and facilities under contract with AECL. The GoCo model allows AECL to leverage private-sector expertise and experience to accelerate the decommissioning and environmental stewardship program and deliver world-class nuclear science and technology. Furthermore, AECL supports the Government's development of nuclear policy. These are the main areas of focus:

Nuclear Innovation

AECL is enabling the development of new technologies to advance small modular reactors (SMRs), clean hydrogen and fusion all with a view to building on the success of the CANDU reactor technology and its already realized and potentially enhanced contributions to climate objectives, energy security and jobs.

AECL is committed to working with the federal government, provincial governments and the Canadian nuclear sector to identify and assess opportunities for impactful nuclear technologies in Canada and internationally. This will include efforts to facilitate enhanced CANDU designs to optimize Canada's CANDU technology for today's and tomorrow's energy needs, provide energy security for Canadians and secure potential revenue opportunities for Canada as well as Canada's CANDU supply chain.



Environmental Stewardship

AECL is responsible for safely remediating nuclear waste on behalf of the Government. Responsible decommissioning and radioactive waste management is necessary to clean up AECL's sites, protect the environment, and make way for new buildings that will support the ongoing nuclear science and technology mission at the Chalk River site.

Third Quarter Highlights for 2024-25

Below are just a few of the things AECL would like to highlight from this quarter:

- AECL's public meeting was held in November, and provided a comprehensive overview of AECL priorities and key files. The meeting is available on the AECL YouTube channel.
- AECL adopted a set of updated company values that support and define our important mandate on behalf of the Government of Canada, and how we work as an organization. These values will soon be published on our website, and are of particular importance as AECL grows its workforce in response to new demands.
- AECL continued to work with the Department of Natural Resources, and its commercial partner AtkinsRéalis on updates to the Intellectual Property Licensing Agreement for the CANDU Intellectual Property (which is owned by Canada, managed by AECL, and licensed to AtkinsRéalis). These important negotiations are key to AECL supporting the government's climate, energy security, and decarbonization agenda.
- More generally, we saw excellent movement in the sector toward investment in Canadian nuclear technology and the nuclear workforce. In particular, AECL was pleased to celebrate the award of a contract to extend the life of the Unit-1 CANDU reactor at Cernavoda, in Romania to AtkinsRéalis in a consortium with Korea Hydro & Nuclear Power (KHNP), Ansaldo Nucleare, and the Canadian Commercial Corporation (CCC). As well, we observed a \$1.5M gift from Candu Energy to McMaster University to create a state-of-the-art learning facility for engineering students, further strengthening the nuclear talent pipeline.

- The 2024 Environmental, Social and Governance Report was approved internally and will be posted on our website early 2025. In addition, AECL launched the creation of a socio-economic value study that will help measure and illustrate the effect of AECL activity on the communities in which it operates, and the larger economy and Canadian society. Planned for completion in 2025, this independent report will be important in understanding AECL's impact on Canada.
- The [2024 Accessibility Progress Report](#) was published. The highlights include renovations to our Chalk River and Ottawa offices in Ontario, employee training and recruitment, website and documentation requirements.
- AECL reviewed and updated its external communications strategy to better align with the main priorities set out by AECL's Strategic Plan.
- A new Information Management Record Centre was successfully launched, ensuring long-term and proper management of important AECL records.
- A major file for AECL this quarter, and continuing on until the end of the current contract to operate AECL-owned sites, is the re-procurement of the Government-Owned, Contractor-operated contract. The AECL re-procurement projects remains on track for the selection of and transition to a new operator by September 2025. In this quarter, in addition to intensive bid evaluation work, AECL's re-procurement team developed a transition plan to guide AECL staff through the transition to a new contractor. This will be a management area of focus going forward.

Forward-Looking Statements

This Management's Narrative Discussion has been reviewed by AECL's Audit Committee and approved by AECL's Board of Directors. It provides comments on the performance of AECL for the three and nine months ended December 31, 2024, and should be read in conjunction with the unaudited financial statements and accompanying notes.

The Management's Narrative Discussion contains forward-looking statements with respect to AECL based on assumptions that Management considers reasonable at the time of preparation. These forward-looking statements, by their nature, necessarily involve risks and uncertainties that could cause future results to differ materially from current expectations. We caution the reader that the assumptions regarding future events, many of which are difficult to predict, may ultimately require revision.

Management of Risks and Uncertainties

AECL carefully anticipates and manages risks using sound practices. AECL's risk-management approach encompasses risks both to itself and to CNL's management and operation of AECL sites and facilities. This section highlights some of the risks to AECL and their potential to affect its financial results.

Delays for Waste Disposal Projects: There is a risk that schedule delays may occur for the Near Surface Disposal Facility (NSDF), or in-situ decommissioning proposals for WR-1 and NPD, resulting in increased cost and cascading effects on dependent project schedules. This risk has increased with the CNSC's approval of the construction of the NSDF, due to the applications for judicial review of elements of that decision, most notably questions raised with respect to obligations of Indigenous consultation and free, prior, and informed consent. The result of these proceedings, and the potential effect on the NSDF project schedule remain unknown at this time, but AECL is working to develop contingency plans to ensure that it is able to move forward in whatever way possible, in light of the judicial review decisions. Nonetheless, delays over the past year, as the project has awaited the resolution of these applications for judicial review, have resulted in less progress than planned. With respect to proposals for in-situ decommissioning (ISD) at WR-1 and NPD, there remains a risk that the Canadian Nuclear Safety Commission (CNSC) will not accept this proposed approach. AECL and CNL are investing heavily in engagement to ensure that Indigenous Nations and local municipalities, and other interested parties understand and can support the ISD plans at these sites. This includes trilateral coordination with the US and UK where, in the US specifically, ISD has been used successfully in several instances.

Delays for Detritiation Facility Construction: There is a risk that the construction of the proposed detritiation facility will be delayed, thereby threatening projects dependent on heavy water, the heavy water business line, and consequently AECL's reputation. Market demand for heavy water is high, and ensuring customer confidence is critical to maintain market share for this important business line, and to maintain market confidence in the availability of heavy water to support major projects. The constrained and limited supply of heavy water in the marketplace means that customers and potential customers are open to other suppliers of heavy water, making AECL vulnerable if delays do occur. In response, AECL has increased the prominence of the detritiation facility in its oversight framework, to keep CNL focused on delivery. CNL are utilizing new Master Service Agreements to ensure that contractors are engaged early, and have established a senior review team monitoring project progress.

Changes to Waste Liability: Changes to the value of AECL's waste liabilities are also recognized in the Public Accounts of Canada. As such, there is a risk that activities of CNL (e.g. plans, baseline development and project estimates) can directly affect the Government's fiscal position in any given year that there may be significant changes (increases or decreases) to the liability. AECL have actioned and incentivized CNL to continue carry out planning across a number of areas to increase confidence in the estimated scope, cost and schedules. AECL anticipates that changes will be booked in a planned manner, as new information becomes available. The change control process provides assurance that proposed changes are reasonable and adequately supported. AECL continues to regularly update central agencies to ensure that there are no surprises and to facilitate setting of reasonable Government expectations around changes. Ongoing delays with the NSDF project will ultimately impact plans and liability cost estimates. In addition, ongoing issues around the clean-up criteria for Port Hope Area small-scale sites has a significant effect on the liability cost estimate. A revised submission to revise the arsenic levels, specifically to revise the criteria to recognize the natural presence of arsenic in the environment, has been made to the CNSC. AECL and CNL continue to work with regulatory agencies, and AECL and CNL have strong engagement with the Municipality of Port Hope (MPH) including a council motion endorsing the proposed change. Additionally, local stakeholders support the proposed criteria change.

Potential Cyber Security Incidents: There is a risk that a cyber security incident leads to compromise of CNL and AECL systems and data assets. Cybersecurity is a key priority and a key risk for AECL and CNL, particularly with adversary countries taking more aggressive actions against Western countries across a range of sectors. Maintaining the security of Canada’s nuclear labs and nuclear intellectual property is, of course, a high priority. Remote and hybrid work now demands greater reliance on IT functionality and introduces challenges to managing cyber risk. Moreover, CNL – like all companies – faces significant challenges in recruiting and retaining cyber security experts. AECL and CNL have put a cyber security training program in place for all staff, and CNL has expanded its cyber security team.

Financial Review

(\$ millions)	Three Months Ended		Nine Months Ended	
	December 31		December 31	
	2024	2023	2024	2023
Revenues				
Parliamentary appropriations	\$ 358	\$ 317	\$ 934	\$ 882
Commercial revenue	41	22	113	85
Investment income	7	8	20	22
	406	347	1,067	989
Expenses				
Cost of sales	27	17	74	60
Operating expenses	17	21	59	62
Contractual expenses	63	57	220	193
Decommissioning, waste management and contaminated sites expenses	206	1,221	638	379
	313	1,316	991	694
Surplus (deficit) for the period	\$ 93	\$ (969)	\$ 76	\$ 295

Parliamentary Appropriations

The Government of Canada provides funding quarterly for AECL to advance its priorities and deliver on its mandate. AECL recognized \$358 million of Parliamentary appropriations in the third quarter of 2024-25, compared to \$317 million recognized in the same period in 2023-24. On a year-to-date basis, AECL recognized \$934 million in Parliamentary appropriations, compared to \$882 million recognized for the same period in 2023-24. The quarterly and year-to-date variance is due to increased spending on decommissioning, waste management and contaminated sites activities, as planned.

Commercial Revenue

In the third quarter of 2024-25, \$41 million in revenue was recognized, compared to \$22 million for the same period in 2023-24. On a year-to-date basis, revenues were \$113 million, compared to \$85 million

in 2023-24. Revenue included research and development activities performed by CNL for commercial customers, as well as heavy water sales. The quarterly and year-to-date increase in commercial revenue is a result of increased science and technology commercial activities and heavy water sales.

Investment Income

Investment income is earned on cash and investments. Investment income is comparable to the prior period.

Cost of Sales

Cost of sales is comparable on a quarterly and year-to-date basis as in 2023-24 as a percentage of revenue.

Operating Expenses

Operating expenses are largely comprised of AECL's oversight expenses and amortization of tangible capital assets. Operating expenses in the third quarter of \$17 million and year-to-date of \$59 million are comparable to that of the same periods in 2023-24.

Contractual Expenses

AECL delivers its mandate through a long-term contract with CNL for the operation of its sites. A portion of CNL expenditures is reported by AECL as Contractual expenses. Expenses in this category for the third quarter total \$63 million, compared to \$57 million in the third quarter of 2023-24. On a year-to-date basis, expenses are \$219 million compared to \$193 million in 2023-24. The variances are largely a result of increased spending on science and technology activities.

Decommissioning, Waste Management and Contaminated Sites Expenses

Decommissioning, waste management and contaminated sites expenses consist of financial expenses, the impact on the liability of a change in discount rate, and the revaluation (gain) loss, if any, on these reported liabilities. Financial expenses reflect the increase in the net present value (accretion of discount) of these reported liabilities. Changes in discount rate will impact the net present value of the reported liabilities. If the discount rate increases during the period, the result would be a decrease in the Decommissioning, waste management and contaminated sites expenses. If the discount rate decreases, the result would be an increase to the reported expenses. For a sensitivity of a 1% change in the discount rate, refer to the annual audited financial statements dated March 31, 2024. Revaluation gains and losses represent changes to the estimates for the reported obligations.

Decommissioning, waste management and contaminated sites expenses in the third quarter of 2024-25 are lower than the third quarter of 2023-24 due to the changes in discount rates in the current quarter compared to the prior period. The year-to-date are higher than the same period in 2023-24 primarily due to changes in project estimates recorded in the current period.

Surplus (Deficit) for the Period

Consistent with AECL's financial reporting framework, appropriations are recognized as revenue when received in a given period, or as deferred funding to the extent they relate to the months following the period end, and may be greater or less than the reported expenditures for the same period. For instance, amounts received to fund decommissioning, waste management and contaminated sites expenditures are recorded as Parliamentary appropriations revenue in the current period while the related expenditures are drawn down from the associated liabilities previously recorded on the Statement of Financial Position. With respect to tangible capital assets, Parliamentary appropriations revenue includes amounts received in the period to fund the purchase and construction of these assets while the related expenditures are capitalized; therefore, the reported operating expenses include only the amortization of existing tangible capital assets.

Outlook

AECL's planned activities are set out in its Corporate Plan. The 2024-25 year-to-date expenditures are generally comparable to the planned results. Priorities and deliverables have not materially changed in the first nine months of 2024-25.

Cash Flow and Working Capital

(\$ millions)	Nine Months Ended December 31	
	2024	2023
Cash provided by operating transactions	\$ 28	\$ 492
Cash applied to capital transactions	(125)	(127)
Cash applied to investing transactions	(7)	(159)
(Decrease) increase in cash	(104)	206
Balance at beginning of the period	226	145
Balance at end of the period	\$ 122	\$ 351

Operating Transactions

Operating transactions generated a net cash inflow of \$28 million in the third quarter of 2024-25, compared to an inflow of \$492 million during the same period of the previous year. The variance is a result of deferred appropriations received in the third quarter of 2023-24, for fourth quarter activities. Refer to Note 10 of the unaudited financial statements for a reporting on how appropriations received were used during the period.

Capital Transactions

Capital transactions used cash in the third quarter of 2024-25 of \$125 million which is consistent with the \$127 million in the same period in the previous year.

Investing Transactions

The \$7 million cash used in investing transactions in the third quarter of 2024-25 was a decrease over the same period in the prior year primarily due to increased investment in short-term investments in the prior period.

Highlights of the Statement of Financial Position

(\$ millions)	December 31	March 31	Variance	Variance
	2024	2024	In \$	By %
Financial Assets	\$ 562	\$ 653	\$ (91)	-14%
Liabilities	10,074	10,168	(94)	-1%
Non-Financial Assets	1,178	1,097	81	7%
Accumulated Deficit	(8,335)	(8,418)	83	-1%

AECL closed the third quarter of 2024-25 with Financial Assets of \$562 million, which represents a \$91 million decrease from March 31, 2024. This variance is mainly the result of the timing of receipt of appropriations in the quarter.

The decrease in Liabilities of \$94 million can be attributed primarily to a decrease in Decommissioning, waste management and contaminated sites liabilities and accrued liabilities, partly offset by increases in project estimates, as well as decreased amounts owed to CNL.

Use of Parliamentary Appropriations

AECL receives its funding primarily through Parliamentary appropriations. The appropriations are drawn down based on quarterly cash flow projections and may not necessarily match the timing of expenses reported in the Statement of Operations. AECL records Parliamentary appropriations received in the period as revenue in the Statement of Operations or as Deferred funding in the Statement of Financial Position to the extent they relate to the months following the period end. Refer to Note 10 of the unaudited financial statements for a reporting on how appropriations received were used during the period.

MANAGEMENT'S RESPONSIBILITY

Management is responsible for the preparation and fair presentation of these quarterly financial statements in accordance with the Treasury Board of Canada's Directive on Accounting Standards: GC 5200 Crown Corporations Quarterly Financial Reports, 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.



Fred Dermarkar

President and Chief Executive Officer

February 18, 2025

Chalk River, Canada



Thomas Assimes

Chief Financial Officer

February 18, 2025

Chalk River, Canada

UNAUDITED FINANCIAL STATEMENTS

Statement of Financial Position

As at

<i>(thousands of Canadian dollars)</i>	Notes	December 31 2024	March 31 2024
Financial Assets			
Cash		\$ 121,932	\$ 225,870
Investments	3	352,955	338,522
Trade and other receivables	4	61,463	47,492
Inventories held for resale		25,329	40,647
		561,679	652,531
Liabilities			
Accounts payable and accrued liabilities	5	37,491	22,846
Employee future benefits	6	11,158	11,729
Due to Canadian Nuclear Laboratories		255,047	288,854
Decommissioning and waste management provision	7	8,788,595	8,672,132
Contaminated sites liability	8	982,077	1,172,128
		10,074,368	10,167,689
Net Debt		(9,512,689)	(9,515,158)
Non-Financial Assets			
Tangible capital assets	9	1,177,663	1,097,004
Prepaid expenses		-	-
		1,177,663	1,097,004
Accumulated Deficit		(8,335,026)	(8,418,154)
Accumulated deficit is comprised of:			
Accumulated operating deficit		(8,341,001)	(8,416,891)
Accumulated remeasurement gains (losses)		5,975	(1,263)
		\$ (8,335,026)	\$ (8,418,154)

The accompanying notes are an integral part of these financial statements.

Statement of Operations

	Notes	2025	Three Months Ended		Nine Months Ended	
		Budget	December 31	December 31	December 31	December 31
(thousands of Canadian dollars)			2024	2023	2024	2023
Revenues						
Parliamentary appropriations	10	\$ 1,591,822	\$ 358,000	\$ 316,600	\$ 934,000	\$ 882,000
Commercial revenue		128,850	41,362	22,462	113,386	84,615
Investment income		4,000	6,538	7,740	19,521	21,725
		1,724,672	405,900	346,802	1,066,907	988,340
Expenses						
Cost of sales		90,195	26,943	16,664	73,900	59,798
Operating expenses		73,147	17,481	21,222	59,392	61,686
Contractual expenses	11	258,479	63,195	57,351	219,431	192,775
Decommissioning, waste management and contaminated sites expenses		279,903	205,868	1,220,379	638,294	379,282
		701,724	313,487	1,315,616	991,017	693,541
Surplus (deficit) for the period		1,022,948	92,413	(968,814)	75,890	294,799
Accumulated operating deficit, beginning of period		(8,416,891)	(8,219,206)	(7,497,616)	(8,416,891)	(8,761,229)
Accumulated operating deficit, end of period		\$ (7,393,943)	\$ (8,126,793)	\$ (8,466,430)	\$ (8,341,001)	\$ (8,466,430)

The accompanying notes are an integral part of these financial statements.

Statement of Remeasurement Gains and Losses

	Nine Months Ended December 31	
<i>(thousands of Canadian dollars)</i>	2024	2023
Accumulated remeasurement losses, beginning of period	\$ (1,263)	\$ (2,696)
Remeasurement losses arising during the period		
Unrealized gains on equity instruments quoted in an active market	2,031	-
Unrealized gains (losses) on investments in other securities	3,917	(249)
Reclassifications to the Statement of Operations		
Realized losses on investments in other securities	1,290	1,252
Net remeasurement gains for the period	7,238	1,003
Accumulated remeasurement gains (losses), end of period	\$ 5,975	\$ (1,693)

The accompanying notes are an integral part of these financial statements.

Statement of Change in Net Debt

<i>(thousands of Canadian dollars)</i>	Notes	2025	Nine Months Ended	
		Budget	2024	December 31 2023
Surplus (deficit) for the period		\$ 1,022,948	\$ 75,890	\$ 294,799
Tangible capital assets				
Acquisition of tangible capital assets	9	(159,000)	(118,627)	(125,216)
Amortization of tangible capital assets	9	44,602	37,499	34,865
Other changes	9	-	469	776
		(114,398)	(80,659)	(89,575)
Non-financial assets				
Changes in prepaid expenses		-	-	1,045
Net remeasurement gains for the period		-	7,238	1,003
Decrease in net debt		908,550	2,469	207,272
Net debt, beginning of period		(9,515,158)	(9,515,158)	(9,738,507)
Net debt, end of period		\$ (8,606,608)	\$ (9,512,689)	\$ (9,531,235)

The accompanying notes are an integral part of these financial statements.

Statement of Cash Flows

	Nine Months Ended December 31	
<i>(thousands of Canadian dollars)</i>	2024	2023
Operating transactions		
Cash receipts from Parliamentary appropriations	\$ 934,000	\$ 1,337,200
Cash receipts from customers and other sources	100,254	84,443
Cash paid to suppliers	(298,798)	(249,585)
Cash paid to employees	(12,305)	(10,518)
Cash paid for decommissioning, waste management and contaminated sites activities	(711,881)	(686,656)
Cash paid for acquisition of investments in the Long-term disposal of waste fund	(17,450)	(1,040)
Cash receipts from redemption of investments in the Long-term disposal of waste fund	16,754	-
Investment income received	17,781	18,196
Cash provided by operating transactions	28,355	492,040
Capital transactions		
Acquisition of tangible capital assets	(125,115)	(126,955)
Cash applied to capital transactions	(125,115)	(126,955)
Investing transactions		
Cash paid for acquisition of Other investments	(352,357)	(159,186)
Cash receipts from redemption of Other investments	345,179	-
Cash applied to investing transactions	(7,178)	(159,186)
(Decrease) increase in cash	(103,938)	205,899
Cash, beginning of period	225,870	145,522
Cash, end of period	\$ 121,932	\$ 351,421

The accompanying notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the three and nine months ended December 31, 2024

(Expressed in thousands of Canadian dollars)

(Unaudited)

1. General Information

Atomic Energy of Canada Limited (AECL) is a federal Crown corporation whose mandate is to enable nuclear science and technology and manage the Government of Canada's radioactive waste and decommissioning activities. Since 2015, AECL has been delivering its mandate through a Government-owned, Contractor-operated model, whereby Canadian Nuclear Laboratories (CNL), a private-sector organization, operates and manages AECL's sites pursuant to a contractual arrangement.

AECL was incorporated in 1952 under the provisions of the *Canada Corporations Act* (and continued in 1977 under the provisions of the *Canada Business Corporations Act*), pursuant to the authority and powers of the Minister of Energy and Natural Resources under the *Nuclear Energy Act*.

AECL is a Schedule III Part I Crown corporation under the *Financial Administration Act* and an agent of His Majesty in Right of Canada. As a result, AECL's liabilities are ultimately liabilities of His Majesty in Right of Canada. AECL receives funding from the Government of Canada and is exempt from income taxes in Canada.

AECL's 2024-2025 to 2028-2029 Corporate Plan received Governor in Council approval in the fourth quarter of the 2023-24 fiscal year. The Corporate Plan is aligned with the direction provided by AECL's sole shareholder, the Government of Canada, and reflects AECL's plans and priorities to be delivered under the Government-owned, Contractor-operated model.

2. Significant Accounting Policies

Basis of Accounting

These quarterly financial statements have been prepared in accordance with Canadian Public Sector Accounting Standards (PSAS) established by the Public Sector Accounting Board (PSAB) and should be read in conjunction with the annual audited financial statements dated March 31, 2024. The accounting policies used in these statements are consistent with those disclosed in the most recent annual audited financial statements dated March 31, 2024.

Both financial and non-financial assets are reported on the Statement of Financial Position. Non-financial assets are normally employed to provide future services and are charged to expense through amortization or upon utilization. Non-financial assets are not taken into consideration when determining the net debt (or net financial assets), but rather are added to the net debt (or net financial assets) to determine the accumulated surplus (deficit).

Measurement Uncertainty

The preparation of the quarterly financial statements in accordance with PSAS requires management to make estimates and assumptions that affect the reported amounts of financial assets, liabilities and non-financial assets at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Items requiring the use of significant estimates and assumptions include those related to the fair value of financial instruments, useful life and write-down of tangible capital assets, employee future benefits, contingent liabilities and provisions including the decommissioning and waste management provision and contaminated sites liability. Estimates and assumptions are based on the best information available at the time of preparation of the quarterly financial statements and are reviewed regularly to reflect new information as it becomes available. Where actual results differ from these estimates and assumptions, the impact will be recorded in future periods when the difference becomes known.

Budget Figures

The 2024-25 budget is reflected in the Statement of Operations and the Statement of Change in Net Debt. Budget data presented in these financial statements is based upon the 2024-25 projections and estimates contained within the 2024-25 to 2028-29 Corporate Plan.

3. Investments

	December 31, 2024			
	Long-term Disposal of Waste Fund	Investments Held in Trust	Other Investments	Total
<i>(thousands of Canadian dollars)</i>				
Short-term investments	\$ -	\$ -	\$ 115,839	\$ 115,839
Canadian government bonds*	-	-	61,992	61,992
Corporate bonds	13,578	32,314	57,605	103,497
Canadian equities**	6,076	12,523	-	18,599
Global equities**	17,496	35,532	-	53,028
	\$ 37,150	\$ 80,369	\$ 235,436	\$ 352,955

	March 31, 2024			
	Long-term Disposal of Waste Fund	Investments Held in Trust	Other Investments	Total
<i>(thousands of Canadian dollars)</i>				
Short-term investments	\$ 18,000	\$ 6,014	\$ 127,702	\$ 151,716
Canadian government bonds*	-	57,084	53,233	110,317
Corporate bonds	6,456	13,973	45,219	65,648
Canadian equities**	2,760	-	-	2,760
Global equities**	8,081	-	-	8,081
	\$ 35,297	\$ 77,071	\$ 226,154	\$ 338,522

* Canadian government bonds include federal, provincial and municipal bonds

** All Canadian and global equities are quoted in an active market

4. Trade and Other Receivables

	December 31 2024	March 31 2024
<i>(thousands of Canadian dollars)</i>		
Trade receivables	\$ 29,935	\$ 16,330
Unbilled revenue	9,431	16,845
Consumption taxes receivable	22,097	14,317
	\$ 61,463	\$ 47,492

5. Accounts Payable and Accrued Liabilities

	December 31 2024	March 31 2024
<i>(thousands of Canadian dollars)</i>		
Trade payables	\$ 2,659	\$ 4,159
Other payables and accrued expenses	26,355	10,800
Accrued payroll liabilities	1,827	2,694
Amounts due to related parties	1,443	825
Provisions	165	165
Customer advances and obligations	5,042	4,203
	\$ 37,491	\$ 22,846

Provisions are short-term in nature and are not discounted and include estimated costs related to lawsuits and legal claims and disputes with suppliers.

6. Employee Future Benefits

a) Pension Plan

Employees of AECL participate in the Public Service Pension Plan (PSPP). The PSPP is a contributory defined benefit plan established through legislation and sponsored by the Government of Canada. Contributions are required by both the employees and the employer to cover current service cost. The President of the Treasury Board of Canada sets the required employer contributions based on a multiple of the employees' required contribution.

Total contributions made on account of current service are as follows:

	Three Months Ended		Nine Months Ended	
	December 31		December 31	
<i>(thousands of Canadian dollars)</i>	2024	2023	2024	2023
Payments by employees	\$ 292	\$ 256	\$ 882	\$ 756
Payments by employer	417	667	1,600	1,779

The Government of Canada holds a statutory obligation for the payment of benefits relating to the PSPP. Pension benefits generally accrue up to a maximum period of 35 years at an annual rate of two per cent of pensionable service, multiplied by the average of the best five consecutive years of earnings. The benefits are coordinated with Canada/Québec Pension Plan benefits and are indexed to inflation.

b) Other Employee Future Benefits

AECL provides certain voluntary termination compensation and other post-employment benefits as described in Note 2(e) of the annual audited financial statements dated March 31, 2024. The defined benefit obligation is not funded, as funding is provided when benefits are paid. Accordingly, there are no plan assets and the defined plan deficit is equal to the defined benefit obligation.

The voluntary termination compensation included in the reported Employee future benefits liability is \$4.4 million (March 31, 2024: \$4.4 million) and is payable in instances of future voluntary resignations and retirements.

7. Decommissioning and Waste Management Provision

AECL has an obligation to decommission its nuclear facilities and other assets to address its liabilities, reduce risk, and protect the environment. A portion of the liabilities relates to obligations stemming from activities undertaken prior to the creation of AECL in 1952.

	Nine Months Ended December 31 2024	Year Ended March 31 2024
<i>(thousands of Canadian dollars)</i>		
Carrying amount - Beginning of period	\$ 8,672,132	\$ 8,723,480
Liabilities settled	(429,218)	(595,264)
Unwinding of discount	211,657	267,465
Effect of change in discount rate	(39,054)	(383,756)
Revision in estimate and timing of expenditures	371,568	658,238
Estimates affecting Property, plant and equipment and future disposal costs for waste from ongoing operations	1,510	1,969
Carrying amount - End of period	\$ 8,788,595	\$ 8,672,132

The undiscounted future expenditures, adjusted for inflation, for the planned activities comprising the liability are \$17,573.1 million (March 31, 2024: \$17,546.7 million).

The provision was discounted using a rate of 3.32% as at December 31, 2024. The opening balance as at March 31, 2024 was discounted using a rate of 3.29%.

8. Contaminated Sites Liability

AECL has the responsibility for the implementation of the Government of Canada's commitments with respect to the Port Hope Area Initiative and Low-level Radioactive Waste Management Office.

	Nine Months Ended December 31 2024	Year Ended March 31 2024
<i>(thousands of Canadian dollars)</i>		
Carrying amount - Beginning of period	\$ 1,172,128	\$ 1,333,856
Liabilities settled	(284,173)	(353,570)
Unwinding of discount	26,795	40,907
Effect of change in discount rate	23,726	(21,214)
Revision in estimate and timing of expenditures	43,601	172,149
Carrying amount - End of period	\$ 982,077	\$ 1,172,128

The nature of the Port Hope Area Initiative liability is the cleanup and safe long-term management of historic low-level radioactive waste in the Ontario municipalities of Port Hope and Clarington. This waste consists mainly of past process residues containing uranium and radium, and associated contaminated soils, the result of activities of a former federal Crown

corporation and its private-sector predecessors. The implementation phase is forecasted to be complete in 2030-31, with long-term monitoring and maintenance expected to continue for 100 years after implementation.

AECL also has responsibility for the Low-level Radioactive Waste Management Office which includes all activities to address and manage historic low-level waste at sites in Canada for which the Government has assumed responsibility (excluding the Port Hope Area Initiative). Historic low-level radioactive waste is material contaminated with low levels of radioactivity resulting from the processing and shipment of uranium and radium.

The liability is discounted using net present value techniques at a rate of 2.89% at December 31, 2024. The opening balance as at March 31, 2024 was discounted using a rate of 3.50%. The estimated total undiscounted expenditures are \$1,095.2 million (March 31, 2024: \$1,331.6 million).

9. Tangible Capital Assets

(thousands of Canadian dollars)

	Construction in progress	Land and land improvements	Buildings	Reactors, Machinery and Equipment	Total
Cost at March 31, 2024	\$ 364,085	\$ 167,740	\$ 705,098	\$ 549,451	\$ 1,786,374
Additions and transfers	118,627	4,200	2,288	5,332	130,447
Disposals and transfers	(11,819)	-	(2,217)	(2,384)	(16,420)
Cost at December 31, 2024	470,893	171,940	705,169	552,399	1,900,401
Accumulated amortization at March 31, 2024	-	68,772	278,777	341,821	689,370
Increase in amortization	-	4,281	14,851	18,369	37,501
Disposals and transfers	-	-	(1,585)	(2,548)	(4,133)
Accumulated amortization at December 31, 2024	-	73,053	292,043	357,642	722,738
Net carrying amount at March 31, 2024	364,085	98,968	426,321	207,630	1,097,004
Net carrying amount at December 31, 2024	\$ 470,893	\$ 98,887	\$ 413,126	\$ 194,757	\$ 1,177,663

10. Parliamentary Appropriations

	Three Months Ended		Nine Months Ended	
	December 31		December 31	
<i>(thousands of Canadian dollars)</i>	2024	2023	2024	2023
Parliamentary appropriations for operating, capital and statutory expenditures				
Amount received during the period for operating, capital and statutory expenditures	\$ 358,000	\$ 611,300	\$ 934,000	\$ 1,337,200
Amount receivable from a previous period	-	-	-	(160,500)
Amount received related to the next period (Deferred funding)	-	(294,700)	-	(294,700)
Total Parliamentary appropriations recognized	\$ 358,000	\$ 316,600	\$ 934,000	\$ 882,000

The difference between Parliamentary appropriations received and recognized relates to amounts received but related to either a previous or subsequent quarter. The appropriations approved for operating and capital expenditures for the year ending March 31, 2025 total \$1,591.3 million.

11. Contractual Arrangement

Since 2015, AECL has been delivering its mandate through a Government-owned, Contractor-operated model whereby the assets, sites and facilities continue to be owned by AECL, but are being contractually managed and operated by a private-sector company. As such, AECL makes payments to CNL and its parent company, Canadian National Energy Alliance (CNEA), as per the terms of the contractual arrangement.

The following contractual expenses were incurred:

	Three Months Ended		Nine Months Ended	
	December 31		December 31	
<i>(thousands of Canadian dollars)</i>	2024	2023	2024	2023
Contractual amounts paid or payable	\$ 370,614	\$ 339,628	\$ 1,104,001	\$ 1,043,367
Less: Costs charged to Decommissioning and waste management provision and Contaminated sites liability	(247,741)	(231,123)	(711,075)	(685,420)
Less: Costs charged to Construction in progress	(40,464)	(37,663)	(118,627)	(125,216)
Less: Costs classified as Cost of sales	(19,214)	(13,491)	(54,868)	(39,956)
Contractual expenses	\$ 63,195	\$ 57,351	\$ 219,431	\$ 192,775

Contractual amounts paid or payable include fees paid to CNEA, in accordance with the contractual arrangement between AECL and CNEA and CNL.



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