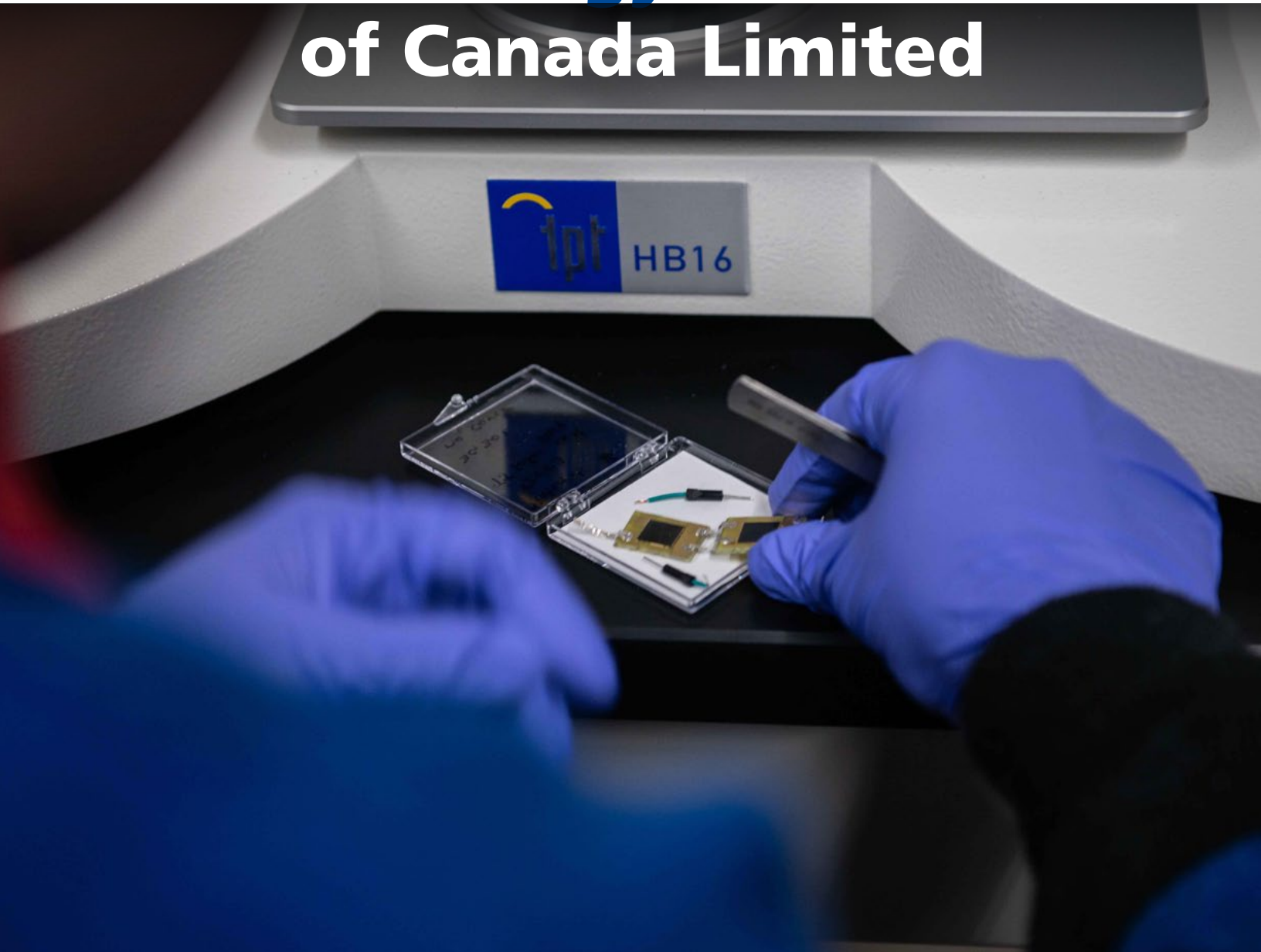


Atomic Energy of Canada Limited



Delivering on Canada's
Nuclear Future

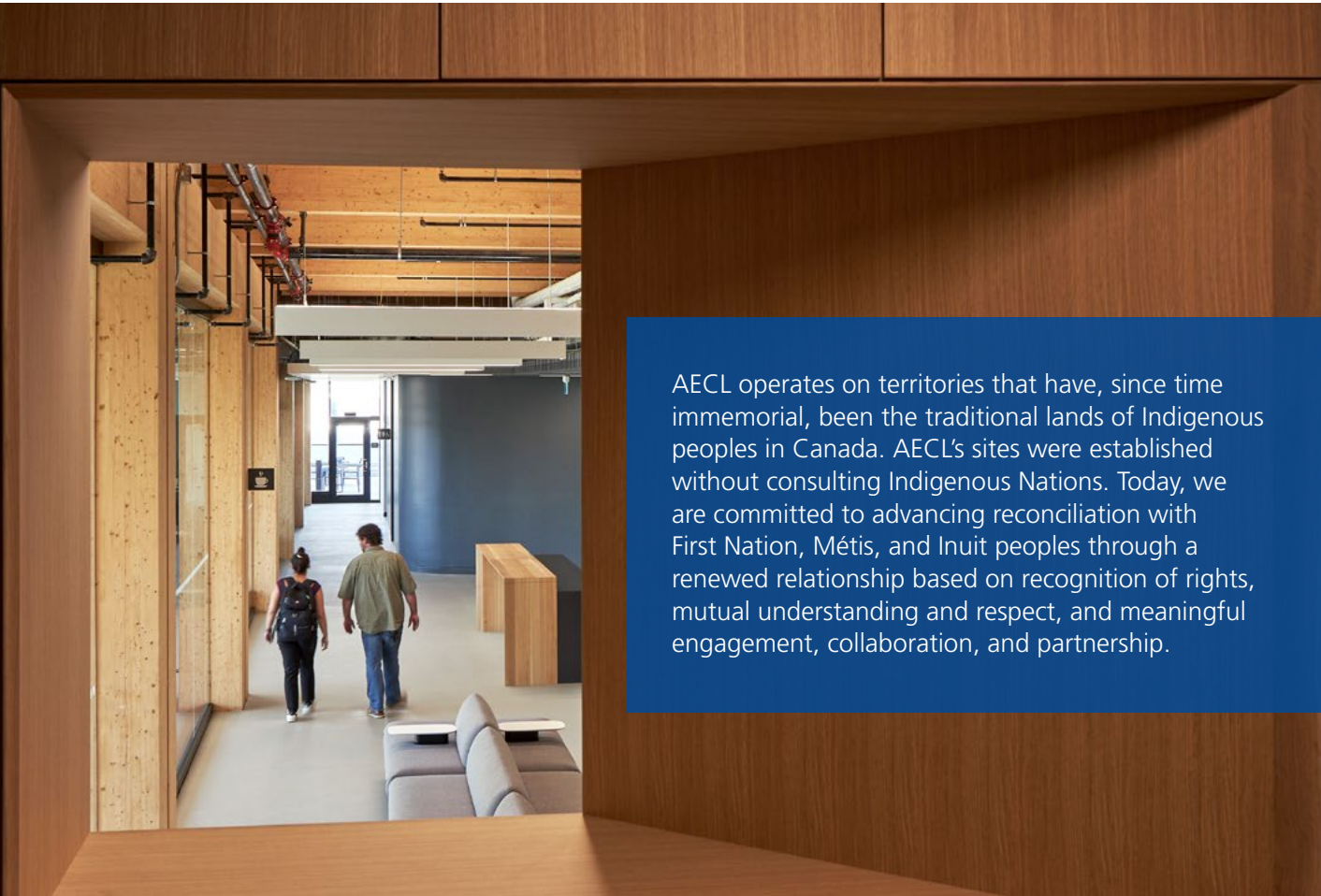
Annual Report 2025-26



AECL Overview

As a federal Crown corporation, Atomic Energy of Canada Limited (AECL) advances Canada's interests through leading edge nuclear science and technology and environmental stewardship. This includes combating climate change, clean energy growth and decarbonization strategies, pioneering new treatments for cancer and other diseases, and accelerating Canada's environmental remediation projects.

Since 2015, AECL has been delivering its mandate through a Government-owned, Contractor-operated model, whereby a private-sector organization, Canadian Nuclear Laboratories (CNL), operates AECL's sites.



AECL operates on territories that have, since time immemorial, been the traditional lands of Indigenous peoples in Canada. AECL's sites were established without consulting Indigenous Nations. Today, we are committed to advancing reconciliation with First Nation, Métis, and Inuit peoples through a renewed relationship based on recognition of rights, mutual understanding and respect, and meaningful engagement, collaboration, and partnership.

Delivering on Canada’s nuclear future

In 2025-26, Atomic Energy of Canada Limited (AECL) continued to advance the priorities set out in AECL’s Corporate Plan, focused on delivering value for Canadians through nuclear innovation and environmental stewardship. As an agent Crown corporation, AECL has a unique dual mandate: enabling nuclear science and technology through oversight of Canadian Nuclear Laboratories (CNL) and protecting people and the environment by fulfilling the Government of Canada’s radioactive waste management and decommissioning responsibilities.

As Canada rolls out its first Nuclear Energy Strategy, the nuclear sector continues to evolve quickly as governments and industry look for reliable, low-carbon energy and for solutions that protect communities and the environment over the long term. Against this backdrop, AECL and CNL continued to sustain and strengthen the unique capabilities at Chalk River Laboratories, supporting federal priorities through science and technology, enabling collaboration with academic and industry partners, and advancing programs that help move promising technologies toward deployment.

AECL’s work is strengthened by a cross-cutting commitment to Indigenous engagement and reconciliation, grounded in relationship-based engagement that supports better outcomes and reflects evolving expectations. With long-term planning enabled through multi-year funding and strong governance, AECL also continued to advance the corporate foundations that support delivery, including contractor transition preparations under the Government-owned, Contractor-operated model and continued modernization of the Chalk River Laboratories campus.

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Message from the Chair of the Board



This past year has been one of significant progress for Atomic Energy of Canada Limited (AECL) as we advanced the priorities set out in AECL's 2025-26 Corporate Plan. AECL is poised to enable the new Government of Canada's Nuclear Energy Strategy in terms of new nuclear builds, global nuclear leadership, and continuing to develop new nuclear innovations, including fusion.

In 2025-26, AECL continued to strengthen Canada's position as a tier-1 nuclear nation by supporting science, technology, and innovation activities at Chalk River Laboratories, including work delivered through the Federal Nuclear Science and Technology (FNST) Work Plan in support of federal departments and agencies.

Environmental stewardship remained central to AECL's work. We continued to oversee progress in decommissioning, waste management, and remediation activities across AECL sites and projects. These efforts are critical to reducing long-term risks and hazards and ensuring that AECL sites can be managed safely and responsibly for generations to come.

The Board also recognizes that strong relationships with Indigenous Nations are essential to AECL's ability to deliver its mandate. AECL's reconciliation efforts are a cross-cutting priority that informs how we plan and implement work across both nuclear innovation and environmental stewardship. AECL will continue to advance relationship-based engagement and to support approaches that reflect evolving expectations and regulatory requirements.

Finally, 2025-26 was a watershed year for AECL in terms of governance and contract management, with the successful procurement of a new leadership team under the Government-owned, Contractor-operated (GoCo) model. For the first time in the 10-year history of the model, AECL and CNL transitioned to a new contractor, the culminating of years of intense work on the part of AECL. We are excited about the opportunity this transition presents, to bring fresh perspectives and new ideas, and to drive all of our important missions forward.

On behalf of the Board of Directors, I acknowledge AECL's leadership and employees for their commitment and professionalism. Along with our partners and stakeholders, we are advancing work of national importance, supporting innovation, protecting the environment, and building enduring relationships grounded in respect.

A handwritten signature in black ink, appearing to read 'J. Burpee'.

James Burpee, *Chair of the Board of Directors*,
Atomic Energy of Canada Limited

Message from the President and CEO



The 2025-26 fiscal year underscored AECL's dual mandate: enabling nuclear science and technology and protecting the environment through the responsible management of Canada's legacy radioactive waste and decommissioning obligations. Guided by AECL's 2025-26 planning activities, we focused on delivering progress across nuclear innovation, environmental stewardship, and relationship-based engagement with Indigenous Nations and communities.

Looking back at the year that was, I would like to highlight some of our many achievements.

First, this past year saw the completion of the procurement of a new contractor to operate Canadian Nuclear Laboratories under the Government-owned, Contractor-operated (GoCo) model. This was the culmination of a significant effort by AECL, entailing close to three years of analysis, contract design, procurement, and more. I am excited to have the new management team on-board and the fresh ideas they will bring to bear. I am most proud, however, of the continued dedication of both the AECL and CNL workforces as they have navigated this major transition while maintaining a strong focus on safety, security, environmental protection, and delivering results for Canadians.

Next, looking at our decommissioning and waste management mission, it has been a year of significant achievement. An important milestone was the incident-free completion of the consolidation of used fuel from the Gentilly-1 site in Bécancour, Québec, to the Chalk River Laboratories in Ontario, on-time and on-budget. Relocating this used fuel to Chalk River delivers value for Canadians in reducing the cost of storing and

monitoring that fuel, which will eventually be permanently moved to a deep geological repository. Another notable milestone is the completion of the clean up of almost all large-scale sites as part of the Port Hope Area Initiative, the result of years of planning, community engagement, and deliberate work. This is a shining example of how federal resources and long-term commitment can make a significant positive impact for Canadians. Notwithstanding these significant achievements, we were not able to move forward with the construction of the Near Surface Disposal Facility at the Chalk River Laboratories due to ongoing legal actions described in this report.

Lastly, this report provides an overview of the broad array of scientific endeavours taking place at the Chalk River Laboratories under AECL's direction and oversight. I'd like to highlight two new developments from the past year. First is the creation of the Centre for Fusion Energy. Launched as a partnership between AECL, CNL, Ontario Power Generation and fusion company Stellarex, the Centre brings together resources and cutting-edge research to advance a long-term strategic goal: position Canada in the fusion economy of tomorrow. While nuclear fusion still requires further development before it transforms the global energy landscape, the work we're doing today will make Canada an important player when that future is realized. In addition, this past year saw the creation of the Canadian Nuclear Learning Centre in partnership with CNL and the University Network of Excellence in Nuclear Engineering (UNENE), which will build a stronger nuclear talent pipeline in Canada, and will leverage the Chalk River Laboratories as a training ground for hands on learning.



As we look to the future, we are excited about the forthcoming Government of Canada's Nuclear Energy Strategy. As a Crown corporation with unique and valuable assets, including laboratories, intellectual property, nuclear sites and national convening power, AECL is well-positioned to play both a leadership and enabling role, working closely with Natural Resources Canada, Indigenous partners and government, industry and academic partners across Canada.

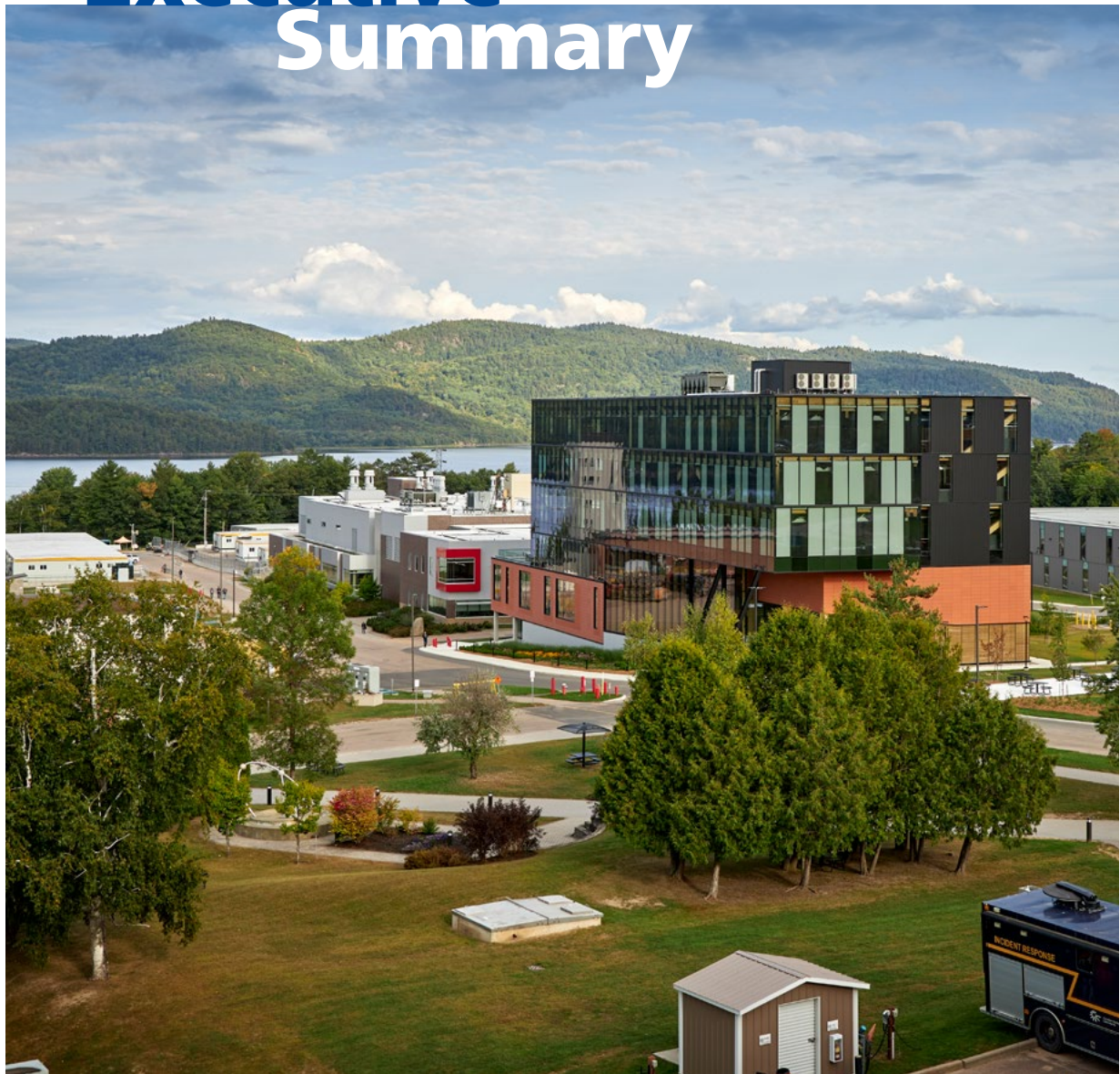
All in all, AECL has the know how, the experience, and the capacity to help make an ambitious agenda for nuclear technology in Canada a reality. From new reactors, to future technologies, to engaging with international partners, we are ready to energize nuclear innovation to power a clean, secure and sustainable future.

In closing, I want to thank AECL employees for their dedication and professionalism, and I extend my appreciation to CNL, our federal partners, Indigenous Nations and communities, municipalities, industry partners, and other stakeholders. The work we deliver is complex and long-term, and it is made possible through sustained collaboration throughout this network of vital partnerships.

A handwritten signature in black ink, reading "F. Dermarkar".

Fred Dermarkar, *President and CEO*,
Atomic Energy of Canada Limited

Executive Summary



In 2025-26, Atomic Energy of Canada Limited (AECL) continued to deliver on its mandate by advancing nuclear science and technology, while protecting people and the environment through radioactive waste management and decommissioning. Through its oversight of Canadian Nuclear Laboratories (CNL), AECL supported federal priorities, strengthened Canada's nuclear capabilities, and maintained focus on long-term public value, safety, and responsible stewardship.

The year was marked by continued progress in nuclear innovation at Chalk River Laboratories, Canada's largest science and technology campus. AECL supported work that strengthens the country's position as a tier-1 nuclear nation, including research and development under the Federal Nuclear Science and Technology Work Plan, strategic support for the CANDU® fleet, and advancement of emerging technologies such as small modular reactors, microreactors, hydrogen, fusion, and medical isotopes. These efforts help sustain critical national capabilities while supporting clean energy, health, security, and economic objectives.

AECL also advanced key strategic partnerships that reinforce Canada's nuclear ecosystem. During the year, collaboration continued with universities, federal departments, industry, and international partners to expand research, training, and innovation opportunities. Initiatives such as the Canadian Nuclear Learning Centre, the Centre for Fusion Excellence, and the continued development of joint ventures and technology partnerships demonstrate how AECL is helping build the workforce, expertise, and relationships needed to support future growth in Canada's nuclear sector.

Environmental stewardship remained central to AECL's work. Across its sites, AECL oversaw progress in decommissioning, remediation, waste management, and long-term disposal planning aimed at reducing environmental liabilities and long-term risks. This included continued work at Chalk River Laboratories, Whiteshell Laboratories, the prototype reactor sites, the Port Hope Area Initiative, and historic waste sites managed through the Low-Level Radioactive Waste Management Office. These activities are essential to fulfilling the Government of Canada's environmental responsibilities safely, responsibly, and efficiently.

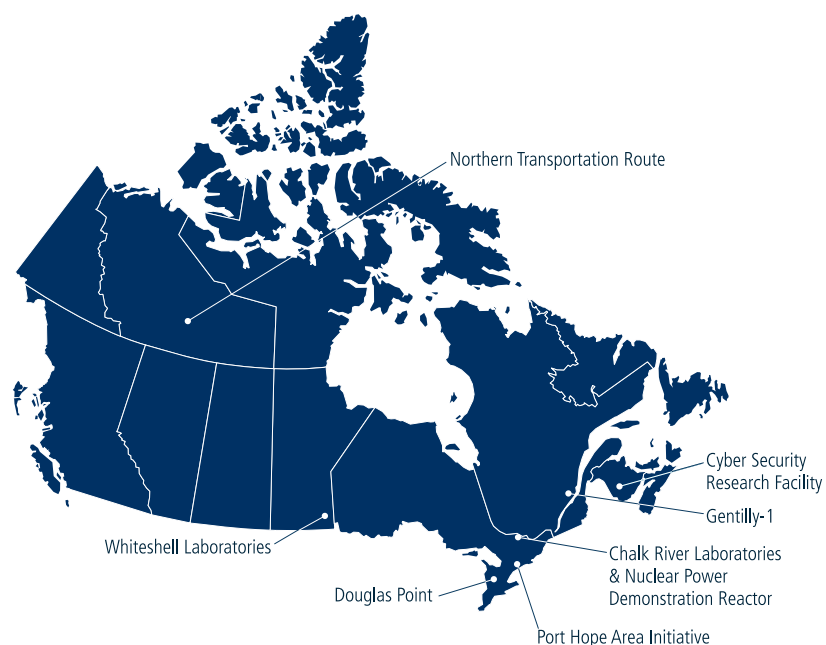
A major focus in 2025-26 was advancing critical projects and decisions that will shape AECL's long-term ability to deliver its mandate. AECL continued oversight of significant capital investments at Chalk River Laboratories, including construction progress on the Advanced Nuclear Materials Research Centre and renewal of key site infrastructure. At the same time, AECL completed the procurement and transition process for the Government-owned, Contractor-operated model, with Nuclear Laboratory Partners of Canada Inc. assuming ownership and management of CNL in December 2025. This transition was a major corporate priority and was managed with close attention to continuity, governance, and risk.

Indigenous engagement and reconciliation remained a cross-cutting priority in both AECL's environmental stewardship and nuclear innovation work. AECL continued to support relationship-based engagement with Indigenous Nations and communities, recognizing that meaningful dialogue, collaboration, and respect for rights are essential to responsible project delivery and better long-term outcomes. Progress during the year included work under long-term relationship agreements, continued consultation related to major projects, and further efforts to align activities with evolving legal and policy expectations, including implementation of the *United Nations Declaration on the Rights of Indigenous Peoples Act*.

AECL also continued to strengthen the organizational foundations that support delivery. This included progress in diversity, equity and inclusion, talent management, leadership development, and workplace culture, alongside ongoing emphasis on safety, security, and sound governance. In parallel, AECL reported continued progress through its environmental, social and governance reporting, highlighting measurable results in greenhouse gas reduction, waste diversion, sustainable procurement, and trusted oversight. Together, these efforts support a resilient organization that is better positioned to meet complex and evolving national priorities.

Financially, AECL remained primarily funded through Parliamentary appropriations and continued to invest significantly in nuclear laboratories, environmental remediation, and capital renewal. In 2025-26, appropriations totalled \$1,527 million, reflecting continued federal support for AECL's long-term mission. Looking ahead, AECL is well positioned to build on this year's progress by advancing modernized infrastructure, strengthening Canada's nuclear science and technology capacity, supporting environmental cleanup and waste solutions, and contributing to the conditions required for a strong, safe, and sustainable nuclear future for Canadians.





Site	Location	Overview
Chalk River Laboratories	Chalk River, Ontario	The Chalk River Laboratories is Canada's largest science and technology centre. The federal government is investing in the site's infrastructure, which will help build a state-of-the-art nuclear science and technology campus. This includes constructing the Advance Nuclear Material Research Centre and the Near Surface Disposal Facility.
Nuclear Power Demonstration Reactor	Rolphton, Ontario	The Nuclear Power Demonstration reactor was Canada's first nuclear power reactor to supply electricity to the grid and served as a key training facility for engineers and operators. It has been in safe shut down state for more than 30 years. CNL has proposed to decommission the reactor <i>in situ</i> .
Port Hope Area Initiative	Port Hope and Clarington, Ontario	The Port Hope Area Initiative represents the Government of Canada's commitment to cleanup and safely manage historic low-level radioactive waste located in both municipalities.
Douglas Point Reactor	Kincardine, Ontario	The Douglas Point reactor is a shutdown prototype nuclear reactor currently in a safe shutdown state pending full decommissioning.
Gentilly-1 Reactor	Bécancour, Québec	The Gentilly-1 reactor is a shutdown prototype nuclear reactor currently in a safe shutdown state pending full decommissioning.
Whiteshell Laboratories	Pinawa, Manitoba	The Whiteshell Laboratories were formerly AECL's second largest research site; today, they are being decommissioned for closure. CNL's plans include a proposal for <i>in situ</i> disposal of the WR-1 research reactor.
Northern Transportation Route	Northwest Territories and northern Alberta	The Northern Transportation Route represents AECL's commitment to work with Indigenous peoples and local communities to cleanup small quantities of uranium ore in the Northwest Territories and northern Alberta, specifically in Sawmill Bay, Great Bear River sites, Hay River, Bell Rock, Fort Smith, Fort Fitzgerald and Halfway House.

Achievements

2025-26



This section outlines AECL's key achievements between April 1, 2025 to March 31, 2026, and describes progress against the priorities set out in AECL's 2025-26 Corporate Plan.

AECL's achievements this year reflect progress across Nuclear Innovation and Environmental Stewardship, supported by a cross-cutting focus on Indigenous Engagement and Reconciliation, and strengthened by continued attention to safety, security, governance, and organizational effectiveness.



Indigenous Consultation, Reconciliation and Partnership

Indigenous engagement and reconciliation are integral to AECL's mandate and to how we deliver our work across nuclear innovation and environmental stewardship. Strong, respectful relationships with Indigenous Nations and communities help inform decision-making, strengthen project planning, and support better outcomes for people and the environment.

As a federal Crown corporation, AECL supports the Government of Canada's broader reconciliation objectives. We are committed to engagement and consultation approaches that are relationship-based, not only project-driven, and that reflect evolving expectations and regulatory requirements for current work and future projects.

In 2025-26, AECL and CNL continued to advance engagement with Indigenous Nations and communities in support of AECL's mandate and the Government of Canada's reconciliation objectives, including implementation of the *United Nations Declaration on the Rights of Indigenous Peoples Act*. This work is grounded in longer-term agreements and structured relationship mechanisms that support meaningful, ongoing dialogue beyond project-specific engagement.

Following a planned 3-year review of AECL and CNL's Long Term Relationship Agreement with Algonquins of Pikwàkanagàn First Nation (AOPFN), leaders of all three parties met to advance implementation and collaboration on shared prosperity, economic development and community benefits. In addition, AECL and CNL worked with Sagkeeng Anicinabe Nation to develop a Bridging Agreement that strengthens capacity for continued collaboration on the Whiteshell Laboratories Restoration Project. It also enhances progress on a longer-term relationship framework grounded in openness, mutual respect, and recognition of Sagkeeng's rights and interests. Along the Northern Transportation Route, stronger in-person engagement increased trust and led to agreements on archaeology training, project planning, economic development and nation-led cultural heritage protocols for local field work.

CNL and the Canadian Nuclear Safety Commission (Commission) resumed consultation with Kebaowek First Nation (KFN) to seek consensus on the Near Surface Disposal Facility at Chalk River Laboratories. AECL continued to support senior level engagement and the implementation of KFN's Rights and Responsibilities Assessment Law, a nation-led process to determine free, prior and informed consent. In a decision delivered in February 2025, the Federal Court directed parties to complete the process by September 2026. A hearing will follow for the Commission to reassess whether the Crown met its duty to consult and accommodate under the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP).

In addition, AECL and CNL continued Indigenous engagement and consultation connected to major activities and projects across AECL's sites, such as waste management and disposal initiatives (including decommissioning activities at Gentilly-1 Waste Facility), Northern Transportation Route remediation planning, Port Hope Area Initiative discussions (including cleanup criteria considerations), and targeted collaboration under the FNST Work Plan, including work with the Clearwater River Dënë First Nation that integrates Indigenous knowledge with scientific research.

While these initiatives are only steps on our journey to reconciliation, they mark important progress toward AECL's commitment to meaningful engagement with Indigenous peoples and the achievement of shared priorities and mutual benefits.

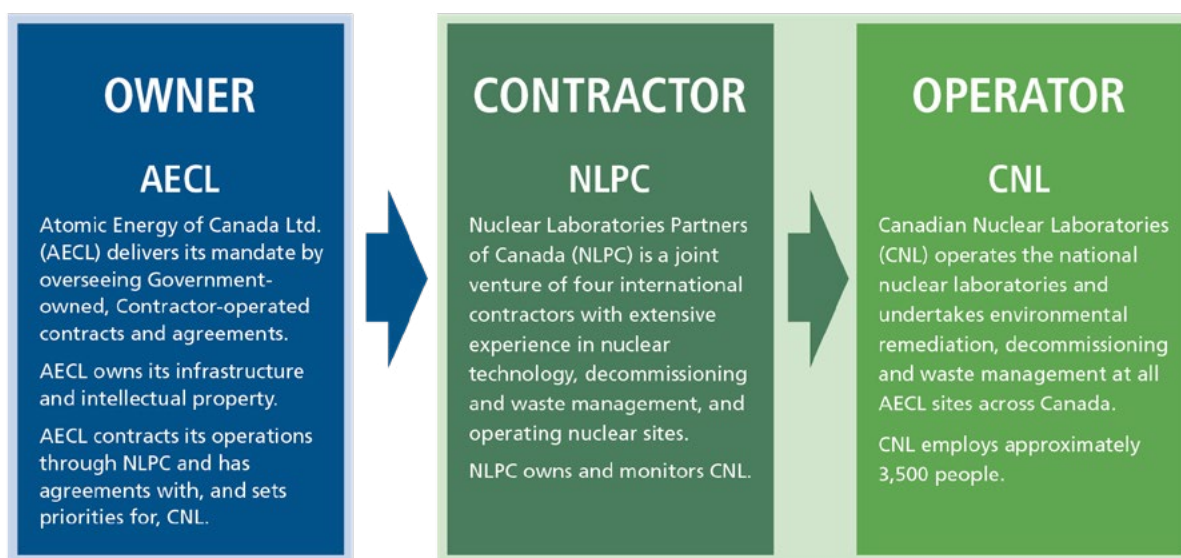
Government-owned, Contractor-operated Procurement

AECL continued to advance the procurement process to renew the Government-owned, Contractor-operated (GoCo) contract for the management and operation of Canadian Nuclear Laboratories (CNL). This procurement is central to ensuring continuity of safe operations and sustained delivery of AECL's mandate under the GoCo model. This work reflects a major strategic priority set out in AECL's 2025-26 Corporate Plan.

Following the competitive procurement process, AECL announced Nuclear Laboratory Partners of Canada Inc. (NLPC) as the preferred bidder in June 2025 for the management and operation of CNL.

The transition to the new contractor was originally scheduled for mid-September, however the review by the Competition Bureau, an independent regulator that reviews all major mergers and acquisitions in Canada, extended past that planned date, necessitating a delay. The Competition Bureau issued a No-Action Letter, which confirms that the Bureau does not intend to challenge the proposed transaction at this time. NLPC officially assumed ownership and management of CNL on December 11, 2025.

Throughout the year, AECL also advanced transition planning to support a smooth and well-controlled contractor changeover, with a focus on operational continuity, workforce stability, and sustained performance delivery. AECL maintained strong governance and assurance over the process through dedicated internal resources, expert support, and Board oversight.



Building a Diverse Workforce

In 2025-26, AECL continued to strengthen its workplace culture by advancing diversity, equity and inclusion (DE&I) and related people practices that support attraction, retention, and employee engagement.

As of March 31, 2026, AECL had 55 employees. Our workforce was made up of 52.7% women, 9.1% visible minorities, and 10.9% Indigenous people. We continued to support the Equality in Energy Transition Initiative's Equal by 30 Campaign and remained engaged with our employee-driven, executive-sponsored DE&I Working Group. As of the end of this fiscal year, 23 of the 41 actions on AECL's DE&I roadmap were completed, reflecting continued steady progress toward our long-term vision of an inclusive, equitable, and diverse workplace.

With operations in remote locations, attracting, developing, and retaining highly qualified talent remains a strategic priority for AECL. In 2025-26, AECL continued to advance a cohesive people and culture program focused on strengthening the employee experience, building leadership capability, and supporting long-term workforce sustainability.

Key initiatives included enhancements to onboarding through a refreshed program and the implementation of a formal buddy program to support new employees as they build connections and become oriented to AECL's culture and ways of working. AECL also designed and launched a structured leadership development program to support leaders at all levels, reinforcing inclusive, values-based leadership practices and strengthening accountability across the organization.

To further enable growth and succession readiness, AECL developed a comprehensive Talent Management Framework that brings greater alignment across the employee lifecycle, including development, performance, and career progression. As part of this work, AECL modernized its performance management approach by introducing a values-based, continuous feedback model supported by a new digital performance management module, improving the transparency, consistency, and frequency of performance conversations between employees and their People Managers.

These initiatives build on AECL's strong foundation of inclusive people practices, competitive total compensation, and refreshed organizational values. Safety remains AECL's foremost commitment, embedded in everything we do. AECL's Core Values of accountability, integrity, respect, innovation, and collaboration continue to guide how work is undertaken and how people are supported to contribute meaningfully to Canada's nuclear future.

AECL continued to experience low voluntary turnover, with a rate of 1.8% annually in 2025-26. At the same time, approximately 12.73% of employees are eligible for retirement. Given AECL's size and mandate, the loss of expertise in any area can have a significant operational impact. To mitigate these risks, AECL continued advancing strategic workforce planning activities and foundational elements of a broader talent mapping framework to support succession planning and workforce resilience, particularly in specialized roles.

In preparation for the next fiscal year, AECL is enhancing its approach to on-site work, reinforcing our commitment to our Value of collaboration through purposeful, in-person workplace experiences that bring teams together.

Environmental, Social and Governance

In 2025-26, AECL published its [2025 Environmental, Social and Governance \(ESG\) Report](#), which highlights AECL's annual sustainability progress from April 1, 2024, to March 31, 2025. The report outlines AECL's ESG strategy and performance and is informed by leading reporting standards and frameworks, including the Global Reporting Initiative (GRI), the Task Force on Climate-related Financial Disclosures (TCFD), the Sustainability Accounting Standards Board (SASB), the Government of Canada's Greening Government Strategy, and the United Nations Sustainable Development Goals (UN SDGs).

The ESG report describes how AECL, through its own work and through Canadian Nuclear Laboratories (CNL), is advancing environmental sustainability and climate resilience, improving quality of life for Canadians, and strengthening trusted governance. It also reports measurable progress, including a 53% reduction in combined Scope 1 and Scope 2 greenhouse gas emissions compared to the 2005 baseline (exceeding the 2025 interim target of 40%), total water withdrawn of 9,453 megalitres in 2024 which is a decrease of 43% from 2023 (16,524 megalitres), due to reduced operational activities at Whiteshell laboratories, and strong conventional waste diversion (91% diverted from landfill). The report also highlights actions supporting the Greening Government Strategy (including progress in fleet electrification), continued emphasis on sustainable procurement and local supplier engagement, and AECL's broader contribution to emissions reduction through Canada's CANDU® fleet.

Safety and Security

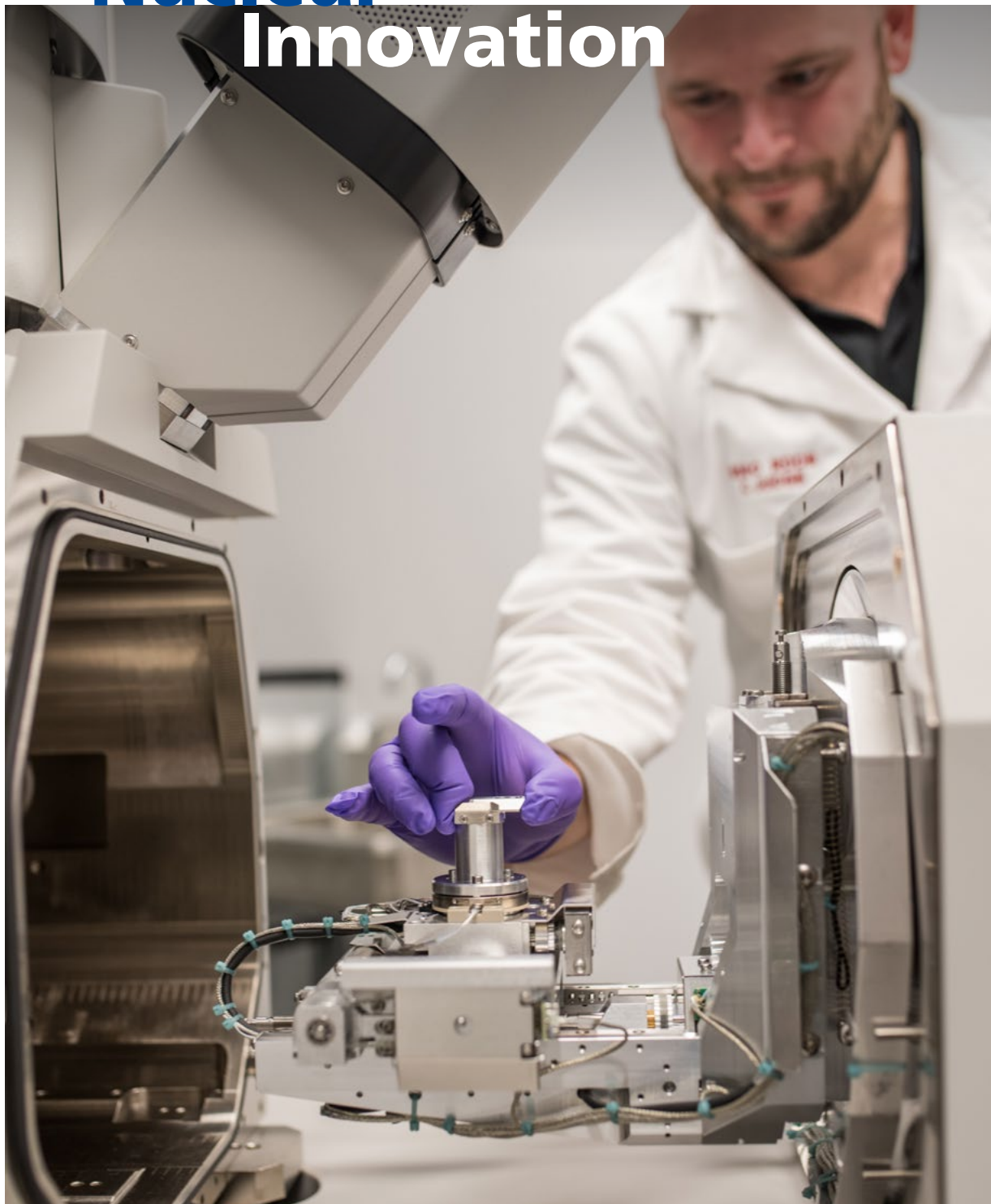
Safety and security are foundational to AECL's mandate and are central to our oversight of Canadian Nuclear Laboratories (CNL). In 2025-26, CNL's Safety Excellence Team led the completion of 31 key actions within the Safety Excellence Strategy Implementation Plan, with emphasis on strengthening leadership capability, improving the visibility and use of safety metrics, and further embedding psychological health and safety. CNL also strengthened its Mental Health and Wellbeing program through additional tools and learning opportunities to support employees in managing day-to-day challenges.

Contractor Safety Forums and Councils continued to support a strong safety culture by reinforcing positive behaviours and engagement among CNL contractors. In addition, CNL's review of its Safety and Control Area programs identified more than 140 improvement actions across programs and missions. The Central Technical Authority / Health Safety Security Environment Multi-Year Improvement Plan and the Compliance Improvement Plan also progressed strongly, achieving over 90% completion of the actions scheduled for 2025-26.

Recordable injury rate metrics, Total Recordable Cases and Days Away Restriction Transfer exceeded all internal targets. However, Days Away rates did not meet the target values. However, CNL's performance remained stronger than the average across U.S. Department of Energy (DOE) laboratories, providing a solid foundation while additional corrective and preventive actions are implemented.

AECL also continued to strengthen its internal security protocols and cybersecurity posture to mitigate risk in a growing threat environment. CNL advanced security culture assessments and related improvement actions, achieving program improvements that have been acknowledged by the nuclear regulatory body. CNL also implemented a robust third-party risk assessment process with broad application across the organization, and further enhanced rigor in its approach to managing cyber risk exposure.

Nuclear Innovation



Fueling the Next Generation of CANDU®

AECL manages its intellectual property for CANDU® reactor technology on behalf of the Government of Canada. Rights to commercialize its CANDU® technology are licensed to AtkinsRéalis.

For more than eight decades, the Chalk River Laboratories have been the cornerstone of Canada's nuclear science and technology ecosystem, providing the deep technical expertise that led to the creation of the CANDU® technology, and today helps underpin the safe operation, performance optimization, and long-term sustainability of the country's CANDU® reactor fleet. The laboratory's capabilities in reactor physics, materials science, fuel performance, chemistry, aging management, and safety analysis have been essential to life-extension programs, reliability improvements, and regulatory confidence for operating reactors in Canada and abroad. This same expertise, rooted in unique facilities, long-standing data sets, and an experienced multidisciplinary workforce, will be even more critical as Canada pursues a nuclear renaissance.

Whether supporting next-generation CANDU® deployments or enabling new reactor technologies such as micro and small modular reactors and advanced designs, Chalk River provides the independent science, testing, and validation capacity required to de-risk innovation, support licensing, and ensure that nuclear expansion proceeds safely, credibly, and in the public interest.

Looking ahead and consistent with AECL's 2026-27 Corporate Plan, AECL continues to seek to strengthen the governance and commercial framework for CANDU® intellectual property and to support conditions that enable future CANDU® deployments.

Nuclear Laboratories

Owned by Atomic Energy of Canada Limited (AECL) and operated by Canadian Nuclear Laboratories (CNL) under the Government-owned, Contractor-operated model, the Chalk River Laboratories (CRL) play a central role in delivering nuclear science and technology capabilities in support of the Government of Canada. Through AECL's oversight, CRL operates as a federal laboratory, providing specialized infrastructure, expertise, and services aligned with federal priorities and core responsibilities.

In 2025-26, CRL continued to deliver on this federal laboratory role by supporting government priorities in health, nuclear safety and security, energy, and the environment. A primary mechanism for this work is the Federal Nuclear Science and Technology (FNST) Work Plan, developed collaboratively with 15 federal departments and agencies to sustain and maximize capabilities that are unique to Chalk River Laboratories.

Beyond the FNST Work Plan, CRL provided access to specialized facilities and expertise through other federal partnerships and service arrangements, including work with Defence Research and Development Canada, the Canadian Coast Guard, Fisheries and Oceans Canada, and the Department of National Defence. These capabilities were also made available to international organizations such as the International Atomic Energy Agency and the Nuclear Energy Agency.

Performance highlights for 2025-26 included the delivery of FNST projects in support of federal science and technology priorities, expansion of federal collaboration through new agreements and continued positioning of CRL as a trusted national laboratory supporting Canada's nuclear, security, and environmental objectives.



Strategic Partnerships

AECL advances strategic partnerships, nationally and internationally, to maximize the value of investments at CRL and to strengthen Canada's nuclear science and technology ecosystem. These partnerships support collaborative research, access to specialized facilities, and the development and mobility of highly qualified personnel.

In June, AECL and CNL signed a Memorandum of Understanding (MOU) with the UNENE to pursue the development of the Canadian Nuclear Learning Centre (CNLC). The vision of the centre is to coordinate education, training, knowledge management and workforce development across Canada's growing nuclear sector. AECL also continued its engagement with the UNENE as a non-voting member, including participation through a Board seat and a Research Advisory Chair role.

During "University Day" at CRL, AECL and CNL signed five-year extensions in their Memorandum of Understanding with nine universities: McMaster University, Ontario Tech University, Western University, the University of Waterloo, the University of Saskatchewan, the University of Regina, the University of New Brunswick, Queen's University, and University of Ottawa. These agreements are aligned with shared science and technology priority areas and enable collaboration that leverages complementary expertise and infrastructure.

Internationally, AECL continued to deepen relationships with key partner organizations to share best practices and explore collaboration on science, technology, and enabling capabilities. This included discussions with France's Commissariat à l'énergie atomique et aux énergies alternatives (CEA) on advanced reactors, hydrogen technologies and fusion, engagement with the U.S. National Nuclear Security Administration (NNSA) to explore areas of collaboration on TRISO fuel, remote reactor deployment, and nuclear security, and with the United Kingdom Atomic Energy Authority on fusion.

AECL continues to contribute to multilateral cooperation through participation in international organizations such as the Generation IV International Forum (GIF), the International Atomic Energy Agency (IAEA), and the Organisation for Economic Co-operation and Development (OECD) Nuclear Energy Agency (NEA).

The Framework for Microreactor deployment led by AECL and CNL to inform the safe deployment of small modular reactors (SMR) and microreactors, which are best suited to off-grid applications in communities and applications across Canada, has been developed with participation from eighteen organizations. Three webinars were held during the year as part of the initiative: 1) AECL's Slowpoke Energy System in the 1980's, 2) Funding and financing off-grid micro-reactors, and 3) Standards for microreactors.

Federal Nuclear Science and Technology Work Plan

AECL oversees the delivery of the Federal Nuclear Science and Technology (FNST) Work Plan, which enables nuclear research and development in support of the Government of Canada's priorities and core responsibilities in health, nuclear safety and security, energy, and the environment. Developed collaboratively with 15 federal departments and agencies, the FNST Work Plan helps build, maintain, and maximize capabilities that are unique to Chalk River Laboratories and delivers science and technology outcomes that support federal needs, innovation, and Canada's international commitments.

The Federal Nuclear Science and Technology Work Plan focuses on these main priority areas:



- Supporting the development of biological applications and understanding the implications of radiation on **human health**.
- Supporting **environmental stewardship** and **radioactive waste management**.
- Enhancing national and global **nuclear detection and forensics, cyber and physical security of critical infrastructure, emergency preparedness, response and recovery**.
- Maintain and improve the viability, competitiveness, **safety and security of nuclear technologies** in Canada and abroad, and providing scientific-based information for regulations, codes, standards and licensing.
- S&T activities to utilize hydrogen and fusion energy as a key part of Canada's path to net zero goals, and to develop Canada as a leader in these technologies.

In 2025-26, FNST Work Plan activities continued to advance AECL's Nuclear Innovation objective by supporting federal priorities and contributing to Canada's longer-term climate and sustainability goals. Highlights included:

- **Human Health:** Strengthened evidence on radiation health effects by advancing low-dose risk science, biomarkers and dosimetry methods (including space and emerging reactor exposures) to inform regulation, guidance, and public communication.
- **Environmental Stewardship:** Improved environmental stewardship by advancing understanding and predictive models of radionuclide fate and transport (notably tritium, Naturally Occurring Radioactive Material (NORM), wildfire-related pathways) to support science-based regulation and impact assessment.

- **Radioactive Waste Management:** Supported responsible radioactive waste management by developing treatment and processing approaches for legacy and emerging waste streams (including SMR/fusion-related wastes) and strengthening the scientific basis for long-term disposal safety.
- **Preparedness, Emergency Response and Recovery:** Strengthened nuclear preparedness and emergency response by improving rapid biodosimetry and dose assessment, modelling/measurement for decision support (including SMR emergency planning), and decontamination methods.
- **Nuclear Detection & Forensics:** Enhanced national security by advancing detection, safeguards, and nuclear forensics capabilities (including field-deployable systems, reference libraries, and training) to support border protection.
- **Cyber & Physical Security:** Improved protection of nuclear critical infrastructure by developing cyber and physical security tools, methods, training and exercises, supporting security-by-design and resilience against evolving threats.
- **Reactor Science and Technology and Sustainability:** Supported safe and sustainable deployment of current and advanced reactors by strengthening materials, fuels, modelling and experimental capabilities to inform licensing, codes/standards, safety analysis, and net-zero enabling applications.
- **Hydrogen & Fusion Energy:** Advanced Canada's low-carbon energy objectives by developing hydrogen production/storage and safety capabilities and by strengthening fusion and tritium infrastructure, materials, and regulatory knowledge to enable future deployment.

A signature achievement in 2025-26 was the launch of the Centre for Fusion Energy (CFE). The CFE is a partnership among the Government of Canada, the Government of Ontario, AECL, CNL, Ontario Power Generation, and Stellarex. The Centre is intended to create a national platform for a more integrated Canadian fusion ecosystem by connecting research, infrastructure, and industry collaboration. It is designed to strengthen domestic capabilities in fusion science and technology while helping position Canada to participate in the long-term global fusion economy.

The federal contribution to the Centre is being delivered through AECL's Federal Nuclear Science and Technology Work Plan, including \$33 million in in-kind fusion-related research projects carried out by CNL. This support helps connect the Centre with Chalk River Laboratories' specialized capabilities in areas such as tritium, fusion-enabling technologies, and materials research. Together, these investments are expected to advance research and development, support future academic and industry partnerships, and help build the expertise required for a growing fusion sector in Canada.

New Nuclear & Emerging Technologies (N2ET) Program

CNL consolidated a number of clean energy and health sciences initiatives into the New Nuclear & Emerging Technologies (N2ET) program to help fast-track promising research and technologies toward commercialization and deployment. The program supports AECL's Nuclear Innovation objective by strengthening Canada's capabilities in emerging nuclear and clean energy technologies and by using Chalk River Laboratories' unique expertise and facilities to help de-risk innovation.

A key component of N2ET is CNL's invitation process for proponents interested in siting demonstration units at sites CNL manages on behalf of AECL. In January 2025, the "SMR Invitation Process" was expanded to include fusion reactors and renamed the "Clean Energy Invitation Process." N2ET also includes the Canadian Nuclear Research Initiative (CNRI), a cost-share program that supports collaborative research and development with third-party proponents and provides access to CNL expertise and specialized facilities. In 2025-26, CNRI continued with several ongoing projects including ARC, Terrestrial Energy, and Moltex.

- N2ET includes the Clean Energy Demonstration, Innovation, and Research (CEDIR) Initiative, which advances the science behind hybrid energy systems to better understand how clean energy technologies can work together. In 2025-26, CNL realigned the CEDIR Initiative to build on the successes of CEDIR Labs (laboratory-based research) while pausing significant work on the CEDIR Park (proposed demonstration stream) until siting for a reactor at a CNL site is further progressed. This shift emphasizes the expanding role of CEDIR Labs in advancing clean energy through laboratory-scale research, modelling, and collaborative projects.
- CNL continued to advance joint ventures that support Canadian leadership in priority areas, including Actineer Inc. (a joint venture between CNL and Isotope Technologies Munich (ITM) focused on industrial-scale production of Actinium-225) and Fusion Fuel Cycles Inc. (a joint venture between CNL and Kyoto Fusioneering focused on deuterium–tritium fusion fuel cycle technologies).
- Fusion Fuel Cycles Inc. advanced design and early delivery activities for UNITY-2, a first-of-its-kind fusion fuel testing facility, while progressing efforts to secure additional funding to support its future deployment.
- Looking ahead, N2ET will continue to support investment to advance key initiatives and partnerships, including those that strengthen Canada's competitive advantage in medical isotopes and fusion-enabling technologies.

New Technology Initiatives Fund

The New Technology Initiatives Fund (NTIF) enables CNL to undertake early-stage science and technology activities that build expertise and capability at Chalk River Laboratories. Similar to programs at other national laboratories, NTIF supports exploratory and higher-risk work that may be peripheral to current priorities, with a long-term view to developing skills and knowledge needed for future opportunities. The fund is intended to encourage innovative thinking, reward initiative, and strengthen employee engagement.

Highlights for the reporting period included:

- Launch of the eighth iteration of the Strategic, Enabling, Engaging, Development (SEED) crowd-sourcing initiative, which invites employee ideas for new projects and invests in selected concepts for the research pipeline. CNL is evolving the program to better meet the current needs of the business to foster a culture of innovation, promote science communication, and drive commercial potential within the organization.
- Modelling hydrogen production processes to support integration of nuclear and renewable energy systems, helping position CNL to perform process simulations for integrating SMRs and fusion reactors with hydrogen production. Cost estimates for potential investment were examined in 2025-26.
- Targeted alpha therapy research using intracellular nanobodies to support targeted delivery of radioisotopes in cancer therapy. New capabilities are being established and the evaluation of the performance of this new class of RadioPharmaceutical Therapy (RPT).
- A novel prototype neutron detector based on nanoparticle aerogels, building on a successful SEED project to explore alternatives to helium-3 and maintain and expand CNL's expertise in neutron detection. Initiating potential patent applications in 2025-26 were explored.

Commercial Science and Technology

Commercial science and technology is an important enabler of CNL's mission and of Canada's broader nuclear ecosystem. By providing technical services and research and development products to third parties, CNL helps translate laboratory capabilities into real-world applications, supports industry and public-sector partners, and helps sustain the specialized facilities and highly qualified personnel needed to deliver federal priorities.

A core focus of CNL's commercial work remains providing expertise that supports the safe operation, maintenance, and performance optimization of operating reactors in Canada and internationally, including CANDU® technology. CNL continues to improve the efficiency and value of these services and to establish longer-term strategic relationships and contractual frameworks with key customers.

Alongside these traditional lines of business, CNL continued to diversify into new markets where Chalk River Laboratories offers distinctive capabilities, such as access to specialized facilities, testing and validation expertise, and niche scientific and technical services that support the health of the Canadian nuclear supply chain. Priority opportunity areas included:

- Reactor fleet support (including CANDU® and light-water reactors), life-extension, and performance optimization.
- Decommissioning, remediation, and radioactive waste management services and enabling technologies.
- Advanced reactor and small modular reactor (SMR) technology support, including testing, validation, and licensing-enabling work.
- Clean energy enabling technologies and systems, including hydrogen and fusion-enabling capabilities such as tritium and fuel-cycle expertise.
- Safety, security, and health applications, including medical isotope production and health research and development.

Commercial work is both an important component of, and an enabler to, CNL's science and technology mission. Working with private industry supports the success of the Canadian sector and helps CNL maintain and enhance its scientific and technical capabilities and facilities, and attract, develop, and retain world-leading experts in Canada. This underpins Canada's role as a tier-1 nuclear nation (a nation with a complete nuclear ecosystem, technology, capabilities, facilities, research, and a robust nuclear supply chain) and contributes to Canada's broader science and innovation goals domestically and internationally.

During the year, CNL continued to deliver commercial science and technology work for existing customers while also pursuing new opportunities aligned with its unique capabilities. Commercial performance is summarized below.

AECL and CNL recognize the importance of partnerships in maximizing the value derived from the unique capabilities, expertise, and facilities at CNL as critical to drive nuclear opportunity for Canada and deliver benefit to Canadians. CNL is therefore adopting a proactive approach to existing and new markets, deploying a range of models to best utilize CNL as a catalyst for Canadian nuclear innovation. This includes the formation of new strategic commercial partnerships to develop products and services, and facilitate their route to market. Examples include:

Fleet support for propulsion – 2025-26 marked the first year of CNL's new Long-Term Agreement with Rolls Royce Submarines. This multi-year agreement sought to build on a well-established relationship leveraging CNL's unique technical expertise, improve strategic planning and the predictability of high-quality technical delivery. Strong performance throughout the year has demonstrated the value of CNL adopting a long-term and collaborative approach to working with a key strategic customer, with considerable efficiencies realized and re-invested by the customer.

Radiopharmaceuticals – CNL continued to advance technical work supporting Actineer Inc., its joint venture with Isotope Technologies Munich (ITM) launched in 2023. As a service provider to the joint venture, throughout 2025-26 CNL continued to scale the technology required to produce and irradiate radium targets and to extract Actinium-225. This work supports the growing targeted alpha therapy ecosystem and underscores Chalk River Laboratories' role in Canada's medical isotope supply chain.



Revitalization of the Chalk River Laboratories

Owned by AECL and operated by Canadian Nuclear Laboratories (CNL) under the Government-owned, Contractor-operated model, Chalk River Laboratories (CRL) is home to multiple licensed nuclear facilities and a range of specialized research amenities that are unique in Canada. Revitalization of the site is a long-term effort to modernize aging infrastructure and to sustain and strengthen the national capabilities needed to deliver federal

priorities in health, safety and security, environmental stewardship, and clean energy innovation.

CNL's long-term capital program focuses on targeted, strategic investments that renew core site services and enable new and modernized science infrastructure. These investments are intended to create a more efficient and cost-effective campus, replacing facilities that are no longer fit for purpose and that are costly to operate and maintain, while providing the flexibility to adapt to evolving science and technology opportunities and program needs.

As part of AECL's oversight of CNL's management and operations of AECL sites, AECL places a clear focus on safe, secure, and environmentally responsible operations across the laboratories and decommissioning programs. While the Canadian Nuclear Safety Commission (CNSC) regulates nuclear activities in Canada, AECL expects high levels of contractor performance in health, safety, security, environmental protection, and risk management, consistent with the standards Canadians expect of a national laboratory.

In parallel, AECL continues to support efforts to transform site operations to improve value for money and reduce long-term costs and risks, with an overall objective of a modern, campus-like environment with new and refurbished facilities that can support growth in CNL's mission. Consistent with AECL's 2025-26 Corporate Plan and federal greening objectives, capital investments also consider sustainability and green building practices, supporting AECL's greenhouse gas emission reduction commitments over the long term.

CNL's Capital Plan advances revitalization of Chalk River Laboratories by renewing essential site infrastructure and investing in new science facilities to sustain long-term mission delivery:

New Science Infrastructure – These investments support a long-term plan to revitalize the Chalk River site by delivering modern science facilities and enabling infrastructure. The objective is a world-class nuclear science and technology campus that can serve evolving federal priorities and the needs of industry and academic partners.

Current Site Infrastructure – These investments renew aging systems and facilities at the Chalk River site (e.g., potable water, storm sewer, sewage treatment, electrical and other utilities). They are required to maintain safe and reliable operations, meet regulatory and health, safety, security, and environmental requirements, and support a cost-effective site as revitalization progresses.

Advanced Nuclear Materials Research Centre (ANMRC) – This project will consolidate capabilities currently housed in existing but outdated facilities into a modern shielded facility and laboratory research complex, supporting advancements in nuclear science and technology, including small modular reactors and nuclear safety and security. Construction started in 2022 and is expected to be completed in 2030. In 2025-26, AECL completed its first structural concrete pour on the north side of the future ANMRC building, marking a major milestone in the construction of the hot cell side of the facility.

Another significant milestone was the completion of the south building envelope which will allow internal work to progress. Work continues on design and fabrication of the hot cells. However, this element of the project has experienced significant technical challenges. Designing and building hot cells and other technically demanding laboratory facilities is a difficult task, not least because Canada has not built a nuclear research facility of this complexity in decades. Therefore, working out these challenges has incurred both more time, and cost than expected. AECL continues to monitor overall ANMRC construction progress, and drive CNL to manage the construction contract and process to limit costs and deliver.

Customer Transmission Station and Electrical Distribution Project – A significant site improvement underway is to replace the existing 70-year-old electrical switchyard as it has exceeded its typical life span and to meet the growing electrical demand of the Chalk River site. Currently design is underway with long lead items such as transformers and switchgear being procured. The Electrical distribution network which is primarily installed after 1970 will be replaced with a modernized system.

Advanced Nuclear Materials Research Centre – The Advanced Nuclear Materials Research Centre (ANMRC) is one of AECL's most significant capital investments at Chalk River Laboratories. The project will consolidate capabilities currently housed in multiple aging facilities into a modern shielded facility and laboratory research complex. When complete, ANMRC will strengthen Canada's capacity for nuclear materials research, testing, and analysis that supports safe operations, nuclear safety and security, and the development of next-generation technologies.

Environmental Stewardship





Decommissioning and Waste Management

AECL's Environmental Stewardship objective focuses on reducing long-term risks by advancing decommissioning, remediation, and radioactive waste management across its sites. Under the Government-owned, Contractor-operated model, this work is delivered through AECL's oversight of Canadian Nuclear Laboratories (CNL), with an emphasis on safety, regulatory compliance, and value for money for Canadians.

AECL is responsible for managing a broad inventory of radioactive waste, including legacy liabilities and historic low-level waste for which the Government of Canada has accepted responsibility. Progressing long-term disposal pathways and accelerating risk-reduction activities, supported by sustained engagement with Indigenous Nations, communities, regulators, and stakeholders, are key enablers of this work.

The sections that follow highlight progress across AECL's environmental stewardship portfolio in 2025-26.

Waste Management and Disposal at the Chalk River Site

This section summarizes progress in managing and disposing of radioactive waste at Chalk River Laboratories, including work to reduce reliance on interim storage and to advance long-term disposal solutions that enable broad decommissioning and environmental remediation.

Radioactive waste is managed safely at the Chalk River site in dedicated facilities. However, long-term management and disposal solutions are required for multiple waste streams in order to support the remediation of contaminated buildings, lands, and soils and to reduce reliance on ongoing interim storage. To address AECL's low-level radioactive waste, CNL has proposed the Near Surface Disposal Facility (NSDF), which would also accept small volumes of compatible waste from other Canadian producers such as hospitals and universities.

The NSDF would enable disposal of the majority of AECL's low-level radioactive waste currently in interim storage, as well as waste generated through decommissioning, environmental restoration, and ongoing operations at the laboratories. Advancing this disposal capacity is a key enabler for accelerated cleanup at Chalk River and other AECL sites, and for reducing long-term environmental liabilities.

On January 9, 2024, following public hearings, the Canadian Nuclear Safety Commission (CNSC) issued a decision that granted CNL permission to begin construction of the NSDF. Following the regulatory decision, three judicial reviews were filed by intervening organizations relating to aspects of the regulatory process. All three applications have been heard in court and decisions were rendered, with one having been dismissed. As a result, project work is paused while, separately, the Minister of Environment and Climate Change reviews permitting under the *Species at Risk Act* and the CNSC develops a renewed consultation process with Kebaowek First Nation. CNL, under AECL oversight, has appealed the two judicial review decisions and continues work to meet regulatory and permitting requirements needed to advance the project. Construction of the NSDF is now slated to begin in 2027-28. In the interim, CNL continued to advance required pre-construction commitments, which are now almost all complete. AECL recognizes that complex legal and consultation issues, particularly those associated with implementation of the *United Nations Declaration on the Rights of Indigenous Peoples Act*, can affect timelines, and we remain committed to supporting reconciliation and meaningful engagement as this work progresses.

In the meantime, interim waste storage capacity at Chalk River continued to be used and expanded as required to safely manage waste generated through ongoing decontamination, decommissioning, and laboratory operations.

Following the Minister of Energy and Natural Resources' October 2023 acceptance of the Nuclear Waste Management Organization's (NWMO) recommendations on an Integrated Strategy for Radioactive Waste (ISRW) for Canada, Canada's major waste owners and producers, including AECL and CNL, formed a Radioactive Waste Collaboration Committee to implement and update the strategy, consistent with obligations under the current Policy for Radioactive Waste and Decommissioning. In parallel, and consistent with the ISRW, AECL and CNL continued to engage with NWMO as it advances its work toward a deep geologic disposal solution for Canada's intermediate-level waste.

AECL's high-level waste (used fuel) is destined to be disposed of in the NWMO's proposed repository. Projects to manage used fuel are discussed in more detail in the section on Management of used fuel and repatriation of highly-enriched uranium below.

CNL also manages AECL's inventory of highly radioactive stored liquid waste, a legacy byproduct of historic science and technology activities and medical isotope production. Work continued on a project to safely remove and process this legacy liquid waste from existing tanks at the Chalk River site and to decommission the tanks and associated structures. Until disposal solutions are approved and available, CNL continues to manage radioactive waste inventories at dedicated waste management facilities at the Chalk River site in a manner that is safe and minimizes the impacts on the environment.

Environmental Restoration at the Chalk River Site

For more than 70 years, activities at the Chalk River site have generated radioactive and other hazardous wastes that are managed in dedicated areas, known as waste management areas. While the majority of the site remains undisturbed, some areas include buried waste, contaminated soils, and associated groundwater plumes that require ongoing characterization, monitoring, and planning to support future remediation.

Remediation of certain waste management areas is being planned to align with the availability of long-term disposal capacity, including the proposed Near Surface Disposal Facility (NSDF). During the year, CNL advanced characterization and planning work to inform future remediation, including completing a geophysical investigation of subsurface conditions at the Nitrate Plant, characterizing lands along the former LDA pipeline route, and completing Land Use Assessments for Chalk River Laboratories, Douglas Point, and Gentilly-1.

Decommissioning at the Chalk River Site

The Chalk River site includes redundant and outdated buildings and structures that require decontamination, decommissioning, and demolition. These activities reduce risks and liabilities, lower ongoing costs for safety, security, and maintenance, and enable site revitalization by creating space for new and modernized infrastructure.

Since 2015, decommissioning at Chalk River has accelerated, and 129 buildings and structures have been decontaminated, decommissioned, and demolished to date. This progress supports safer and more sustainable site operations and helps position the site for future mission needs.

Management of Used Fuel and Repatriation of Highly-Enriched Uranium

AECL continues to advance the safe and secure management of special nuclear materials and used fuel as part of its Environmental Stewardship responsibilities. This work reduces long-term liabilities and supports Canada's international commitments related to nuclear safety and security.

Highly enriched uranium (HEU) originating in the United States was historically used at the Chalk River site as reactor fuel and in the production of medical isotopes. Because this material requires enhanced security and specialized storage, AECL is working with the U.S. Department of Energy and CNL to return (repatriate) eligible material to the United States for conversion and reuse, consistent with the objectives of the Global Threat Reduction Initiative to reduce proliferation risks.

CNL is also advancing efforts to consolidate AECL's inventory of used fuel by transferring used fuel that is currently stored in multiple locations to Chalk River Laboratories. Consolidation supports safe, secure, and cost-effective interim management while the Nuclear Waste Management Organization advances a permanent disposal solution for used fuel. In 2025-26, all used fuel stored at the Gentilly-1 site in Québec was safely and completely shipped to the Chalk River site for storage. Also, CNL commenced shipment of used fuel from the Whiteshell Laboratories site to the Chalk River site.

Decommissioning of Prototype Reactors

Gentilly-1 and Douglas Point are shutdown prototype nuclear reactors owned by AECL and located in Bécancour, Québec and Kincardine, Ontario, respectively. The reactors operated from the late 1960s through the mid-1980s to advance reactor technology and support Canada's early nuclear program. Both sites are in a safe shutdown state and are being prepared for full decommissioning.

At Douglas Point, demolition and decommissioning work progressed, including completion of the administration building demolition and continued work on the turbine hall. Decommissioning activities also advanced for other supporting facilities, including the purification building and resin tanks.

At Gentilly-1, electrical and mechanical rationalization was completed, and preparations continued for subsequent decommissioning phases. During the reporting year, CNL successfully completed the consolidation and secure transfer of all used nuclear fuel from the Gentilly-1 Waste Management Facility site to Chalk River Laboratories, removing a major nuclear liability and enabling the next steps in decommissioning and environmental remediation. CNL also advanced regulatory documentation to seek permission to proceed with the next phase of decommissioning.

Port Hope Area Initiative

The Port Hope Area Initiative represents the Government of Canada's commitment to clean up and safely manage historic low-level radioactive waste located in the municipalities of Port Hope and Clarington, Ontario. The initiative will safely relocate and manage approximately 2.1 million cubic metres of historic low-level radioactive waste and contaminated soils through two projects: the Port Granby Project and the Port Hope Project.

The Port Granby Project is complete. As part of this work, approximately 1.3 million tonnes of historic low-level radioactive waste and contaminated soils were excavated and safely transferred from the former shoreline waste management facility in Clarington to a new long-term waste management facility. The facility is now closed and capped, and the project has transitioned to long-term monitoring and maintenance.

In Port Hope, radiological remediation of the harbour has been completed, an important milestone for the Port Hope Project. Remaining work is focused on project close-out activities, including any required restoration and longer-term monitoring and maintenance activities, as applicable.

Remediation of industrial and other major sites has now been completed, and the Port Hope Project's remaining work is primarily focused on smaller-scale areas and residential properties. As characterization has advanced, the number of residential properties requiring remediation has increased, and minimizing disruption to property owners remains an important consideration as the project continues.

To support effective delivery of the remaining residential work, CNL has recommended updates to the Port Hope Area Initiative cleanup criteria to ensure they remain protective of human health and the environment while avoiding unintended impacts and unnecessary disruption. This work reflects lessons learned through project execution and ongoing dialogue with the community.

CNL has submitted an application to the Canadian Nuclear Safety Commission to amend the cleanup criteria and continued engagement with federal and provincial regulators, the municipalities, Indigenous Nations and communities, and the public to advance the review. The objective is to maintain the Government of Canada's commitment under the Legal Agreement with the municipalities to leave remediated properties suitable for all current and foreseeable unrestricted uses, while improving project efficiency and reducing community impacts. AECL and CNL will continue to work with partners and stakeholders as the review progresses.

Low-Level Radioactive Waste Management Office

The Government of Canada, through AECL, has assumed responsibility for historic low-level radioactive waste at sites where the original owner no longer exists or cannot reasonably be held responsible. Through CNL, AECL manages this portfolio across Canada (excluding the Port Hope Area Initiative, discussed above), including interim waste management and remediation projects primarily in Ontario, Alberta, and the Northwest Territories.

During the year, planning and engagement activities continued to support remediation of sites along the Northern Transportation Route in the southeastern Northwest Territories and northern Alberta. This work focuses on developing and refining phased cleanup plans in collaboration with Indigenous Nations and communities, local stakeholders, and regulators, while maintaining safe interim management of material until remediation activities proceed.

Decommissioning and Closure of the Whiteshell Laboratories

The Whiteshell Laboratories, located in Pinawa, Manitoba, is the second-largest of AECL's sites operated by Canadian Nuclear Laboratories (CNL). Established in 1963, the site supported nuclear research and development, including the WR-1 research reactor, a SLOWPOKE reactor, shielded hot cell facilities, and other laboratories. The site also includes a radioactive waste management area that provides interim storage for radioactive waste generated through historic operations.

In Situ Decommissioning – *In situ* (leaving in place) decommissioning approach involves preparing systems and structures for grouting whereby the below-grade sealed structure will encapsulate and contain radiological sources and hazardous materials for a defined period of institutional control. *In situ* decommissioning encapsulates both Intermediate and Low-Level Waste (ILW & LLW).

In 1998, the Government of Canada announced the closure of the Whiteshell Laboratories, and decommissioning activities have been underway since then. Under the Government-owned, Contractor-operated model, AECL has asked CNL to accelerate and complete decommissioning and closure of the site. CNL's plans target site closure closer to 2035, significantly earlier than the original schedule, while maintaining safety, regulatory compliance, and environmental protection.

A major component of Whiteshell decommissioning is CNL's proposal to decommission the WR-1 research reactor *in situ*. Since 2016, CNL has conducted environmental and technical assessments and engaged regulators, Indigenous Nations and communities, the local municipality, and the public to share information, gather input, and respond to questions on the proposed approach.

CNL submitted its Environmental Impact Statement (EIS) for the proposed WR-1 *in situ* decommissioning to the Canadian Nuclear Safety Commission (CNSC), and the CNSC has indicated the submission passed its completeness check. The EIS has proceeded through federal, provincial, and Indigenous review, and CNL is working to address and disposition comments received as part of that review, informed by capacity-building initiatives, Traditional Knowledge studies, and community participation in site monitoring activities.

In parallel, CNL continued decommissioning work across the site, including decontamination and demolition of buildings. A significant technical challenge remains the retrieval, processing, and transport of radioactive waste stored in the Whiteshell waste management area, particularly waste contained in below-grade concrete structures known as "standpipes and bunkers." These structures contain intermediate-level waste and potentially fissile material that cannot be fully characterized until retrieval begins. To reduce risk to workers and the environment, CNL has adapted its approach to use remote tooling and robotics where required, supplemented by manual retrieval for specific waste streams. A major milestone, the first manual retrieval, was completed during the year.

To move from planning into execution for this retrieval work, CNL continued infrastructure modifications at the site. This includes repurposing the Shielded Modular Above-Ground Storage (SMAGS) building as a cask-loading facility to support waste transport, as well as establishing new or upgraded infrastructure, such as power supply and security monitoring, in the waste management area.

In addition, fire protection performance improved during the year. Following focused efforts to strengthen training and the fire protection program, CNL achieved a return to compliance and stable operations through a phased corrective approach monitored by the CNSC and AECL.

Looking to the final site closure and being mindful of the impact on the local community, AECL will continue to work with local communities and Indigenous communities to discuss the future of AECL's lands, which could include consideration for siting a small modular reactor at the Whiteshell site.

Closure of the Nuclear Power Demonstration Reactor Site

The Nuclear Power Demonstration (NPD) reactor, located in Rolphton, Ontario, was Canada's first nuclear power reactor and a prototype for the CANDU® reactor design. For 25 years, the reactor supplied low-carbon electricity to the grid and served as a training facility for nuclear operators and engineers. Following cessation of operations in 1987, initial decommissioning activities were completed (including removal of fuel and draining of systems), and the site has remained in a safe shutdown state for decades.

Consistent with AECL's Environmental Stewardship objective and the direction set out in AECL's 2025–26 Corporate Plan, AECL continues to oversee CNL's work to advance a safe and responsible approach to decommissioning and closure of the NPD site. CNL is proposing an *in situ* decommissioning approach (immobilizing the below-grade reactor structure in place by grouting), which is being advanced through the environmental assessment process led by the Canadian Nuclear Safety Commission (CNSC). Work continues on the safety case and supporting technical studies, alongside ongoing engagement with Indigenous Nations and communities, local stakeholders, and the public, reflecting evolving expectations and lessons learned from other regulatory processes.



Third-Party Waste

AECL's sites and radioactive waste management capabilities are unique in Canada. As noted in AECL's 2025-26 Corporate Plan, AECL has historically accepted small amounts of radioactive waste from other Canadian producers, most notably hospitals and universities, on a case-by-case basis, where appropriate and within available capacity. Through CNL, AECL continues to provide services to third parties related to the handling, storage, and disposal of radioactive waste.

These third-party waste activities are delivered on a full cost-recovery basis and do not require government funding. This approach helps ensure that Canada has access to specialized capabilities when needed, while AECL continues to prioritize delivery of its core environmental stewardship responsibilities related to legacy liabilities and decommissioning.

Management Discussion and Analysis



Forward Looking Statements

This Management Discussion and Analysis 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 year ended March 31, 2026, and should be read in conjunction with the financial statements and accompanying notes included in this Annual Report.

This Management Discussion and Analysis contains forward-looking statements with respect to AECL based on assumptions that management considers reasonable as at June 18, 2026, when AECL's Board of Directors approved this document. 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.

Organization

AECL is an agent Crown corporation reporting to Parliament through the Minister of Energy and Natural Resources. AECL's operations are funded through Parliamentary appropriations and third-party revenues which result from commercial work that CNL undertakes, as a contractor of AECL, principally in the areas of nuclear science and technology as well as the sale of heavy water.

AECL operations include activities associated with the management and oversight of the Government-owned, Contractor-operated model, including environmental stewardship activities as well as the Nuclear Laboratories. In this respect, AECL sets priorities for CNL, oversees the contract and assesses CNL's performance. AECL also supports the Government of Canada's development of nuclear policy.

Through the Federal Nuclear Science and Technology work plan, AECL also serves the needs of fifteen federal departments and agencies in the area of energy, health, safety and security, and the environment.

Risks and Opportunities

AECL carefully plans for and manages risks as part of sound risk management practices. Due to its oversight role, AECL's risk management approach goes beyond the internal organizational risks and includes oversight of CNL risks. Through ongoing communication between AECL and CNL, plans and activities are monitored to mitigate risks as necessary. This section highlights some risks and opportunities that could ultimately impact financial results.

Key Risks

Contractor performance and assurance: There is a risk that contractor performance may not consistently meet expectations, including in project delivery, reporting, and compliance, affecting AECL's ability to deliver its mandate and demonstrate value for money.

Major waste disposal projects and regulatory processes: There is a risk that delays or challenges in advancing major waste disposal and decommissioning projects (including associated regulatory and consultation processes) could affect schedules, costs, and the broader ability to accelerate cleanup and risk reduction across AECL sites.

Funding pressures and affordability: There is a risk that operating and mission funding pressures (including cost escalation and changing funding profiles) could constrain delivery of planned work and require reprioritization.

Changes to decommissioning and waste management liabilities: There is a risk that changes in underlying project assumptions, estimates, and timing could materially affect the value of AECL's decommissioning and waste management liabilities and related financial results.

Cyber security: There is a risk that cyber incidents could compromise AECL and/or CNL systems and data assets, requiring continued focus on controls, monitoring, and incident preparedness.

People capacity and specialized expertise: There is a risk that AECL and/or CNL may face challenges attracting and retaining specialized personnel, which could affect oversight capacity, safe operations, and delivery of multi-year programs.

Indigenous reconciliation, stakeholder confidence, and reputation: There is a risk that evolving expectations and legal/regulatory requirements related to Indigenous engagement and reconciliation, along with broader stakeholder and public confidence factors, could affect project timelines and outcomes and require sustained relationship-based engagement.

Key Opportunities

Nuclear science and technology and innovation: AECL sees strong opportunity to deliver value through nuclear science and technology, supporting existing reactor fleet performance, enabling next-generation nuclear and clean energy technologies, and advancing health and isotope-related applications, through collaboration and targeted investments.

Commercial pathways and partnerships: AECL and CNL can leverage partnerships and commercial models to expand the impact of unique Chalk River site capabilities, support Canadian supply chains, and enable responsible technology development and deployment.

Modernization and performance improvement: Continued modernization of infrastructure, business processes, and performance assurance provides opportunity to improve long-term sustainability, strengthen delivery, and enhance value for money.

Financial Review

	March 31	
(millions of Canadian dollars)	2026	2025
	\$	\$
Revenues		
Parliamentary appropriations	1,527	1,434
Commercial revenue	128	146
Investment income	20	25
	1,675	1,605
Expenses		
Cost of sales	97	98
Operating expenses	99	90
Contractual expenses	307	277
Decommissioning, waste management and contaminated sites expenses	1,046	1,602
	1,549	2,067
Surplus (deficit) for the year	126	(462)

Parliamentary Appropriations

The Government of Canada provides funding for AECL to advance its priorities and deliver on its mandate. AECL recognized \$1,527 million of Parliamentary appropriations in fiscal year 2025-26, an increase of \$93 million compared to the prior year. The increase is largely a result of increased activities in capital infrastructure renewal spending toward new Chalk River site infrastructure and new build projects.

Commercial Revenue

In 2025-26, revenue was \$128 million, an \$18 million decrease from the prior year. Revenue included technology sales and research and development activities performed by CNL for commercial customers as well as heavy water sales. The decrease is a result of decreased heavy water sales compared to the prior year.

Investment Income

Investment income is earned on cash and investments. Income earned decreased compared to the prior year primarily due to lower market interest rates.

Cost of Sales

Cost of sales decreased due to lower commercial revenue, and increased as a percentage of revenue due to decreased higher margin heavy water sales compared to last year.

Operating Expenses

Operating expenses are largely comprised of AECL's oversight expenses and amortization of tangible capital assets. There were operating expenses of \$99 million in 2025-26 compared to \$90 million in 2024-25. This variance was largely the result of tangible capital asset write-downs recorded during the year. Operating expenses also include expenses associated with the Government-owned, Contractor-operated procurement. This unique project represented a significant, time-bound increase in AECL operations as AECL stood up a dedicated project team for renewal of the Government-owned, Contractor-operated contract. This team involved both senior AECL staff, key advisors, and legal support.

Contractual Expenses

AECL delivers its mandate through a 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 2025-26 total \$307 million, higher than the \$277 million recorded in 2024-25 due to increased spending on contractual amounts paid as part of the Government-owned, Contractor-operated procurement completed during the year.

Decommissioning, Waste Management and Contaminated Sites Expenses

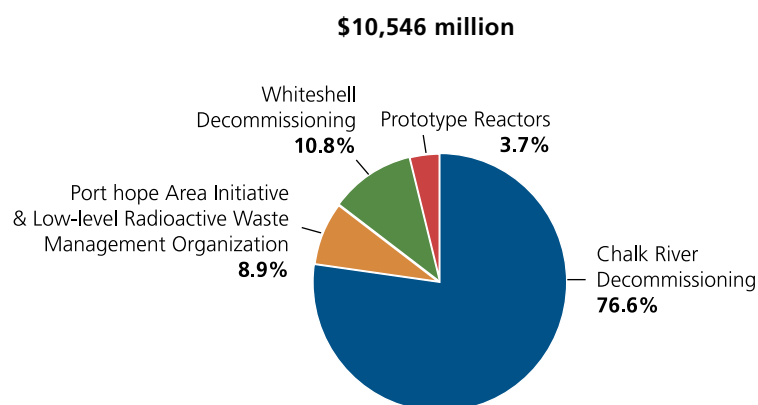
Decommissioning, waste management and contaminated sites expenses consist of financial expenses, the impact on the liability of a change in discount rate, and the revaluation (gain) loss on these reported liabilities. Financial expenses reflect the increase in the net present value (accretion of discount) of these reported liabilities. Changes in discount rate will impact the net present value of the reported liabilities. If the discount rate increases at year-end, 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. Refer to Notes 9 and 10 for a sensitivity of a 1% change in the discount rate.

The \$556 million decrease in 2025-26 is partly a result of a change in the discount rate this year compared to last year. Last year the rate decreased slightly, resulting in a slight increase in the liability. This year, it increased, resulting in a larger decrease in the current year. The decrease related to the discount rate is slightly offset by changes in project estimates in the current year. The decommissioning and contaminated sites liability is made up of a collection of estimates which provide a projected value of the cost of undertaking decommissioning, remediation and waste management projects, some far into the future. As projects near, they are examined in more detail to plan for execution, which can lead to increases in estimates. This is due to the fact that these projects are related to legacy sites, which brings a high level of uncertainty around sites, waste and contamination levels. As work is planned for and undertaken, risks may materialize which leads to increased costs. This is typical of legacy nuclear research sites, and consistent with what is experienced in other similar sites in other countries such as the United States and United Kingdom.

Understanding Liability Cost Estimates and Changes

AECL manages its legacy environmental liabilities, stemming from decades of nuclear research and development, by both addressing physical risks on the ground and accounting for them in its financial statements. Its primary focus is the safe decommissioning of facilities, remediation of contaminated lands, and long-term management of radioactive waste at sites such as Chalk River and Whiteshell, as well as contaminated sites like those under the Port Hope Area Initiative. These obligations are recorded as decommissioning and contaminated sites liabilities, calculated on a net present value basis over long time horizons. They fluctuate annually due to factors such as spending on cleanup activities, accretion (the passage of time), changes in discount rates, and evolving cost estimates as projects are refined. While accounting values may rise or fall due to these factors, AECL prioritizes reducing real-world environmental and safety risks, recognizing that addressing physical liabilities does not always immediately lower reported financial liabilities.

Decommissioning and Contaminated Sites Liability 2025-26



Surplus (Deficit) for the Year

Consistent with AECL's financial reporting framework, appropriations are recognized as revenue when received in a given year and may be greater or less than the reported expenses for the same year. For instance, amounts received to fund decommissioning, waste management and contaminated sites expenditures are recorded as Parliamentary appropriations revenue in the current year 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 year 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. The excess of appropriations over the related expenses reported has been decreased by the effect of provision adjustments on decommissioning, waste management and contaminated sites liability.

Outlook

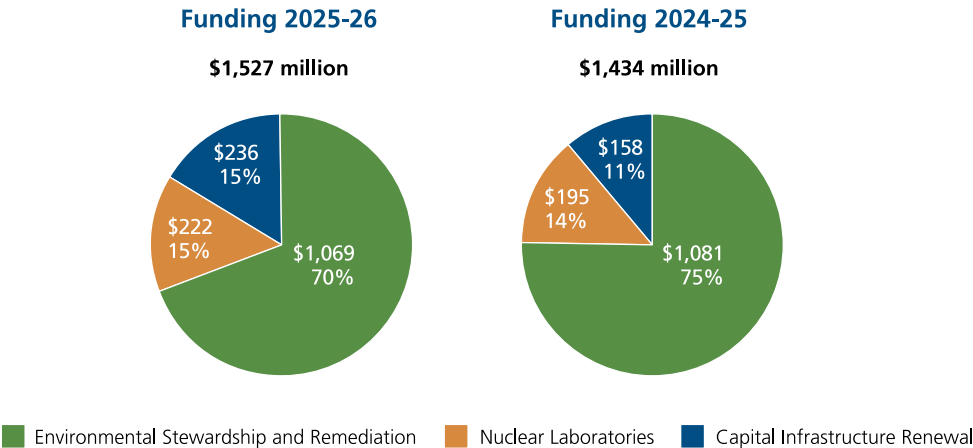
AECL will continue to deliver on its commitments based on its 2026-27 Corporate Plan. As part of the implementation of the Government-owned, Contractor-operated model, AECL has asked CNL to accelerate activities to address AECL's environmental responsibilities. This includes, for example, proposing solutions for AECL's low-level radioactive waste (for which CNL is proposing to build a near surface disposal facility at the Chalk River Laboratories), as well as the acceleration of the decommissioning and closure of the Whiteshell Laboratories and Nuclear Power Demonstration reactor (located in Manitoba and Ontario, respectively). There is also a focus on renewing the site infrastructure at the Chalk River Laboratories, including new and renewed science facilities and conventional (or non-nuclear) support buildings, that will allow CNL to grow its nuclear science and technology mission and serve the needs of the federal government as well as industry.

Funding

Total funding recognized in 2025-26 for operating and capital activities was \$1,527 million (2024-25: \$1,434 million).

The 2025-26 funding included:

- \$222 million (2024-25: \$195 million) to support nuclear science and technology activities as well as ongoing safe operations at the Chalk River Laboratories.
- \$1,069 million (2024-25: \$1,081 million) for environmental remediation, decommissioning and waste management activities at the Chalk River and Whiteshell sites and environmental remediation programs primarily as part of the Port Hope Area Initiative.
- \$236 million (2024-25: \$158 million) for capital infrastructure renewal at the Chalk River Laboratories.



Results Compared to 2025-26 Corporate Plan

	2026 Actual	2026 Corporate Plan
<i>(millions of Canadian dollars)</i>		
	\$	\$
Parliamentary appropriations	1,527	1,860
Commercial revenue	128	120
Operating expenses	99	80
Contractual expenses	307	295
Decommissioning, waste management and contaminated sites expenses	1,046	297
(Deficit) surplus	126	1,234

AECL reported a surplus of \$126 million compared to a planned surplus of \$1,234 million. This variance is mostly related to provision adjustments for the decommissioning and waste management provision and contaminated sites liability, as a result of project estimates and changes in discount rates during the year which are not budgeted for in the Corporate Plan due to uncertainty in estimating these figures. This also explains the variance in Decommissioning, waste management and contaminated sites expenses compared to plan. The variance in Parliamentary appropriations is due to lower than planned spending on Decommissioning, waste management, contaminated sites and construction activities.

Cash Flow and Working Capital

	March 31	
	2026	2025
<i>(millions of Canadian dollars)</i>		
	\$	\$
Cash provided by operating transactions	232	56
Cash applied to capital transactions	(225)	(183)
Cash applied to investing transactions	(28)	(9)
Decrease in cash	(21)	(136)
Balance at beginning of the year	90	226
Balance at end of the year	69	90

Operating Transactions

Operating transactions resulted in a net cash inflow of \$232 million compared to a net inflow of \$56 million in 2024-25. This variance is mainly due to receiving appropriations in the current year related to the prior year, which did not occur in the comparative period.

Capital Transactions

The \$225 million cash used in capital transactions in 2025-26 was higher than the \$183 million in the prior year. The increase is primarily due to increased spending in the current year toward new Chalk River site infrastructure and new build projects.

Investing Transactions

The \$28 million cash used in investing transactions in 2025-26 was higher than the \$9 million in the prior year. The increase is primarily from higher acquisitions of investments than redemptions.

Overall, AECL's March 31, 2026 closing cash position decreased by \$21 million to \$69 million from the previous year's balance of \$90 million.

Highlights of the Statement of Financial Position

	March 31, 2026	March 31, 2025	Variance in \$	Variance by %
<i>(millions of Canadian dollars)</i>				
	\$	\$	\$	%
Financial Assets	719	711	8	1
Non-Financial Assets	1,406	1,216	190	16
Financial Liabilities	10,869	10,798	71	1
Net Liabilities	(8,744)	(8,870)	126	-1

The increase in Financial Assets of \$8 million is largely a result of the increased investments balance at the end of the year as well as higher trade receivables and unbilled revenue compared to the prior year, partly offset by a decrease in the ending cash balance.

The increase in Non-Financial Assets of \$190 million is mainly a result of spending toward tangible capital assets during the year.

The increase in Financial Liabilities of \$71 million can be attributed primarily to the increase in the decommissioning and waste management provision, offset by the decrease of the contaminated sites liability.

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. Refer to Note 14 of the financial statements for a reporting on how appropriations received were used during the period.

Five-Year Financial Summary

Unaudited

	2026	2025	2024	2023	2022
<i>(millions of Canadian dollars)</i>					
	\$	\$	\$	\$	\$
Parliamentary appropriations					
Operating	1,291	1,276	1,174	936	893
Capital	236	158	171	147	116
	1,527	1,434	1,345	1,083	1,009
Operations					
Commercial revenue	128	146	112	137	137
Investment income	20	25	28	16	3
Other proceeds	–	–	–	7	20
Decommissioning, waste management and contaminated sites expenses	(1,046)	(1,602)	(734)	27	(1,317)
Operating, contractual and other expenses	(503)	(465)	(407)	(409)	(428)
Surplus (deficit)	126	(462)	344	861	(576)
Financial position					
Cash	69	90	226	146	262
Investments	392	360	339	199	175
Appropriations receivable	185	192	–	161	–
Inventories held for resale	16	22	41	61	94
Tangible capital assets	1,405	1,216	1,097	974	857
Due to Canadian Nuclear Laboratories	255	285	289	248	190
Decommissioning and waste management provision and Contaminated sites liability	10,546	10,472	9,844	10,057	10,836
Other					
Number of employees	55	56	59	49	46

Financial Statements

Management's Responsibility

The financial statements, all other information presented in this Annual Report and the financial reporting process are the responsibility of management. These statements have been prepared in accordance with Public Sector Accounting Standards and include estimates based on the assumptions, experience and judgment of management. Financial information presented elsewhere in this Annual Report is consistent with the financial statements.

AECL maintains books of account, financial and management control, and information systems, together with management practices designed to provide reasonable assurance that reliable and accurate financial information is available on a timely basis, that assets are safeguarded and controlled, that resources are managed economically and efficiently in the attainment of corporate objectives, and that operations are carried out effectively.

These systems and practices are also designed to provide reasonable assurance that transactions are in accordance with Part X of the *Financial Administration Act* (FAA) and its regulations, the *Canada Business Corporations Act*, and the articles, by-laws and policies of AECL. AECL has met all reporting requirements established by the FAA including submission of a Corporate Plan, an operating budget, a capital budget and this Annual Report. AECL's internal auditor has the responsibility of assessing the management systems and practices of AECL. AECL's independent auditor, the Auditor General of Canada, conducts an audit of the financial statements of AECL and reports on its audit to the Minister of Energy and Natural Resources.

The Board of Directors is responsible for ensuring that management fulfills its responsibility. To accomplish this, the Board has two standing committees: the Audit Committee and Human Resources and Governance Committee. The Audit Committee, composed of independent directors, has a mandate for overseeing the independent audit, directing the internal audit function and assessing the adequacy of AECL's business systems, practices and financial reporting. The Audit Committee meets with management, the internal auditor and independent auditor on a regular basis to discuss significant issues and findings, in accordance with their mandate.

The independent auditor and internal auditor have unrestricted access to the Audit Committee, including without management's presence. The Audit Committee reviews the financial statements and the Management Discussion and Analysis report with both management and the independent auditor before they are approved by the Board of Directors and submitted to the Minister of Energy and Natural Resources. The Board of Directors, on the recommendation of the Audit Committee, approves the financial statements.



Fred Dermakar
President and Chief Executive Officer

June 18, 2026



Robert Mason
VP, Business Operations and Chief Financial Officer

June 18, 2026



Office of the
Auditor General
of Canada

Bureau du
vérificateur général
du Canada

Independent Auditor's Report

To the Minister of Energy and Natural Resources

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Atomic Energy of Canada Limited (AECL), which comprise the statement of financial position and statement of net financial liabilities and change in net financial liabilities as at 31 March 2026, and the statement of operations, statement of changes in net liabilities and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position and net financial liabilities of AECL as at 31 March 2026, and the results of its operations, changes in its net liabilities, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

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 report. We are independent of AECL 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.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, 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 AECL'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 AECL or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing AECL'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 these 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 AECL'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 AECL'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 AECL 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. We 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.

Report on Compliance with Specified Authorities

Opinion

In conjunction with the audit of the financial statements, we have audited transactions of Atomic Energy of Canada Limited coming to our notice for compliance with specified authorities. The specified authorities against which compliance was audited are Part X of the *Financial Administration Act* and regulations, the *Canada Business Corporations Act*, the articles and by-laws of Atomic Energy of Canada Limited, and the directives issued pursuant to section 89 of the *Financial Administration Act* described in Note 1 to the financial statements.

In our opinion, the transactions of Atomic Energy of Canada Limited that came to our notice during the audit of the financial statements have complied, in all material respects, with the specified authorities referred to above. Further, as required by the *Financial Administration Act*, we report that, in our opinion, the accounting principles in Canadian public sector accounting standards have been applied on a basis consistent with that of the preceding year.

Responsibilities of Management for Compliance with Specified Authorities

Management is responsible for Atomic Energy of Canada Limited's compliance with the specified authorities named above, and for such internal control as management determines is necessary to enable Atomic Energy of Canada Limited to comply with the specified authorities.

Auditor's Responsibilities for the Audit of Compliance with Specified Authorities

Our audit responsibilities include planning and performing procedures to provide an audit opinion and reporting on whether the transactions coming to our notice during the audit of the financial statements are in compliance with the specified authorities referred to above.



Sophie Bernard, CPA, Principal
for the Auditor General of Canada

Ottawa, Canada
18 June 2026

Statement of Financial Position

As at March 31

	Notes	2026	2025
<i>(thousands of Canadian dollars)</i>			
		\$	\$
Assets			
Financial assets			
Cash		68,988	89,985
Investments	3	391,942	360,133
Trade and other receivables	4	57,211	46,474
Appropriations receivable	14	184,900	192,300
Inventories held for resale	5	16,335	22,374
		719,376	711,266
Non-financial assets			
Tangible capital assets	6	1,405,266	1,216,409
Prepaid expenses		571	–
		1,405,837	1,216,409
Total assets		2,125,213	1,927,675
Liabilities			
Financial liabilities			
Accounts payable and accrued liabilities	7	58,474	30,001
Employee future benefits	8	9,490	10,619
Due to Canadian Nuclear Laboratories	16	254,979	284,836
Decommissioning and waste management provision	9	9,611,887	9,471,288
Contaminated sites liability	10	934,081	1,000,856
Total liabilities		10,868,911	10,797,600
Net liabilities		(8,743,698)	(8,869,925)
Net assets (net liabilities) components:			
Accumulated deficit		(8,768,248)	(8,894,263)
Accumulated remeasurement gains (losses)		9,550	9,338
Issued share capital	11	15,000	15,000
		(8,743,698)	(8,869,925)
Commitments	12		
Contingent liabilities	13		

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

Approved on behalf of the Board


Martha Tory, Director


Fred Dermarkar, President and Chief Executive Officer

Statement of Net Financial Liabilities and Change in Net Financial Liabilities

As at March 31

	2026	2025
<i>(thousands of Canadian dollars)</i>		
	\$	\$
Financial assets	719,376	711,266
Less: Financial liabilities	10,868,911	10,797,600
Net financial liabilities	(10,149,535)	(10,086,334)

Change in Net Financial Liabilities

For the year ended March 31

	Notes	2026 Budget	2026	2025
<i>(thousands of Canadian dollars)</i>				
		\$	\$	\$
Surplus (deficit) for the year		1,233,921	126,015	(462,372)
Tangible capital assets				
Acquisition of tangible capital assets	6	(345,000)	(254,675)	(172,140)
Amortization of tangible capital assets	6	50,465	53,449	52,074
Write-down of tangible capital assets	6	–	7,395	704
Miscellaneous adjustments	6	–	4,974	(43)
		(294,535)	(188,857)	(119,405)
Non-financial assets				
Changes in prepaid expenses		–	(571)	–
Net remeasurement gains for the year		–	212	10,601
Decrease (increase) in net financial liabilities		939,386	(63,021)	(571,176)
Net financial liabilities, beginning of year		(10,086,334)	(10,086,334)	(9,515,158)
Net financial liabilities, end of year		(9,146,948)	(10,149,535)	(10,086,334)

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

Statement of Operations

For the year ended March 31

	Notes	2026 Budget	2026	2025
<i>(thousands of Canadian dollars)</i>				
		\$	\$	\$
Revenues				
Parliamentary appropriations	14	1,860,000	1,526,907	1,433,600
Commercial revenue	15	120,000	127,982	146,247
Investment income		10,000	20,309	25,192
		1,990,000	1,675,198	1,605,039
Expenses				
Cost of sales		84,000	97,259	97,747
Operating expenses		79,965	98,664	90,694
Contractual expenses	16	295,000	306,799	277,116
Decommissioning, waste management and contaminated sites expenses		297,114	1,046,461	1,601,854
	17	756,079	1,549,183	2,067,411
Surplus (deficit) for the year		1,233,921	126,015	(462,372)

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

Statement of Changes in Net Liabilities

For the year ended March 31

	2026	2025
<i>(thousands of Canadian dollars)</i>		
	\$	\$
Accumulated deficit		
Surplus (deficit) for the year	126,015	(462,372)
Accumulated deficit, beginning of year	(8,894,263)	(8,431,891)
Accumulated deficit, end of year	(8,768,248)	(8,894,263)
Accumulated remeasurement gains (losses)		
Remeasurement losses arising during the year		
Unrealized gains on equity instruments quoted in an active market	3,689	3,553
Unrealized (losses) gains on investments in other securities	(1,974)	5,761
Reclassifications to the Statement of Operations		
Realized gains on equity instruments quoted in an active market	(248)	(1)
Realized (gains) losses on investments in other securities	(1,255)	1,288
Net remeasurement gains for the year	212	10,601
Accumulated remeasurement gains (losses), beginning of year	9,338	(1,263)
Accumulated remeasurement gains, end of year	9,550	9,338
Issued share capital		
Issued share capital, beginning and end of year	15,000	15,000
Total net liabilities	(8,743,698)	(8,869,925)

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

Statement of Cash Flows

For the year ended March 31

	2026	2025
<i>(thousands of Canadian dollars)</i>		
	\$	\$
Operating transactions		
Cash receipts from Parliamentary appropriations	1,534,307	1,241,300
Cash receipts from customers and other sources	115,809	148,024
Cash paid to suppliers	(443,803)	(364,509)
Cash paid to employees	(17,133)	(15,879)
Cash paid for decommissioning, waste management and contaminated sites activities	(972,637)	(973,970)
Cash paid for acquisition of Investments held in trust	(98)	(370)
Cash paid for acquisition of investments in the Long-term disposal of waste fund	(2,922)	(18,829)
Cash receipts from redemption of investments in the Long-term disposal of waste fund	1,408	18,022
Investment income received	16,979	21,858
Cash provided by operating transactions	231,910	55,647
Capital transactions		
Acquisition of tangible capital assets	(225,374)	(182,617)
Cash applied to capital transactions	(225,374)	(182,617)
Investing transactions		
Cash paid for acquisition of Other investments	(567,104)	(483,650)
Cash receipts from redemption of Other investments	539,571	474,735
Cash applied to investing transactions	(27,533)	(8,915)
Decrease in cash	(20,997)	(135,885)
Cash, beginning of year	89,985	225,870
Cash, end of year	68,988	89,985

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

Notes to the Financial Statements

For the year ended March 31, 2026

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 delivered this mandate through a Government-owned, Contractor-operated model, which means that a private sector organization, Canadian Nuclear Laboratories (CNL), is responsible for managing and operating AECL's sites. With this arrangement, both AECL (Owner) and CNL (Operator) are enduring entities with the Contractor (currently Nuclear Laboratory Partners of Canada Inc.) being either renewed or replaced through a competitive procurement process.

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*.

In July 2015, AECL was issued a directive (P.C. 2015-1111) pursuant to section 89 of the *Financial Administration Act* to align its travel, hospitality, conference and event expenditure policies, guidelines and practices with Treasury Board policies, directives and related instruments on travel, hospitality, conference and event expenditures in a manner that is consistent with its legal obligations, and to report on the implementation of this directive in AECL's next Corporate Plan. As at March 31, 2026, AECL remains compliant with the requirements of the directive.

In January 2026, AECL was issued a directive (P.C. 2026-0008) pursuant to section 89 of the *Financial Administration Act* to align its policies, guidelines, and practices with the "Buy Canadian Procurement Policy Framework" and the policy instruments issued under section 6 of that framework, as amended from time to time, in a manner consistent with its mandate, and to report on the implementation of this directive in AECL's next Corporate Plan. AECL implemented the directive with immediate effect, and continues to integrate these Buy Canadian obligations into its planning and contracting processes.

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 2026-2027 to 2030-2031 Corporate Plan received Treasury Board approval in the fourth quarter of the 2025-26 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

a) Basis of Accounting

These financial statements have been prepared in accordance with Canadian Public Sector Accounting Standards (PSAS) established by the Public Sector Accounting Board (PSAB), and reflect the policies below.

Both financial and non-financial assets are reported on the Statement of Financial Position. A financial asset is an asset that could be used to discharge existing financial liabilities or be spent on future operations and is not for consumption in the normal course of operations. Non-financial assets are assets that do not meet the definition of a financial asset, and 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 financial liabilities (or net financial assets) but rather are added to the net financial liabilities (or net financial assets) to determine the accumulated surplus (deficit).

Measurement Uncertainty

The preparation of the financial statements in accordance with PSAS requires management to make estimates and assumptions that affect the reported amounts of financial assets, financial 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 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 financial statements and are reviewed periodically 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 original 2025-26 budget is reflected in the Statement of Operations and the Statement of Net Financial Liabilities and Change in Net Financial Liabilities. Budget data for 2025-26 presented in these financial statements is based upon the 2025-26 estimates contained within the 2025-26 to 2029-30 Corporate Plan. Since actual opening balances of the net financial liabilities were not available at the time of preparation of Budget 2026, the corresponding amounts in the budget column have been adjusted to the actual closing balances of the previous year.

b) Foreign Currency Translation

Transactions denominated in a foreign currency are translated into Canadian dollars at the exchange rate in effect at the date of the transaction. Monetary assets and liabilities, not denominated in the functional currency of AECL and outstanding at the Statement of Financial Position date, are adjusted to reflect the exchange rate in effect at that date. Realized exchange gains and losses arising from the translation of foreign currencies, including those arising prior to settlement or derecognition of all financial instruments, are included in the Statement of Operations.

c) Financial Instruments

Financial instruments are classified in one of the following categories: (i) fair value; or (ii) cost or amortized cost. AECL determines the classification of its financial instruments at initial recognition.

Investments include fixed income instruments, equity instruments and investments with short-term maturities of one year or less such as investment accounts with withdrawal notice, guaranteed investment certificates and Government of Canada treasury bills. Investments in equity instruments that are quoted in an active market are measured at fair value. Investments in fixed income instruments and equity instruments not quoted in an active market are managed on a fair value basis and the fair value option is elected. Transaction costs are recognized in the Statement of Operations in the period during which they are incurred. Investments at fair value are remeasured at their fair value at the end of each reporting period. Any remeasurement gains and losses are recognized in the accumulated remeasurement gains and losses component and reported in the Statement of Changes in Net Liabilities, and are cumulatively reclassified to the Statement of Operations upon disposal or settlement.

A write-down is recognized in the Statement of Operations for an investment where there has been a loss in the value of the investment considered as an "other than temporary" loss. Subsequent changes to the remeasurement of Investments are recognized in the accumulated remeasurement gains and losses component and reported in the Statement of Changes in Net Liabilities. If the loss in value of an investment subsequently reverses, the write-down to the Statement of Operations is not reversed until the investment is sold.

Other financial instruments, including Cash, investment accounts with withdrawal notice, guaranteed investment certificates, trade receivables, unbilled revenue, Accounts payable and accrued liabilities, and Due to Canadian Nuclear Laboratories are initially recorded at their fair value and are subsequently measured at amortized cost, net of any provisions for impairment. Cash comprises cash on hand and demand deposits.

Interest income, dividends and realized gains and losses earned on Cash and Investments are recognized in the Statement of Operations.

d) Inventory

Heavy water and mechanical seals and raw materials are measured at the lower of cost and net realizable value. Cost includes amounts for improvements to prepare the assets for sale. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Where cost exceeds net realizable value, a write-down is recorded.

e) Employee Future Benefits

AECL provides employee benefits such as pension benefits, voluntary termination compensation benefits and other benefits, including continuation of health and dental benefits during long-term disability, and self-insured workers' compensation.

Pension Benefits

Substantially all AECL employees are covered by the Public Service Pension Plan (PSPP), a contributory defined benefit plan established through legislation and sponsored by the Government of Canada. Contributions are required by both the employees and AECL to cover current service cost.

Pursuant to legislation currently in place, AECL has no legal or constructive obligation to pay further contributions with respect to any past service or funding deficiencies of the PSPP. Consequently, contributions are recognized as an expense in the year when employees have rendered service and represent the total pension obligation of AECL.

Non-Pension Post-Employment Benefit Plans

AECL's obligation with respect to its non-pension post-employment defined benefit plans is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The voluntary termination compensation obligation is discounted to determine its present value. The calculation is performed annually by a qualified actuary using the projected benefit method prorated on service and management's best estimate of salary escalation, retirement ages of employees, mortality and expected employee turnover.

The discount rate is based on AECL's cost of borrowing as determined based on long-term Government of Canada bond yields. AECL amortizes any actuarial gains and losses arising from non-pension defined benefit plans into the Statement of Operations over the expected average remaining service life.

Other Long-term Employee Benefits

AECL's obligation with respect to other long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. These benefits include self-insured workers' compensation benefits and health and dental care benefits during long-term disability.

That obligation is discounted to determine its present value. The discount rate is based on AECL's cost of borrowing as determined based on long-term Government of Canada bond yields. The calculation is performed using a combination of the Projected Unit Credit Method prorated on service and event-driven calculations for workers' compensation. Any actuarial gains and losses are amortized into the Statement of Operations over the expected average remaining service life.

AECL expenses amounts reimbursed to Employment and Social Development Canada for workers' compensation claims in accordance with the *Government Employees Compensation Act* for current payments billed by the provincial compensation boards.

f) Decommissioning and Waste Management Provision and Contaminated Site Liability

AECL has obligations to decommission nuclear facilities and to manage radioactive waste in order to protect the environment and satisfy regulatory requirements. AECL recognizes a provision for decommissioning and waste management when all of the following conditions are met: there is a legal obligation to incur retirement costs in relation to a tangible capital asset; the past transaction or event giving rise to the liability has occurred; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made.

AECL recognizes a provision for contaminated sites when all of the following conditions are met: an environmental standard exists; the level of contamination has been determined to exceed the environmental standard and AECL is directly responsible or accepts responsibility; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made at that time.

The provisions take into account current technological, environmental and regulatory requirements and are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and the risks specific to the provisions. The liabilities are discounted using a current rate methodology with the Bank of Canada zero-coupon bond yield curve, in line with the expected weighted average spending profile, using the term at which approximately 75% of the undiscounted liability is spent. If this number is longer than 30 years, then the default will be to use the 30-year term to determine the yield curve. The estimated future cash flows are adjusted for inflation using a rate that is derived on the basis of Consensus Economics forecasts and Bank of Canada historical and target inflation rates. The initial estimate of the liabilities includes costs directly attributable to asset retirement and remediation activities, including post-retirement operation, maintenance and monitoring.

As the provisions are recorded based on a discounted value of the projected future cash flows, they are increased quarterly to reflect the passage of time by removing one quarter's discount. The unwinding of the discount is charged to Decommissioning, waste management and contaminated sites expenses in the Statement of Operations. The provisions are reduced by actual expenditures incurred.

The cost estimates are subject to periodic review and any significant changes in the estimated amount or timing of the underlying future cash flows are recorded as an adjustment to the provisions. The provisions include future construction costs associated with certain enabling facilities, such as processing and disposal facilities for nuclear waste.

Decommissioning costs of new assets are added to the carrying amount and amortized over the related assets' useful lives. The effect of subsequent changes in estimating an obligation for which the provision was recognized as part of the cost of the asset is adjusted against the asset. For assets no longer in productive use, all subsequent changes in the estimate of the obligation are recognized as an expense in the period they are incurred.

g) Trade and Other Receivables, Accounts Payable and Accrued Liabilities

Certain contracts may have revenue recognized in excess of billings (unbilled revenues) and other contracts may have billings in excess of revenue recognized (customer advances and obligations). Unbilled revenues are recorded as an asset and included in Trade and other receivables. Billings collected in excess of revenue recognized on contracts and advances for which the related work has not started are recognized as a liability and included in Accounts payable and accrued liabilities.

h) Tangible Capital Assets

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets, overhead directly attributable to the construction and development, as well as the estimated costs of dismantling and removing the items and restoring the site on which they are located.

The cost of tangible capital assets in use is amortized on a straight-line basis over the estimated useful life, as follows:

Asset	Rate
Land Improvements	10-40 years
Buildings	20-40 years
Reactors, Machinery & Equipment	3-40 years

Construction in progress represents assets that are not yet available for use and therefore are not subject to amortization. When complete, the constructed asset is transferred to the appropriate category of tangible capital asset and amortized at the rate applicable to that category. Amortization commences when the asset is put into use and ceases when it no longer provides any further economic benefit to AECL or when it is no longer in service.

When conditions indicate that a tangible capital asset no longer contributes to AECL's ability to provide goods and services, or that the value of future economic benefits associated with the tangible capital asset is less than its net book value, the cost of the tangible capital asset is reduced to reflect the decline in the asset's value. The net write-down is then accounted for as an expense in the Statement of Operations.

Useful lives are assessed annually and revisions to the useful life are made as required.

AECL has unrecognized intangible intellectual property assets since internally generated intangible assets are not recognized in the financial statements.

i) Revenue Recognition

Revenue is derived from sales of services and products, and royalties. Revenue is recognized when a transaction or event has occurred, and when AECL is expected to obtain future economic benefits. Revenue from transactions with performance obligations is recognized when, or as, AECL satisfies a performance obligation by providing the promised goods or services to a payor. Revenues from transactions with performance obligations occur when there is an enforceable promise to transfer goods or services directly to a payor in return for promised consideration. AECL satisfies its performance obligation and recognizes revenue over a period of time when control of the benefits associated with the goods or services passes to the payor over a period of time. If a performance obligation is not satisfied over a period of time, AECL satisfies the performance obligation at a point in time. The performance obligation is satisfied when the payor obtains control of the benefits associated with the promised good or service. Where consideration is received from a payor prior to the provision of goods or services, these amounts are initially included in unearned revenue provided the definition of a liability is met. They are subsequently recognized as revenue as performance obligations are met.

The revenues disclosed are recurring in nature unless otherwise noted.

Services

Service contracts generally consist of a performance obligation that is satisfied over a period of time. These revenues are recognized over a period of time by measuring the progress toward completed satisfaction of the performance obligation.

Sales of goods

Sales of products generally consist of one performance obligation that is satisfied at a point in time. These revenues are recognized when or as the goods are delivered to the customer.

Royalties

Revenue from licensing of intellectual property includes a continuing performance obligation that is satisfied over time since AECL has a continuing obligation to provide access to the intellectual property over the term of the arrangement. In addition, the payor simultaneously receives and consumes the benefits provided by the intellectual property throughout the term of the licence agreement. These revenues are recognized on a straight-line basis over the term of the licence agreement.

j) Parliamentary Appropriations

AECL receives Parliamentary appropriations for operating expenditures and the purchase of tangible capital assets. These Parliamentary appropriations are free of any stipulations limiting their use and are recorded as funding from the Government of Canada in the Statement of Operations, up to the authorized amount, where eligibility criteria have been met.

k) Contingent Liabilities

Contingent liabilities are potential liabilities which may become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur or fail to occur, and a reasonable estimate of the obligation can be made by AECL, an estimated liability is accrued and an expense recorded. If the likelihood is not determinable, or an amount cannot be reasonably estimated, the contingency is disclosed in the notes to the financial statements.

l) Standards, Sections and Guidelines

The following standards have been issued by the PSAB:

PS 3251 Employee benefits: This new Section establishes standards for the recognition, measurement, presentation and disclosure of all employee benefits, and replaces Retirement benefits, Section PS 3250, and Post-employment benefits, compensated absences and termination benefits, Section PS 3255.

The standard applies to fiscal years beginning on or after April 1, 2029. AECL is currently evaluating the impact of adopting this standard.

PS 3150 Tangible capital assets: This Section has been amended as part of implementing the Government Not-for-Profit (GNFP) Strategy – incorporating the PS 4200 series into public sector accounting standards with potential customizations.

This standard applies to fiscal years beginning on or after April 1, 2030. AECL is currently evaluating the impact of adopting this standard.

3. Investments

	March 31, 2026			
(thousands of Canadian dollars)	Long-term Disposal of Waste Fund	Investments Held in Trust	Other Investments	Total
	\$	\$	\$	\$
Short-term investments	–	–	105,296	105,296
Canadian government bonds*	–	–	112,606	112,606
Corporate bonds	15,607	33,083	46,022	94,712
Canadian equities**	6,864	16,845	–	23,709
Global equities**	17,533	38,086	–	55,619
	40,004	88,014	263,924	391,942

	March 31, 2025			
(thousands of Canadian dollars)	Long-term Disposal of Waste Fund	Investments Held in Trust	Other Investments	Total
	\$	\$	\$	\$
Short-term investments	–	–	110,140	110,140
Canadian government bonds*	–	–	80,918	80,918
Corporate bonds	13,850	33,337	47,476	94,663
Canadian equities**	6,267	13,409	–	19,676
Global equities**	17,654	37,082	–	54,736
	37,771	83,828	238,534	360,133

* Canadian government bonds include federal, provincial and municipal bonds.

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

Short-term investments mature in May 2026 and include accounts with withdrawal notice and Government of Canada treasury bills. Bonds have maturities ranging from June 2026 to December 2030, with yields ranging from 0.5% to 5.475%. Equities are invested in pooled funds holding a diversified portfolio.

a) Long-term Disposal of Waste Fund

AECL is required to invest cash in a fund to cover the costs related to the future disposal of radioactive waste arising from ongoing operations at its sites. This fund is intended to cover the future disposal costs associated with low- and intermediate-level radioactive waste generated starting in 2015. Investment income earned on fund assets accrues to the fund.

b) Investments Held in Trust

The *Nuclear Fuel Waste Act* requires Canadian nuclear utilities to form a waste management organization, the Nuclear Waste Management Organization (NWMO), to provide recommendations to the Government of Canada on the long-term management of nuclear fuel waste and to implement the approach selected. The legislation also requires that each nuclear fuel waste owner establish a trust fund to finance the implementation of the approach proposed by the NWMO. The liability for AECL's nuclear fuel waste is recorded in the Decommissioning and waste management provision (Note 9).

Each individual trust fund is held in order to meet the requirements of the *Nuclear Fuel Waste Act* and only the NWMO may withdraw monies from it in accordance with the provisions of the *Nuclear Fuel Waste Act*, Section II. As required by the *Nuclear Fuel Waste Act*, AECL's initial deposit to its Trust Fund was \$10 million on November 25, 2002. Subsequent annual deposits have been made as required, and will continue until the full lifecycle costs of managing the nuclear fuel waste over the long-term are set aside.

AECL's trust fund has been incorporated in these financial statements. Investment income earned on trust assets accrues to the Trust Fund.

c) Other Investments

Other investments are held for operating activities and to fund historic liabilities and business priorities in science and technology and related capital expenditures.

4. Trade and Other Receivables

	March 31	
(thousands of Canadian dollars)	2026	2025
	\$	\$
Trade receivables	23,973	20,497
Unbilled revenue	16,384	10,217
Consumption taxes receivable	16,854	15,760
	57,211	46,474

AECL maintains allowances for specific potential credit losses, if required. Outstanding trade receivables are collected in accordance with the terms of the sales contracts.

AECL's exposure to credit risks related to Trade and other receivables, including unbilled revenue, is disclosed in Note 18.

5. Inventories Held for Resale

	March 31	
(thousands of Canadian dollars)	2026	2025
	\$	\$
Mechanical seals and raw materials	2,429	2,566
Heavy water inventory	13,906	19,808
	16,335	22,374

The cost of inventory for mechanical seals and raw materials recognized as an expense and included in Cost of sales was \$0.3 million (2025 – \$0.3 million).

The cost of inventory for heavy water recognized as an expense and included in Cost of sales was \$5.9 million (2025 – \$17.9 million).

6. Tangible Capital Assets

	Construction in progress	Land and land improvements	Buildings	Machinery and Equipment	Total
<i>(thousands of Canadian dollars)</i>					
	\$	\$	\$	\$	\$
Cost at March 31, 2025	478,726	177,429	718,959	553,159	1,928,273
Additions and transfers	254,675	9,946	4,244	36,182	305,047
Disposals and transfers	(50,202)	(1,364)	(2,334)	(2,441)	(56,341)
Write-downs	(7,395)	–	–	–	(7,395)
Other changes	–	–	(4,513)	–	(4,513)
Cost at March 31, 2026	675,804	186,011	716,356	586,900	2,165,071
Accumulated amortization at March 31, 2025	–	74,615	296,818	340,431	711,864
Increase in amortization	–	6,095	20,780	26,574	53,449
Disposals and transfers	–	(1,364)	(2,143)	(2,001)	(5,508)
Accumulated amortization at March 31, 2026	–	79,346	315,455	365,004	759,805
Net carrying amount at March 31, 2025	478,726	102,814	422,141	212,728	1,216,409
Net carrying amount at March 31, 2026	675,804	106,665	400,901	221,896	1,405,266

	Construction in progress	Land and land improvements	Buildings	Machinery and Equipment	Total
<i>(thousands of Canadian dollars)</i>					
	\$	\$	\$	\$	\$
Cost at March 31, 2024	364,085	167,740	705,098	549,451	1,786,374
Additions and transfers	172,140	9,731	16,363	30,672	228,906
Disposals and transfers	(56,795)	(42)	(3,388)	(26,964)	(87,189)
Write-downs	(704)	–	–	–	(704)
Other changes	–	–	886	–	886
Cost at March 31, 2025	478,726	177,429	718,959	553,159	1,928,273
Accumulated amortization at March 31, 2024	–	68,772	278,777	341,821	689,370
Increase in amortization	–	5,885	20,711	25,478	52,074
Disposals and transfers	–	(42)	(2,670)	(26,868)	(29,580)
Accumulated amortization at March 31, 2025	–	74,615	296,818	340,431	711,864
Net carrying amount at March 31, 2024	364,085	98,968	426,321	207,630	1,097,004
Net carrying amount at March 31, 2025	478,726	102,814	422,141	212,728	1,216,409

The amortization and write-downs of Tangible capital assets are recognized in Operating expenses in the Statement of Operations.

7. Accounts Payable and Accrued Liabilities

	March 31	
<i>(thousands of Canadian dollars)</i>	2026	2025
	\$	\$
Trade payables	238	628
Other payables and accrued expenses	41,828	16,856
Accrued payroll liabilities	9,909	5,869
Amounts due to related parties	2,808	1,521
Provisions	165	165
Customer advances and obligations	3,526	4,962
	58,474	30,001

Amounts due to related parties represent royalty revenues payable to the Government of Canada. Provisions are short-term in nature and are not discounted and include estimated costs related to lawsuits and legal claims and disputes with suppliers.

8. Employee Future Benefits

a) Pension Plan

As described in Note 2(e), AECL's employees participate in the PSPP.

The President of the Treasury Board of Canada sets the required employer contributions based on a multiple of the employees' required contribution. The contributions made by AECL to the PSPP are 5.04 times (2025 – 5.09 times) the employees' contribution on salaries in excess of \$220,000 (2025 – \$210,200). For salaries below \$220,000 (2025 – \$210,200), AECL's contribution rate is approximately 1.0 times the employees' contributions.

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, times the average of the best five consecutive years of earnings. The benefits are coordinated with Canada/Québec Pension Plan benefits, and they are indexed to inflation.

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

	March 31	
<i>(thousands of Canadian dollars)</i>	2026	2025
	\$	\$
Payments by employees	1,164	1,073
Payments by employer	2,192	1,891

b) Other Employee Future Benefits

AECL provides certain voluntary termination compensation (VTC) and other post-employment benefits as described in Note 2(e). 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 VTC is payable in instances of future voluntary resignations and retirements. Consistent with Government of Canada expectations of federal agencies and Crown corporations, AECL began eliminating this benefit in fiscal year 2012-13.

The VTC included in the 2026 Employee future benefits liability is \$3.9 million (2025 – \$4.2 million). This balance includes the amounts for employees who have chosen to defer payment to the time of the termination of their employment.

The measurement date of the Employee future benefits liability is March 31, 2026, and the latest actuarial valuation of these benefits was performed at that date. The weighted average duration of the defined benefit obligation at the end of the reporting period is 6.4 years (2025 – 6.7 years). The amortization period for post-employment benefits is 6 years. The amortization period for other long-term benefits is 10 years.

The following summarizes the activity in the post-employment and other long-term benefit plans:

	March 31	
(thousands of Canadian dollars)	2026	2025
	\$	\$
Accrued benefit obligation, beginning of year	12,421	12,927
Benefits earned	6	3
Interest on Accrued benefit obligation	343	414
Benefits paid	(1,525)	(1,514)
Actuarial (gain) loss	(575)	591
Accrued benefit obligation, end of year	10,670	12,421
Less: Unamortized actuarial gain	1,180	1,802
Employee future benefits liability	9,490	10,619

The following summarizes expenses arising from AECL's post-employment and other long-term benefit plans recognized in Operating expenses in the Statement of Operations:

	March 31	
(thousands of Canadian dollars)	2026	2025
	\$	\$
Benefit and interest expense		
Benefits earned	6	3
Amortization of actuarial loss (gain) recognized	47	(13)
Total benefit loss (income)	53	(10)
Interest on Accrued benefit obligation	343	414
Total benefit and interest expense	396	404

The significant actuarial assumptions adopted in measuring AECL's Employee future benefits are summarized as follows:

	March 31	
	2026	2025
	%	%
Discount rate at year-end	3.50	3.00
Rate of increase in salaries	3.00	3.00
Health care cost trend	4.00	4.00 - 4.50

The mortality rates are those used by the Canadian Pensioners' Mortality for 2024. The disabled mortality rates are those used for the valuation of the benefit liabilities of the schedule 1 insurance fund of the Workplace Safety and Insurance Board of Ontario as of December 31, 2024.

The Employee future benefits liability and costs are subject to measurement uncertainty due to the use of actuarial assumptions. The impact of these factors on the remeasurement of the Employee future benefits liability can be significant and volatile at times. Detailed sensitivity analysis disclosures have not been provided as the impacts of the sensitivity analyses performed did not result in material changes to the recognized balances.

9. Decommissioning and Waste Management Provision

AECL has an obligation to decommission its nuclear facilities and other assets in order to address its liabilities, reduce risk, protect the environment and meet applicable regulatory requirements. These facilities include prototype reactors, nuclear research and development laboratories, waste management and other facilities. Due to the variety of facilities, the decommissioning process may differ in each case. In some situations, decommissioning activities are carried out in stages, with intervals of several decades between them, to allow radioactivity to decay before moving on to the next stage. These activities include surveillance and monitoring, decontamination, demolition and the management of the associated waste. A portion of the liabilities relate to obligations that existed prior to the creation of AECL in 1952.

The Decommissioning and waste management provision is as follows:

	March 31	
(thousands of Canadian dollars)	2026	2025
	\$	\$
Carrying amount – Beginning of year	9,471,288	8,672,132
Liabilities settled	(613,417)	(596,999)
Unwinding of discount	330,535	284,585
Effect of change in discount rate	(877,130)	33,622
Revision in estimate and timing of expenditures	1,303,439	1,075,075
Estimates affecting Property, plant and equipment and future disposal costs for waste from ongoing operations	(2,828)	2,873
Carrying amount – End of year	9,611,887	9,471,288

The undiscounted future expenditures, adjusted for inflation, for the planned projects comprising the liability are \$19,245.5 million (March 31, 2025 – \$18,500.9 million). The provision is re-valued at the discount rate in effect at each Statement of Financial Position date. The provision is discounted using a 30-year rate from the Bank of Canada zero-coupon bond yield curve. Refer to Note 2(f) for detail on the current rate methodology.

Key assumptions used in determining the provision:

	March 31	
	2026	2025
Discount period	159 years	160 years
Discount rate	3.95%	3.27%
Short-term inflation rate	2.21%	2.21%
Long-term inflation rate	2.00%	2.00%

The Decommissioning and waste management provision is subject to measurement uncertainty. The unpredictable outcome of several future events will likely have a material impact on the provision and updates to the provision will continue to be made when the impact of the outcome can be reasonably measured. The provision is highly sensitive to the interest rate used to discount the future expenditures. The following table outlines the sensitivity of a 1% change in the discount rate used to estimate the provision:

	March 31	
(thousands of Canadian dollars)	2026	2025
	\$	\$
1% increase	(1,119,362)	(1,276,760)
1% decrease	1,456,404	1,729,598

The provision is also sensitive to the inflation rate used to calculate future expenditures. The following table outlines the sensitivity of a 1% change in the inflation rate used to estimate the provision:

	March 31	
(thousands of Canadian dollars)	2026	2025
	\$	\$
1% increase	1,308,521	1,590,788
1% decrease	(1,044,913)	(1,218,927)

10. Contaminated Sites Liability

AECL has responsibility for the implementation of the Government of Canada's commitments with respect to the Port Hope Area Initiative and other historic low-level waste liabilities. 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. One project to address this liability, the Port Granby Project, has now transitioned into long-term monitoring and maintenance which is expected to continue for 100 years. The other large project, the Port Hope Project, 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 radioactivity resulting from the past processing and shipment of uranium and radium. Ongoing relationship building and agreements with Indigenous communities, and advancing site characterization efforts will continue, with outcomes likely to support a revision of the original project schedule to the late 2030s.

The Contaminated sites liability is as follows:

	March 31	
	2026	2025
<i>(thousands of Canadian dollars)</i>		
	\$	\$
Carrying amount – Beginning of year	1,000,856	1,172,128
Liabilities settled	(356,390)	(379,843)
Unwinding of discount	24,160	33,901
Effect of change in discount rate	(11,101)	28,171
Revision in estimate and timing of expenditures	276,556	146,499
Carrying amount – End of year	934,081	1,000,856

The estimated total undiscounted expenditures are \$1,035.5 million (March 31, 2025 – \$1,099.0 million). The liability for the Port Hope Area Initiative and the Low-Level Radioactive Waste Management Office is discounted using present value techniques. The liability is discounted using a 4-year rate from the Bank of Canada zero-coupon yield curve. Refer to Note 2(f) for detail on the current rate methodology.

Key assumptions used in determining the provision:

	March 31	
	2026	2025
Discount period	44 years	45 years
Discount rate	3.00%	2.54%
Short-term inflation rate	2.21%	2.21%
Long-term inflation rate	2.00%	2.00%

The Contaminated sites liability is subject to measurement uncertainty. The unpredictable outcome of several future events will likely have a material impact on the liability and updates to the liability will continue to be made when the impact of the outcome can be reasonably measured. The liability is sensitive to the interest rate used to discount the future expenditures. The following table outlines the sensitivity of a 1% change in the discount rate used to estimate the liability:

	March 31	
	2026	2025
<i>(thousands of Canadian dollars)</i>		
	\$	\$
1% increase	(27,549)	(32,075)
1% decrease	30,218	35,398

The liability is also sensitive to the inflation rate used to calculate future expenditures. The following table outlines the sensitivity of a 1% change in the inflation rate used to estimate the liability:

	March 31	
	2026	2025
<i>(thousands of Canadian dollars)</i>		
	\$	\$
1% increase	30,538	35,418
1% decrease	(28,045)	(32,720)

11. Issued Share Capital

The authorized share capital of AECL is comprised of 75,000 common shares with no par value. As at March 31, 2026 and March 31, 2025, 54,000 shares were issued for \$15 million. As a Schedule III Part I Crown corporation under the *Financial Administration Act*, His Majesty in Right of Canada owns the shares of AECL. Any procurement or disposition of shares can only be undertaken after Parliamentary authorization.

12. Commitments

a) Operating Leases:

Non-cancellable office space operating lease rental is payable as follows:

(thousands of Canadian dollars)	
	\$
2026-2027	112
2027-2028	112
2028-2029	9
	233

During the year ended March 31, 2026, an amount of \$0.3 million (2025 – \$0.3 million) was recognized for leases as an Operating expense in the Statement of Operations.

b) Operating and Capital Commitments:

The nature of AECL's activities can result in multiyear contracts and obligations whereby AECL is committed to make future payments. As at March 31, 2026, AECL has contractual arrangements with third party suppliers, including contracts that allow for termination with penalties, approximating \$563.5 million. Most of these commitments are held by CNL in accordance with the Government-owned, Contractor-operated model. Included in this amount are contracts related to the purchase of Tangible capital assets of approximately \$48.4 million. The details of the Government-owned, Contractor-operated model are discussed in Note 16.

13. Contingent Liabilities

AECL is engaged in various legal proceedings and claims that have arisen in the ordinary course of business. Where the potential liability is likely and able to be estimated, management has recorded its best estimate of the potential liability in Accounts payable and accrued liabilities (Note 7).

14. Funding

	March 31	
<i>(thousands of Canadian dollars)</i>	2026	2025
	\$	\$
Parliamentary appropriations for operating, capital and statutory expenditures		
Amount received during the year for operating, capital and statutory expenditures	1,534,307	1,241,300
Amount receivable at the end of the year	184,900	192,300
Amount receivable from a previous year	(192,300)	–
Total Parliamentary appropriations recognized	1,526,907	1,433,600

During the year, the above funding was received to support AECL and CNL planned activities. This funding was used in the following manner:

- Support the activities of the nuclear laboratories, including ongoing science and technology activities at the Chalk River site, capital infrastructure renewal, as well as the ongoing operations of the site in order to meet regulatory, health, safety and environmental needs and requirements.
- Decommissioning and waste management activities primarily at the Chalk River and Whiteshell sites and environmental remediation programs primarily in Port Hope.

The amounts approved for operating and capital expenditures for the year ending March 31, 2026 totalled \$1,945.7 million.

15. Commercial Revenue

	March 31	
<i>(thousands of Canadian dollars)</i>	2026	2025
	\$	\$
Services	73,997	63,874
Sales of goods	41,435	77,097
Royalties	12,550	5,276
	127,982	146,247

16. Contractual Arrangement

Since 2015, AECL has been delivering its mandate through a Government-owned, Contractor-operated model whereby CNL operates and manages AECL's sites. Under this model, the assets, sites and facilities continue to be owned by AECL, but are being managed and operated by a private-sector company. As such, AECL makes payments to CNL and its parent company, as per the terms of the contractual arrangement.

The following contractual expenditures were incurred:

	March 31	
	2026	2025
<i>(thousands of Canadian dollars)</i>		
	\$	\$
Contractual amounts paid or payable	1,607,348	1,497,243
Less: Costs charged to Decommissioning and waste management provision and Contaminated sites liability	(966,576)	(973,756)
Less: Costs charged to Construction in progress	(254,675)	(172,140)
Less: Costs classified as Cost of sales	(79,298)	(74,231)
Contractual expenses	306,799	277,116

Contractual amounts paid or payable include fees paid to Nuclear Laboratory Partners of Canada (NLPC) and Canadian National Energy Alliance (CNEA), in accordance with the long-term contractual arrangement between AECL, NLPC (CNEA prior to December 11, 2025) and CNL. The balance due to CNL at March 31, 2026 represents funding owing for allowable costs incurred by CNL.

17. Additional Information by Type of Expense

	March 31	
	2026	2025
<i>(thousands of Canadian dollars)</i>		
	\$	\$
Payroll expenses	20,044	17,956
General and administrative expenses	3,391	3,664
Site and program operating costs	41,247	39,230
Amortization of tangible capital assets (Note 6)	53,449	52,074
Realized (gains) losses on Investments	(1,504)	1,287
Contractual amounts paid or payable less costs charged to Construction in progress (Notes 6 and 16) and less liabilities settled for Decommissioning and waste management provision and Contaminated sites liability (Notes 9, 10 and 16)	386,097	351,347
Finance expenses	354,695	318,486
Loss on revision in estimate and timing of expenditures and discount rate on Decommissioning and waste management provision (Note 9)	426,309	1,108,697
Loss on revision in estimate and timing of expenditures and discount rate on Contaminated sites liability (Note 10)	265,455	174,670
	1,549,183	2,067,411

18. Financial Instruments

AECL has exposure to the following risks from its use of financial instruments: credit risk, market risk, regulatory risk and liquidity risk.

Investment policies and regular monitoring of assets ensure there is no concentration of risk. The policies require a diversified portfolio, and asset allocations are reviewed quarterly.

The Board of Directors ensures that AECL has identified its major risks and ensures that management effectively monitors and mitigates them.

a) Credit Risk

Credit risk is the risk of financial loss to AECL if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Such risks arise principally from certain financial assets held by AECL consisting of Cash, Investments, trade receivables and unbilled revenue. The maximum exposure to credit risk of AECL at March 31, 2026 is the carrying value of Cash, short-term investments, fixed income instruments, trade receivables and unbilled revenue.

AECL manages its credit risk surrounding its trade receivables and unbilled revenue of \$40.4 million (2025 – \$30.7 million) by dealing solely with reputable customers and evaluating customer creditworthiness before credit is extended. The risk is reduced by monitoring at the appropriate levels of management. The credit risk for Cash, short-term investments and fixed income instruments is minimized by ensuring cash instruments are held with well-established financial institutions, and through AECL's investment policy that limits investments to high credit quality securities. All the investments are managed by professional investment managers. All bond investments are rated at an A level or higher using Standard & Poors as at March 31, 2026.

Details of trade receivables are as follows:

	March 31	
(thousands of Canadian dollars)	2026	2025
	\$	\$
Current	16,569	15,005
1 to 30 days past due	1,853	1,060
31 to 60 days past due	226	1,845
61 to 90 days past due	852	1,675
More than 90 days past due	4,473	912
	23,973	20,497

With respect to accounts receivable past due, based on credit history, there are no indications that customers will not be able to meet their obligations. No receivables are currently impaired.

b) Market Risk

Market risk is the risk that changes in market prices, such as those caused by changes in currency, interest rates and price, will affect AECL's income or the value of its holdings of financial instruments. The objective of market risk management is to control market risk exposures within acceptable parameters while optimizing the return.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. AECL's financial statements are presented in Canadian dollars, but a portion of its business is conducted in other currencies, with the exposure to foreign currency transactions primarily related to the U.S. dollar. AECL is also exposed to currency risk through its equity investments. The objective of AECL's foreign exchange risk management activities is to minimize transaction exposure and the resulting volatility of AECL's earnings and commitments. As of March 31, 2026 and March 31, 2025, had the exchange rate (CAN\$/US\$) been 5% higher or lower, the impact on the Statement of Operations for the year would have been insignificant. AECL's exposure to currency risk is not significant.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The objective of AECL's interest rate risk management activities is to minimize the volatility of AECL's earnings and expenses. AECL's exposure to interest rate risk is limited to changes in interest rates associated with its investments in bonds and discount rates associated with the Decommissioning and waste management provision and Contaminated sites liability (Notes 9 and 10).

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 currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. AECL is exposed to price risk through its investment in equity instruments. AECL manages price risk through asset allocation as outlined in its investment policy. The value of each investment is influenced by the performance of the security's issuer and general economic, political, tax and market conditions. The impact of this on the Statement of Operations would not be material.

c) Regulatory Risk

Regulatory risk is the risk that changes in government policy may have an adverse impact on AECL's financial position. AECL's sites are operated in a highly regulated environment. Changes in government policy may have an adverse impact on AECL's financial position. AECL's objective in managing regulatory risk is to actively monitor and implement changes on a timely basis to enable operations. In 2026, AECL's regulatory risk management objectives were unchanged from those in 2025.

d) Liquidity Risk

Liquidity risk is the risk that AECL will not be able to meet its financial obligations as they become due. AECL is economically dependent on Parliamentary appropriations that are received from the Government of Canada.

AECL manages liquidity risk by cross-functional participation in project and business reviews, frequent communication with its shareholder to manage ongoing cash requirements and secure appropriate funding, and maintaining a portfolio of highly liquid investments or instruments readily convertible into cash with high-quality counterparties. The liquidity available in AECL's investments ensure that AECL is able to meet its obligations and commitments.

Details of trade payables are as follows:

	March 31	
(thousands of Canadian dollars)	2026	2025
	\$	\$
Current	204	248
1 to 30 days past due	34	380
31 to 60 days past due	—	—
61 to 90 days past due	—	—
More than 90 days past due	—	—
	238	628

All other financial instrument liabilities, including Due to Canadian Nuclear Laboratories, are due within the year and are settled as part of the normal course of funding to Canadian Nuclear Laboratories throughout the year.

e) Fair Value of Financial Instruments

Accounting standard guidance establishes a framework for measuring fair value and provides disclosure about fair value measurements. That framework provides a fair value hierarchy that gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The carrying amounts of Cash, short-term investments, trade receivables, unbilled revenue, and Accounts payable and accrued liabilities approximate fair value because of the short-term nature of these items.

The following table analyzes financial instruments measured at fair value by valuation method. AECL uses the following hierarchy to classify fair value measurements:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Changes in valuation methods may result in transfers into or out of levels 1, 2, and 3. For the reporting periods ended March 31, 2026 and March 31, 2025, there were no transfers between levels.

March 31, 2026				
(thousands of Canadian dollars)	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Assets measured at fair value				
Short-term investments	48,893	–	–	48,893
Bonds	42,023	165,294	–	207,317
Equities	–	79,329	–	79,329
	90,916	244,623	–	335,539

March 31, 2025				
(thousands of Canadian dollars)	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Assets measured at fair value				
Short-term investments	55,409	–	–	55,409
Bonds	42,211	133,370	–	175,581
Equities	–	74,411	–	74,411
	97,620	207,781	–	305,401

19. Related Party Transactions

AECL is related, in terms of common ownership, to all Government of Canada departments, agencies and Crown corporations. AECL enters into transactions with government entities in the normal course of business and on normal trade terms applicable to all individuals and enterprises. The transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

In addition to the transactions disclosed in Notes 7, 8 and 14, AECL, in the normal course of business, also entered into various transactions with the Government, its agencies and other Crown corporations.

AECL also has transactions with its key management personnel. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of AECL, including AECL's directors and executive officers. The table below summarizes the amounts paid or payable to key management personnel on a comparative basis.

	March 31	
(thousands of Canadian dollars)	2026	2025
	\$	\$
Salaries and other short-term benefits	5,385	4,804
Post-employment benefits	1,261	1,135
	6,646	5,939

With the implementation of the Government-owned, Contractor-operated model in 2015, AECL transitioned from being a large Crown corporation to a small Crown corporation. As a result, AECL has, with the help of external compensation consultants, developed a compensation philosophy to align with its role. The objective is to attract and retain the skills and expertise needed to fulfill its mandate and deliver value for money for Canada, including seeking international experts with experience in similar Government-owned, Contractor-operated models in the United Kingdom and the United States.

AECL's compensation philosophy is to align its total compensation with a comparator group, while recognizing that specific differentiation may be needed for hard-to-hire and/or specialized skills. It considers factors such as appropriate market comparators, the geographical location of AECL employees and the internationally limited availability of the specialized personnel needed to provide effective oversight of this complex model and the activities that are required to deliver on AECL's mandate. As part of its approach to compensation, AECL will periodically review its compensation philosophy, including the appropriateness of its comparator group and employee compensation relative to market median.

Corporate Governance

The corporate governance structure of AECL is similar to that of other corporations incorporated pursuant to the *Canada Business Corporations Act* with the following important exceptions:

- i. AECL is an agent and a parent Crown corporation and is subject to the provisions of Part X of the *Financial Administration Act of Canada*;
- ii. The sole shareholder of AECL is the Government of Canada as represented by the Minister of Energy and Natural Resources; and,
- iii. AECL's Board of Directors, the Board Chair and the President and Chief Executive Officer are appointed by the Government of Canada by Order-in-Council.

AECL's President and CEO was appointed by the Governor-in-Council to serve a term of three years, starting in February 2021, and since then has been extended to 2027. The President and CEO leads AECL in achieving its mandate. All direct reports to the President and CEO are appointed by the Board of Directors through the Human Resources and Governance Committee on the recommendation of the President and CEO. Each of these direct reports is accountable for specific areas of business and operations.

Board of Directors / Officers

AECL is governed by a Board of Directors, which provides strategic direction and advice to the President and CEO.

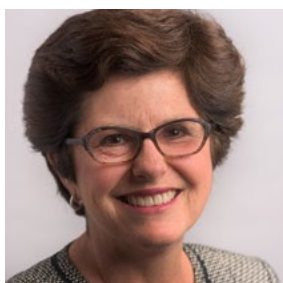
The Board, through its Chair, receives direction from AECL's single shareholder, the Government of Canada, as represented by the Minister of Energy and Natural Resources. It is accountable to Parliament through the Minister of Energy and Natural Resources.

AECL's Board has two committees, the Audit Committee and the Human Resources and Governance Committee, each having specific charters that set out their responsibilities. The Board consists of seven Directors (the Chair, appointed Board members and the President and CEO).



James Burpee, Chair

Mr. Burpee has been serving as Chair of the Board of Directors since July 2019, and previously served as a director and Chair of the Board's Human Resources and Governance Committee from 2017 to 2019. He is currently serving a term ending in July 2029. Mr. Burpee brings almost four decades of experience as a senior strategist in the electricity industry, having worked in a variety of senior management roles for Ontario Hydro and Ontario Power Generation. Mr. Burpee has also served as Chief Executive Officer at Bridge Renewable Energy Technologies Inc., a company which marketed Biomass Gasification Electricity Systems primarily in the developing world. Most recently, Mr. Burpee served as President and Chief Executive Officer of the Canadian Electricity Association. Mr. Burpee also sat on the Board of the Energy Council of Canada and the Canadian Electricity Association, including one year as Chairperson. Mr. Burpee holds a Bachelor of Applied Science in Mechanical Engineering from the University of Toronto and is a member of Professional Engineers Ontario and the Institute for Corporate Directors and holds the ICD.D designation. Mr. Burpee is also a Fellow of the Canadian Academy of Engineering.



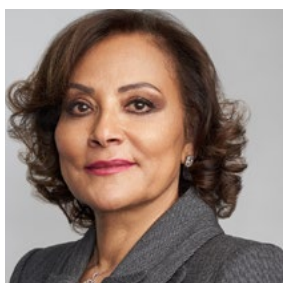
Martha Tory, Director

Ms. Tory has been serving on the AECL Board of Directors since 2016 and is currently serving a term ending in 2028. Ms. Tory retired in 2015 from Ernst & Young LLP where she was an audit partner with responsibility for clients in a variety of industries. She is currently involved as a Board member with a number of organizations: her current positions include being a Board member and Chair of the Audit Committee of University of Toronto Press and YMCA of Greater Toronto. Ms. Tory is a Chartered Professional Accountant and a Fellow of the Institute of Chartered Professional Accountants of Ontario. She holds the ICD.D designation from the Institute of Corporate Directors and a Bachelor of Commerce from the University of Toronto, Trinity College.



Carmen Abela, Director

Ms. Abela has been serving on the AECL Board of Directors since 2017 and is currently serving a term ending in 2028. Ms. Abela is the founder and Managing Director of WindReach Consulting Services Inc., an Ottawa-based consultancy specializing in public sector accountability. For over twenty-five years, Carmen has been advising senior government leaders on public sector oversight and operational excellence. Her areas of specialty include governance, risk management and internal audit. She is deeply committed to building public trust, which she does through her professional practice and her board work. Beyond serving on the AECL Board of Directors, she is the Chair of the Board for the Royal Ottawa Hospital Foundation where she also chairs the Strategy and Governance Committee. Her past governance services includes a Public Director of the Board for Colleges and Institutes Canada (CICan) where she was the Chair of the Audit Committee, a former member of the Board for Immigrant Women Services Ottawa (IWSO), where she chaired the Governance Committee, and the Chair of the National Board for the Institute of Internal Auditors Canada. Carmen is a Chartered Director (C.Dir.), a Certified Internal Auditor (CIA) and holds an Honours Bachelor of Arts Degree from McGill as well as a Master of Arts Degree in Public Administration from Carleton University.



Kamilia Sofia, Director

Dr. Sofia has been serving on the AECL Board of Directors since 2019 and is currently serving a term ending in 2027. Dr. Sofia has been a strategic leader for 30 years, with technical and management experience locally and internationally. Dr. Sofia has held CEO level positions internationally in the last ten years with global organizations in multiple industries: high technology, aerospace, nuclear, and oil & gas, including CEO of Methanex Egypt, Executive Vice President of Rolls Royce Nuclear, CEO Services at Dubai Aerospace Enterprise, and Vice President of Strategy at CAE Inc. She has been a Director and Audit committee member of NorthStar Earth & Space, an information services platform that works to ensure the sustainability of the environment on earth and in space, since 2018. Dr. Sofia is also a Corporate Director of Infinity Q. Dr. Sofia received her Ph.D. degree in Nuclear Physics from McGill University and has also completed the Directors Education Program from the Institute of Corporate Directors at McGill University. In 2005, she was voted as one of Canada's top 100 women from the Women's Executive Network.



Virendra Jha, Director

Dr. Jha has been serving on the AECL Board of Directors since 2019 and is currently serving a term ending in 2027. Dr. Jha has over 42 years of experience in the Canadian Space Program ranging from in-depth engineering work to senior management positions in both the private and the public sectors, including that of Vice-President and acting President of the Canadian Space Agency. As Vice-President responsible for science, technology and programs at the Canadian Space Agency, Dr. Jha provided strategic direction, vision and leadership to all core technical programs of the Canadian Space Agency. Dr. Jha published and presented more than twenty papers on space related subjects and has served as a Board member for five technology related not for profit organizations. Dr. Jha received his B. Tech. degree in Mechanical Engineering from the Indian Institute of Technology Delhi India, his Master's degree in Mechanical Engineering from McMaster University, and his Ph.D. degree in Mechanical Engineering from Concordia University. He also has a Chartered Director Degree from McMaster University. Dr. Jha has received many awards in recognition of his contribution to space activities in Canada and internationally, including the Order of Canada.



Dana Soonias, Director

Mr. Soonias was appointed to AECL's Board of Directors in 2023, for a term of four years. Mr. Soonias is a member of Red Pheasant First Nation. Over the past 20 years, he has held senior positions with financial, Indigenous, and government institutions with lead roles in retail, finance, business, and economic development. In previous roles, Dana was the Director of Economic Development and Employment Training Services at the Saskatoon Tribal Council, Mr. Soonias serves over 33,000 First Nations people, urban and rural, in and around the City of Saskatoon. He was also the CEO of Wanuskewin Heritage Park Authority. Mr. Soonias has served on various boards and committees across the country, including as Past Chair of the National Board of AFOA Canada, First Nations Financial Management Board, National Aboriginal Capital Corporations Association, Saskatchewan Indian Equity Foundation, STC Industrial Contracting and several other profit and non-profit organizations. Currently the Senior Indigenous Advisor, Ministry of Energy and Resources for the Province of Saskatchewan, he works on engagement and participation in the energy, mining and forestry sectors between Indigenous communities and the provincial government. Mr. Soonias holds a Certified Aboriginal Financial Manager designation through the Aboriginal Financial Officers Association Canada. He has also received an Institute of Corporate Directors designation from the Rotman School of Management at the University of Toronto.



Fred Dermarkar, President and CEO

Fred Dermarkar was appointed AECL's President and CEO in 2021 for a term of three years and subsequently reappointed to 2027. Prior to joining AECL, Mr. Dermarkar was President and CEO of the CANDU® Owners Group (now Conexus), where he led the not-for-profit organization to advance collaboration between CANDU® nuclear reactor operators worldwide. Mr. Dermarkar has been working in the Canadian nuclear industry for close to 40 years. Throughout his career, he has occupied a variety of key technical and senior leadership positions at Ontario Power Generation in support of the design, commissioning, operation and refurbishment of its CANDU® reactors. Mr. Dermarkar has received the Canadian Nuclear Association's Ian McRae award in recognition of his substantive engineering contributions, leadership and positive influence on the Canadian nuclear industry and the advancement of nuclear energy in Canada, and the Nuclear Excellence Award from the World Association of Nuclear Operators (WANO) in recognition of his contributions to Ontario Power Generation's overall post-Fukushima response. As President and CEO of AECL, Mr. Dermarkar is leading the organization in its oversight role, seeing that the priorities of government are delivered safely and efficiently under the Government-owned, Contractor-operated model. Mr. Dermarkar holds a bachelor's degree in mechanical engineering from the University of Toronto and is a registered professional engineer in the Province of Ontario.

Director Attendance at Board Committee Meetings, 2025-26

Director	Board of Directors (14 meetings)	Audit (8 meetings)	Human Resources and Governance (10 meetings)
Carmen Abela	14/14	8/8	10/10
James Burpee	14/14	8/8	10/10
Fred Dermarkar	14/14	n/a	n/a
Virendra Jha	14/14	8/8	10/10
Kamilia Sofia	11/14	7/8	8/10
Dana Soonias	13/14	7/8	9/10
Martha Tory	14/14	8/8	10/10

Notes:

Fred Dermarkar is not a member of either committee.

Annex 1 – Planned Results

The tables below summarize AECL's planned results and how progress will be measured to demonstrate value for Canadians. They present key short-term outcomes and indicators aligned to AECL's mandate, advancing nuclear science and technology through its oversight of Canadian Nuclear Laboratories (CNL), and delivering environmental stewardship through Canada's radioactive waste management and decommissioning responsibilities. As AECL operates under the Government-owned, Contractor-operated model, these measures draw on CNL planning and performance information; they highlight priority outcomes and do not represent an exhaustive inventory of all programs and activities.

ENVIRONMENTAL STEWARDSHIP (DECOMMISSIONING & WASTE MANAGEMENT)

Component	Outcome	Result Indicator	Target	Data source and methodology
Short-term (1-5 years)	Environmental risks and hazards at AECL sites are reduced	Percentage of Annual Program of Work and Budget milestones achieved in the area of decommissioning and waste management	80%* for fiscal year 2024-25	AECL Assessment – CNL Annual Program of Work and Budget results
		Number of buildings decommissioned	3 for fiscal year 2025-26	AECL Assessment
		Regulatory approvals achieved for construction of the Near Surface Disposal Facility, in-situ decommissioning of WR-1, in-situ decommissioning of the Nuclear Power Demonstration Reactor	3 of 3	CNSC Decision

NUCLEAR LABORATORIES

Component	Outcome	Result Indicator	Target	Data source and methodology
Short-term (1-5 years)	The Federal Nuclear Science and Technology Work Plan serves the needs of federal departments and agencies	Percentage of Federal Nuclear Science and Technology milestones in CNL's Annual Program of Work and Budget achieved	80% *	AECL Assessment – CNL Annual Program of Work and Budget results
	The Chalk River Laboratories are leveraged to serve the needs of industry	Percentage of Science and Technology milestones (other than Federal Nuclear Science and Technology Work Plan) in CNL's Annual Program of Work and Budget achieved	80% *	AECL Assessment – CNL Annual Program of Work and Budget results
	Revitalized nuclear laboratory campus	Percentage of Capital Mission Annual Program of Work and Budget milestones achieved	80% *	AECL Assessment – CNL Annual Program of Work and Budget results
	Canadian Nuclear Laboratories is financially sustainable	CNL annual routine operational general services costs are reduced/contained	2025-26 Target - \$268M**	AECL Assessment – CNL Financial Statements
		Average annual growth in commercial revenue	>\$2M/year	AECL Financial Statements
	Nuclear operations are delivered safely	Health, safety, security, and environmental industry-standard metrics	Statistically stable	Contractor Assurance System

* Given that AECL operates under a GoCo model, all performance measures and targets are tracked by AECL based on CNL's performance. AECL has in place formal reporting mechanisms to track performance on a monthly using CNL's Annual Program of Work and Budget and Performance Evaluation and Measurement Plan. Further, many of the Annual Program of Work and Budget milestones are considered stretch targets, and while AECL works with CNL to target 100% completion, realistic targets are reflected in the above.

** Annual general service costs are highly dynamic with medium-term targets set using current forecasts. These values are reviewed annually and may be adjusted up or down to account for business needs and changing mission program size.

INDIGENOUS RECONCILIATION IN SUPPORT OF AECL ENVIRONMENTAL REMEDIATION AND SCIENCE AND TECHNOLOGY

Component	Outcome	Result Indicator	Target	Data source and methodology
Short-term (1-5 years)	AECL Reconciliation Action Plan	Reconciliation Action Plan is developed in collaboration with Indigenous Nations and in alignment with existing agreements and key federal government policies and priorities.	Engagement with key Indigenous partners to commence in 2024-25, with development of Reconciliation Action Plan in 2025-26	AECL Assessment – Plan completed

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