



ATOMIC ENERGY OF CANADA LIMITED

Second Quarter Financial Report

Financial Statements (Unaudited)

**As at and for the three and six months ended
September 30, 2024**

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MANAGEMENT'S NARRATIVE DISCUSSION

Introduction

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

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

Management's Narrative Discussion was authorized for issuance by the Board of Directors on November 20, 2024.

Our Business

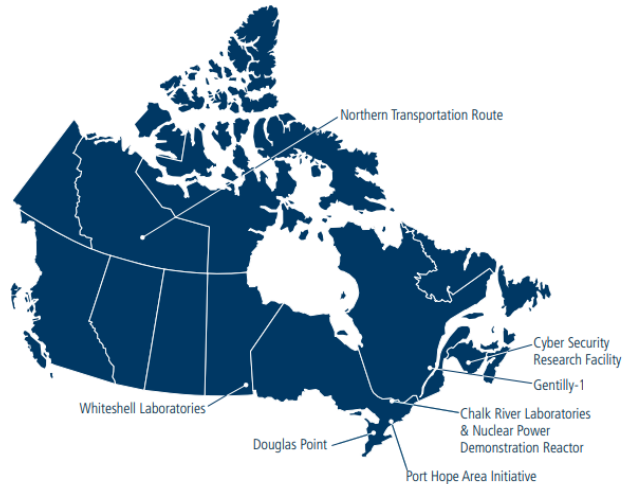
As a federal Crown corporation, Atomic Energy of Canada Limited (AECL) is working to advance Canada's interests through leading edge nuclear science and technology initiatives and protection of the environment. This includes combating climate change through clean energy growth and decarbonization strategies,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

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

Nuclear Innovation

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

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



Environmental Stewardship

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

Second Quarter Highlights for 2024-25

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

- In August 2024, with AECL leadership, CNL and the Business Development Bank of Canada announced a \$20M investment in Canadian company General Fusion (\$10M from each party). This investment is another step in building a Canadian fusion ecosystem.
- AECL concluded a Memorandum of Understanding with the Saskatchewan Research Council (SRC), a provincial Crown corporation with a complementary research mandate. The intent of this agreement is to enable collaboration between the two organizations, particularly with respect to the eVinci microreactor being sited at the SRC. AECL and CNL have important expertise and capabilities that will be of great value to SRC in the furtherance of this project, and cooperation here furthers national clean energy progress and important federal-provincial cooperation.
- Representatives of the AOPFN Neyagada Wabandagaki Guardian Program (NWGP) continue to participate in activities on the NSDF site, including establishing bear denning deterrents to ensure that bears will not be disturbed once construction begins.
- AECL proudly represented Canada as part of the Canadian delegation at the International Atomic Energy Agency General Conference, including chairing a side event on fusion opportunities.

- Construction of the Advanced Nuclear Materials Research Centre – the centrepiece of the future Chalk River campus – continued, making notable progress. AECL continues to closely monitor this key project.
- Operations at the Whiteshell Laboratories returned to normal operations in September, after completing the final phase of its eight-stage restart process (and with the concurrence of the Canadian Nuclear Safety Commission). This concludes the stand-down of operations at Whiteshell resulting from the discovery of gaps in the fire protection program, gaps which have been comprehensively addressed.
- Reflective of the continued growth of the nuclear and clean energy sectors, and the key services and unique facilities needed from the national lab to support these industries, the commercial revenue (year to date) is higher than projected. This further demonstrates the importance of AECL-owned, CNL-delivered science assets to industry.

Forward-Looking Statements

This Management’s Narrative Discussion has been reviewed by AECL’s Audit Committee and approved by AECL’s Board of Directors. It provides comments on the performance of AECL for the three and six months ended September 30, 2024, and should be read in conjunction with the unaudited financial statements and accompanying notes.

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

Management of Risks and Uncertainties

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

Delays for Waste Disposal Projects: There is a risk that schedule delays may occur for the Near Surface Disposal Facility (NSDF), or in-situ decommissioning proposals for WR-1 and NPD, resulting in increased cost and cascading effects on dependent project schedules. This risk has increased with the CNSC’s approval of the construction of the NSDF, due to the applications for judicial review of elements of that decision, most notably questions raised with respect to obligations of Indigenous consultation and free, prior, and informed consent. The result of these proceedings, and the potential effect on the NSDF project schedule remain unknown at this time, but AECL is working to develop contingency plans to ensure that it is able to move forward in whatever way possible, in light of the judicial review decisions.

Nonetheless, delays over the past year, as the project has awaited the resolution of these applications for judicial review, have resulted in less progress than planned. With respect to proposals for in-situ decommissioning (ISD) at WR-1 and NPD, there remains a risk that the CNSC will not accept this proposed approach. AECL and CNL are investing heavily in engagement to ensure that Indigenous Nations and local municipalities, and other interested parties understand and can support the ISD plans at these sites. This includes trilateral coordination with the US and UK where, in the US specifically, ISD has been used successfully in several instances.

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

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

Potential Cyber Security Incidents: There is a risk that a cyber security incident leads to compromise of CNL and AECL systems and data assets. Cybersecurity is a key priority and a key risk for AECL and CNL, particularly with adversary countries taking more aggressive actions against Western countries across a range of sectors. Maintaining the security of Canada's nuclear labs and nuclear intellectual property is, of course, a high priority. Remote and hybrid work now demands greater reliance on IT functionality and introduces challenges to managing cyber risk, and the CNSC has identified 13 Non-Compliances in the CNL cyber security program. Moreover, CNL – like all companies – faces significant challenges in

recruiting and retaining cyber security experts. In response, AECL has upped its oversight of CNL cyber security posture, with a regular cyber dashboard, and a root cause analysis for identified issues. AECL and CNL have put a cyber security training program in place for all staff, and CNL has expanded its cyber security team.

Financial Review

(\$ millions)	Three Months Ended September 30		Six Months Ended September 30	
	2024	2023	2024	2023
Revenues				
Parliamentary appropriations	\$ 323	\$ 315	\$ 576	\$ 565
Commercial revenue	34	37	72	62
Interest income	6	7	13	14
	363	359	661	641
Expenses				
Cost of sales	23	25	47	43
Operating expenses	21	22	42	40
Contractual expenses	92	80	156	135
Decommissioning, waste management and contaminated sites expenses	441	(856)	432	(841)
	577	(729)	677	(623)
(Deficit) surplus for the period	\$ (214)	\$ 1,088	\$ (16)	\$ 1,264

Parliamentary Appropriations

The Government of Canada provides funding quarterly for AECL to advance its priorities and deliver on its mandate. AECL recognized \$323 million of Parliamentary appropriations in the second quarter of 2024-25, comparable to the \$315 million recognized in the same period in 2023-24. On a year-to-date basis, AECL recognized \$576 million in Parliamentary appropriations, comparable to the \$565 million recognized for the same period in 2023-24.

Commercial Revenue

In the second quarter of 2024-25, \$34 million in revenue was recognized, compared to \$37 million for the same period in 2023-24. On a year-to-date basis, revenues were \$72 million, compared to \$62 million in 2023-24. Revenue included research and development activities performed by CNL for commercial customers, as well as heavy water sales. The year-to-date increase in commercial revenue is a result of increased science and technology commercial activities.

Interest Income

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

Cost of Sales

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

Operating Expenses

Operating expenses are largely comprised of AECL's oversight expenses and amortization of tangible capital assets. Operating expenses in the second quarter of \$21 million and year-to-date of \$42 million are comparable to that of the same periods in 2023-24.

Contractual Expenses

AECL delivers its mandate through a long-term contract with CNL for the operation of its sites. A portion of CNL expenditures is reported by AECL as Contractual expenses. Expenses in this category for the second quarter total \$92 million, compared to \$80 million in the second quarter of 2023-24. On a year-to-date basis, expenses are \$156 million compared to \$135 million in 2023-24. The variances are largely a result of increased spending on science and technology activities.

Decommissioning, Waste Management and Contaminated Sites Expenses

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

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

Surplus (Deficit) for the Period

Consistent with AECL's financial reporting framework, appropriations are recognized as revenue when received in a given period, or as deferred funding to the extent they relate to the months following the period end, and may be greater or less than the reported expenditures for the same period. For instance, amounts received to fund decommissioning, waste management and contaminated sites expenditures are recorded as Parliamentary appropriations revenue in the current period while the

related expenditures are drawn down from the associated liabilities previously recorded on the Statement of Financial Position. With respect to tangible capital assets, Parliamentary appropriations revenue includes amounts received in the period to fund the purchase and construction of these assets while the related expenditures are capitalized; therefore, the reported operating expenses include only the amortization of existing tangible capital assets.

Outlook

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

Cash Flow and Working Capital

(\$ millions)	Six Months Ended September 30	
	2024	2023
Cash (applied to) provided by operating transactions	\$ (27)	\$ 478
Cash applied to capital transactions	(92)	(86)
Cash applied to investing transactions	(4)	(52)
(Decrease) increase in cash	(123)	340
Balance at beginning of the period	226	146
Balance at end of the period	\$ 103	\$ 486

Operating Transactions

Operating transactions generated a net cash outflow of \$27 million in the second quarter of 2024-25, compared to an inflow of \$478 million during the same period of the previous year. The variance is a result of deferred appropriations received in the second quarter of 2023-24, for third quarter activities. Refer to Note 10 of the unaudited financial statements for a reporting on how appropriations received were used during the period.

Capital Transactions

Capital transactions used cash in the second quarter of 2024-25 of \$92 million which is consistent with the \$86 million in the same period in the previous year.

Investing Transactions

The \$4 million cash used in investing transactions in the second quarter of 2024-25 was a decrease over the same period in the prior year primarily due to increased investment in short-term investments in the prior period.

Highlights of the Statement of Financial Position

	September 30	March 31	Variance	Variance
<i>(\$ millions)</i>	2024	2024	In \$	By %
Financial Assets	\$ 537	\$ 653	\$ (116)	-18%
Liabilities	10,112	10,168	(56)	-1%
Non-Financial Assets	1,151	1,097	54	5%
Accumulated Deficit	(8,424)	(8,418)	(6)	0%

AECL closed the second quarter of 2024-25 with Financial Assets of \$537 million, which represents a \$116 million decrease from March 31, 2024. This variance is mainly the result of the timing of receipt of appropriations in the quarter.

The decrease in Liabilities of \$56 million can be attributed primarily to a decrease in Decommissioning, waste management and contaminated sites liabilities and accrued liabilities as well as amounts owed to CNL.

Use of Parliamentary Appropriations

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

MANAGEMENT'S RESPONSIBILITY

Management is responsible for the preparation and fair presentation of these quarterly financial statements in accordance with the Treasury Board of Canada's Directive on Accounting Standards: GC 5200 Crown Corporations Quarterly Financial Reports, and for such internal controls as Management determines are necessary to enable the preparation of quarterly financial statements that are free from material misstatement. Management is also responsible for ensuring all other information in this quarterly financial report is consistent, where appropriate, with the quarterly financial statements.

Based on our knowledge, these unaudited quarterly financial statements present fairly, in all material respects, the financial position, results of operations and cash flows of the Corporation, as at the date of and for the periods presented in the quarterly financial statements.



Fred Dermarkar

President and Chief Executive Officer

November 20, 2024

Chalk River, Canada



Thomas Assimes

Chief Financial Officer

November 20, 2024

Chalk River, Canada

UNAUDITED FINANCIAL STATEMENTS

Statement of Financial Position

As at

<i>(thousands of Canadian dollars)</i>	Notes	September 30 2024	March 31 2024
Financial Assets			
Cash		\$ 102,610	\$ 225,870
Investments	3	351,611	338,522
Trade and other receivables	4	50,703	47,492
Inventories held for resale		31,599	40,647
		536,523	652,531
Liabilities			
Accounts payable and accrued liabilities	5	37,126	22,846
Employee future benefits	6	11,327	11,729
Due to Canadian Nuclear Laboratories		250,644	288,854
Decommissioning and waste management provision	7	8,754,127	8,672,132
Contaminated sites liability	8	1,058,673	1,172,128
		10,111,897	10,167,689
Net Debt		(9,575,374)	(9,515,158)
Non-Financial Assets			
Tangible capital assets	9	1,149,854	1,097,004
Prepaid expenses		1,111	-
		1,150,965	1,097,004
Accumulated Deficit		(8,424,409)	(8,418,154)
Accumulated deficit is comprised of:			
Accumulated operating deficit		(8,433,414)	(8,416,891)
Accumulated remeasurement gains (losses)		9,005	(1,263)
		\$ (8,424,409)	\$ (8,418,154)

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

Statement of Operations

	Notes	2025	Three Months Ended		Six Months Ended	
		Budget	September 30	September 30	September 30	September 30
(thousands of Canadian dollars)			2024	2023	2024	2023
Revenues						
Parliamentary appropriations	10	\$ 1,591,822	\$ 323,100	\$ 314,700	\$ 576,000	\$ 565,400
Commercial revenue		128,850	33,477	37,080	72,024	62,153
Interest income		4,000	6,042	7,214	12,983	13,985
		1,724,672	362,619	358,994	661,007	641,538
Expenses						
Cost of sales		90,195	23,434	25,445	46,957	43,134
Operating expenses		73,147	20,706	21,571	41,911	40,464
Contractual expenses	11	258,479	91,813	79,955	156,236	135,424
Decommissioning, waste management and contaminated sites expenses		279,903	440,874	(856,488)	432,426	(841,097)
		701,724	576,827	(729,517)	677,530	(622,075)
(Deficit) surplus for the period		1,022,948	(214,208)	1,088,511	(16,523)	1,263,613
Accumulated operating deficit, beginning of period		(8,416,891)	(8,219,206)	(8,586,127)	(8,416,891)	(8,761,229)
Accumulated operating deficit, end of period		\$ (7,393,943)	\$ (8,433,414)	\$ (7,497,616)	\$ (8,433,414)	\$ (7,497,616)

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

Statement of Remeasurement Gains and Losses

	Six Months Ended September 30	
<i>(thousands of Canadian dollars)</i>	2024	2023
Accumulated remeasurement losses, beginning of period	\$ (1,263)	\$ (2,696)
Remeasurement losses arising during the period		
Unrealized gains on equity instruments quoted in an active market	3,722	-
Unrealized gains (losses) on investments in other securities	4,337	(1,703)
Reclassifications to the Statement of Operations		
Realized losses on investments in other securities	2,209	635
Net remeasurement gains (losses) for the period	10,268	(1,068)
Accumulated remeasurement gains (losses), end of period	\$ 9,005	\$ (3,764)

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

Statement of Change in Net Debt

<i>(thousands of Canadian dollars)</i>	Notes	2025	Six Months Ended	
		Budget	2024	September 30 2023
(Deficit) surplus for the period		\$ 1,022,948	\$ (16,523)	\$ 1,263,613
Tangible capital assets				
Acquisition of tangible capital assets	9	(159,000)	(78,163)	(87,553)
Amortization of tangible capital assets	9	44,602	24,993	23,421
Other changes	9	-	320	594
		(114,398)	(52,850)	(63,538)
Non-financial assets				
Changes in prepaid expenses		-	(1,111)	92
Net remeasurement gains (losses) for the period		-	10,268	(1,068)
(Increase) decrease in net debt		908,550	(60,216)	1,199,099
Net debt, beginning of period		(9,515,158)	(9,515,158)	(9,738,507)
Net debt, end of period		\$ (8,606,608)	\$ (9,575,374)	\$ (8,539,408)

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

Statement of Cash Flows

	Six Months Ended September 30	
<i>(thousands of Canadian dollars)</i>	2024	2023
Operating transactions		
Cash receipts from Parliamentary appropriations	\$ 576,000	\$ 1,042,500
Cash receipts from customers and other sources	69,473	46,082
Cash paid to suppliers	(211,894)	(158,626)
Cash paid to employees	(9,154)	(7,759)
Cash paid for decommissioning, waste management and contaminated sites activities	(463,886)	(454,961)
Cash paid for acquisition of investments in the Long-term disposal of waste fund	(17,450)	(853)
Cash receipts from redemption of investments in the Long-term disposal of waste fund	17,751	-
Interest received	11,779	11,649
Cash (applied to) provided by operating transactions	(27,381)	478,032
Capital transactions		
Acquisition of tangible capital assets	(91,586)	(86,025)
Cash applied to capital transactions	(91,586)	(86,025)
Investing transactions		
Cash paid for acquisition of Other investments	(226,904)	(51,794)
Cash receipts from redemption of Other investments	222,611	-
Cash applied to investing transactions	(4,293)	(51,794)
(Decrease) increase in cash	(123,260)	340,213
Cash, beginning of period	225,870	145,522
Cash, end of period	\$ 102,610	\$ 485,735

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

NOTES TO THE FINANCIAL STATEMENTS

For the three and six months ended September 30, 2024

(Expressed in thousands of Canadian dollars)

(Unaudited)

1. General Information

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

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

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

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

2. Significant Accounting Policies

Basis of Accounting

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

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

Measurement Uncertainty

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

Budget Figures

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

3. Investments

	September 30, 2024			
	Long-term Disposal of Waste Fund	Investments Held in Trust	Other Investments	Total
<i>(thousands of Canadian dollars)</i>				
Short-term investments	\$ -	\$ -	\$ 124,935	\$ 124,935
Canadian government bonds*	-	-	61,837	61,837
Corporate bonds	13,605	32,300	46,643	92,548
Canadian equities**	5,991	12,825	-	18,816
Global equities**	16,186	37,289	-	53,475
	\$ 35,782	\$ 82,414	\$ 233,415	\$ 351,611

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

* Canadian government bonds include federal, provincial and municipal bonds

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

4. Trade and Other Receivables

	September 30 2024	March 31 2024
<i>(thousands of Canadian dollars)</i>		
Trade receivables	\$ 24,374	\$ 16,330
Unbilled revenue	9,425	16,845
Consumption taxes receivable	16,904	14,317
	\$ 50,703	\$ 47,492

5. Accounts Payable and Accrued Liabilities

	September 30 2024	March 31 2024
<i>(thousands of Canadian dollars)</i>		
Trade payables	\$ 955	\$ 4,159
Other payables and accrued expenses	28,902	10,800
Accrued payroll liabilities	1,160	2,694
Amounts due to related parties	1,069	825
Provisions	165	165
Customer advances and obligations	4,875	4,203
	\$ 37,126	\$ 22,846

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

6. Employee Future Benefits

a) Pension Plan

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

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

	Three Months Ended		Six Months Ended	
	September 30		September 30	
<i>(thousands of Canadian dollars)</i>	2024	2023	2024	2023
Payments by employees	\$ 248	\$ 203	\$ 590	\$ 499
Payments by employer	355	330	1,183	1,112

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

b) Other Employee Future Benefits

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

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

7. Decommissioning and Waste Management Provision

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

	Six Months Ended	Year Ended
	September 30	March 31
<i>(thousands of Canadian dollars)</i>	2024	2024
Carrying amount - Beginning of period	\$ 8,672,132	\$ 8,723,480
Liabilities settled	(278,276)	(595,264)
Unwinding of discount	142,834	267,465
Effect of change in discount rate	210,729	(383,756)
Revision in estimate and timing of expenditures	5,741	658,238
Estimates affecting Property, plant and equipment and future disposal costs for waste from ongoing operations	967	1,969
Carrying amount - End of period	\$ 8,754,127	\$ 8,672,132

The undiscounted future expenditures, adjusted for inflation, for the planned activities comprising the liability are \$17,274.1 million (March 31, 2024: \$17,546.7 million).

The provision was discounted using a rate of 3.14% as at September 30, 2024. The opening balance as at March 31, 2024 was discounted using a rate of 3.29%.

8. Contaminated Sites Liability

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

	Six Months Ended	Year Ended
	September 30	March 31
<i>(thousands of Canadian dollars)</i>	2024	2024
Carrying amount - Beginning of period	\$ 1,172,128	\$ 1,333,856
Liabilities settled	(186,577)	(353,570)
Unwinding of discount	19,749	40,907
Effect of change in discount rate	35,060	(21,214)
Revision in estimate and timing of expenditures	18,313	172,149
Carrying amount - End of period	\$ 1,058,673	\$ 1,172,128

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

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

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

The liability is discounted using net present value techniques at a rate of 2.66% at September 30, 2024. The opening balance as at March 31, 2024 was discounted using a rate of 3.50%. The estimated total undiscounted expenditures are \$1,164.7 million (March 31, 2024: \$1,331.6 million).

9. Tangible Capital Assets

(thousands of Canadian dollars)

	Construction in progress	Land and land improvements	Buildings	Reactors, Machinery and Equipment	Total
Cost at March 31, 2024	\$ 364,085	\$ 167,740	\$ 705,098	\$ 549,451	\$ 1,786,374
Additions and transfers	78,163	4,113	1,252	3,849	87,377
Disposals and transfers	(9,214)	-	(2,217)	(1,983)	(13,414)
Cost at September 30, 2024	433,034	171,853	704,133	551,317	1,860,337
Accumulated amortization at March 31, 2024	-	68,772	278,777	341,821	689,370
Increase in amortization	-	2,872	9,876	12,245	24,993
Disposals and transfers	-	-	(1,585)	(2,295)	(3,880)
Accumulated amortization at September 30, 2024	-	71,644	287,068	351,771	710,483
Net carrying amount at March 31, 2024	364,085	98,968	426,321	207,630	1,097,004
Net carrying amount at September 30, 2024	\$ 433,034	\$ 100,209	\$ 417,065	\$ 199,546	\$ 1,149,854

10. Parliamentary Appropriations

	Three Months Ended September 30		Six Months Ended September 30	
<i>(thousands of Canadian dollars)</i>	2024	2023	2024	2023
Parliamentary appropriations for operating, capital and statutory				
Amount received during the period for operating, capital and statutory expenditures	\$ -	\$ 631,300	\$ 576,000	\$ 1,042,500
Amount receivable from a previous period	-	-	-	(160,500)
Amount deferred from the previous period	323,100	-	-	-
Amount received related to the next period (Deferred funding)	-	(316,600)	-	(316,600)
recognized	\$ 323,100	\$ 314,700	\$ 576,000	\$ 565,400

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

11. Contractual Arrangement

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

The following contractual expenses were incurred:

	Three Months Ended		Six Months Ended	
	September 30		September 30	
<i>(thousands of Canadian dollars)</i>	2024	2023	2024	2023
Contractual amounts paid or payable	\$ 394,745	\$ 377,151	\$ 733,387	\$ 703,739
Less: Costs charged to Decommissioning and waste management provision and Contaminated sites liability	(240,716)	(235,617)	(463,334)	(454,297)
Less: Costs charged to Construction in progress	(43,448)	(47,900)	(78,163)	(87,553)
Less: Costs classified as Cost of sales	(18,768)	(13,679)	(35,654)	(26,465)
Contractual expenses	\$ 91,813	\$ 79,955	\$ 156,236	\$ 135,424

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



**Atomic Energy of
Canada Limited**
Chalk River Laboratories
286 Plant Road, Stn 508A
Chalk River, Ontario
Canada K0J 1J0

Inquiries

Public requests for information
Email: communications@aecl.ca

Visit Our Website

www.aecl.ca