# Canadian Commercial Corporation

2024–2025 Third Quarter
Financial Report (Unaudited)

For the period ended
December 31, 2024

# Contents

# MANAGEMENT'S DISCUSSION AND ANALYSIS

## EXECUTIVE SUMMARY

CCC operates at the crossroads of commerce and international relations to help Canadian businesses succeed in complex and highly competitive foreign government procurement markets. CCC's corporate strategy positions the Corporation to provide Canadian exporters with services that support the growth of their international revenue streams, align business with the Government of Canada's international priorities, and adhere to the highest standards of ethical business conduct.

The Corporation's financial results are grounded in the three-pillar strategy to deliver results for Canadians as articulated in the 2024-25 Corporate Plan (Plan) by: supporting Canadian exporters to respond to growing international demand; delivering value by ensuring operational excellence; and enhancing CCC's impact through environmental, social and corporate governance (ESG).

Given the timing of specific contract requirements and associated delivery schedules, significant variations in CCC's income and operations are expected when comparing period-over-period results.

**Pillar 1: Supporting Canadian exporters through G2G contracting mechanisms**

CCC supports Canadian exporters across three business lines: Defence Production Sharing Agreement, Sourcing, and, where applicable, International Prime Contracting.

During the nine-month period ended December 31, 2024, CCC has helped Canadian businesses secure $4.1 billion of new contracts signed (Value of Contracts Signed (VCS)[1]) , exceeding Corporate Plan targets (by $797.5 million) and prior year results (by $1.1 billion).

CCC has also delivered $2.4 billion in commercial trading transactions (CTT)[2], reflecting goods and services exported under CCC contracts. This exceeded Corporate Plan targets (by $410.0 million), but represents a decrease compared to prior year results (by $706.3 million) given the timing of specific contract requirements and associated delivery schedules.

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[1] VCS is a non-GAAP measure that represents the value of contracts and amendments singed during a reporting period. It measures the total value of goods and services to be delivered over the entire duration of a contract, and hence represents the full contract value when the contract is signed.
[2] CTT is a non-GAAP measure of economic activity that represents the value of goods and services delivered under contract during the reporting period.

The Corporation earned $17.4 million in fees for service revenues, which exceeded Corporate Plan targets (by $3.4 million), but was a decrease from prior year's results (by $6.9 million).

**Pillar 2: Delivering value to Canadians through operational excellence**

Delivering value to Canada through operational excellence involves continuously streamlining business for CCC and its customers by optimizing processes, systems and the workforce. For the nine-month period ended December 31, 2024, CCC continued to enhance operational effectiveness by making strategic investments in innovation and digital transformation, including enhanced cyber security posture and data management, as well as workplace transformation and related compliance initiatives (*Pay Equity Act* and *Accessibility Act*).

CCC achieved a net profit of $21.3 million in the nine-month period ended December 31, 2024, exceeding Corporate Plan targets (by $16.5 million), and aligning with prior year results. The favourable variance compared to plan is largely attributable to higher than anticipated income earned on cash balances.

The year-to-date net profit of $21.3 million, as well as the offsetting dividend of $10.0 million which was declared by the Board of Directors during the first quarter resulted in an overall increase to retained earnings of $11.3 million to $65.3 million (from $54.1 million as at March 31, 2024).

**Pillar 3: Enhancing CCC's impact through Environmental, Social and Corporate Governance**
With a focus on enhancing the Corporation's impact through environmental, social and corporate governance (ESG), CCC launched an ESG strategy that builds on years of responsible business conduct leadership across the federal family. It sets the foundation for increased oversight and transparency to deliver stronger environmental stewardship, broaden engagement with all sectors of Canadian industry in international trade, and strengthen influence across the exporter community to conduct international business responsibly and sustainably.

CCC launched its own *Code for Exporters* in March 2023 to outline expectations in areas related to responsible business, human rights, labour and human trafficking, and responsible supply chains. As at December 31, 2024, the *Code* was acknowledged by 139 Canadian exporters, an important part of CCC's objective to build awareness of responsible business conduct across the exporter community. In addition, so far this year CCC influenced 16 exporters to implement or make improvements to their existing integrity policies, procedures, or employee training programs.

The Risk Management section of the MD&A offers additional details of CCC's application of ESG principles.

# BASIS OF PREPARATION AND DISCLOSURE

The following management's discussion and analysis (MD&A) was prepared in accordance with the Treasury Board of Canada's Directive on Accounting Standards: GC 5200 Crown Corporations Quarterly Financial Reports. It is not intended to be a full MD&A and it should be read in conjunction with the Corporation's audited annual financial statements and accompanying notes for the year ended March 31, 2024. All amounts presented are in Canadian dollars unless otherwise specified.

**Forward-looking statements**
This document contains projections and other forward-looking statements that require management to make assumptions subject to risk and uncertainty. Consequently, actual results may differ materially from expectations expressed in forward-looking statements. These risks and uncertainties are discussed in the risk section.

**International Financial Reporting Standards**
The financial statements are prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board. Under IFRS, the Canadian Commercial Corporation's (CCC or the Corporation) financial results are presented on an agent basis. However, as a prime contractor, CCC remains contractually obligated to ensure completeness of contracts with foreign buyers, ensuring that the terms of the contract are fulfilled regardless of performance by the Canadian exporter.

**Non-GAAP measures**
The Corporation also uses certain non-GAAP financial measures to evaluate its performance. Non-GAAP measures are defined and qualified when presented.

**Large material contracts**
Historically, large contracts have materially affected the Corporation's financial statements. These may cause significant variations in certain year-over-year amounts on the Statement of Financial Position and the Statement of Comprehensive Income. The most significant of these contracts is the multi-billion-dollar multi-year Armoured Brigade Program (ABP) contract. The magnitude of the contract is such that the ABP is presented separately in some sections of the MD&A (as indicated).

**Foreign exchange**
The Corporation's contracts with foreign buyers are currency matched to offset contracts with Canadian exporters. Currency-matching for contractual receipts and payments limits CCC's foreign exchange risk. In cases where payment between parties is made in different currencies, the Corporation may enter forward contracts. The majority of CCC transactions are conducted in U.S. dollars (USD). Since CCC's reporting currency is the Canadian dollar, reported results may be impacted due to fluctuations in foreign exchange rates.

## BUSINESS LINE REPORTING STRUCTURE

CCC works with exporters from across Canada's industrial sectors through its three main lines of business.

**Defence Production Sharing Agreement (DPSA)**
CCC supports significant Canadian export activity under the Defence Production Sharing Agreement (DPSA). The DPSA enables Canadian exporters to compete for contracts as part of the United States Department of Defense (DoD) domestic supply base. Enabling access in this manner provides Canadian exporters with business opportunities that drive exports and jobs in Canada, while generating economic benefits in both Canada and the United States.

The DPSA continues to help underpin the collective security of Canada and the United States by leveraging each country's industrial and technological strengths in meeting respective defence procurement needs. Cross-border trade linked to the DPSA also offers important opportunities for firms in some of Canada's most innovative sectors.

Federal Budget 2021 reinstated an annual appropriation of $13.0 million to administer the DPSA. This appropriation was increased to $13.8 million from 2023-24 onwards.

**Sourcing services for other Government of Canada Departments (Sourcing)**
CCC assists Government of Canada departments and agencies to fulfill urgent and complex procurement needs related to international commitments or programming needs. A fee is charged to cover CCC's costs to manage these programs.

**International Prime Contracting (IPC)**
The Corporation's International Prime Contracting (IPC) business line is a fee-based service that establishes government-to-government (G2G) contracts with foreign government buyers and concurrent contracts with Canadian exporters. The Corporation works with Canadian exporters of all sizes and across diverse Canadian industrial sectors. The goal of these business activities is to increase the volume of exports and the number of exporters that CCC serves while supporting Government of Canada priorities. Every contract is unique, and CCC's guarantee of contract performance provides added incentive for foreign governments to procure Canadian expertise for priority strategic projects (e.g., food security, transportation, infrastructure, national security, and others).

Concessions contracts provide electronic lotteries by a Canadian exporter to various countries.

# VALUE OF CONTRACTS SIGNED (VCS)

CCC uses VCS (a non-GAAP measure) to represent the value of contracts and amendments signed during a reporting period. It measures the total value of goods or services to be delivered over the entire duration of a contract, therefore it represents the full contract value at the time the contract is signed.

The sales cycle for international government contracting is often measured in years and subject to impacts related to international political and economic events. Consequently, significant variations in VCS are normal when comparing year-over-year results and results in a business cycle that can be difficult to predict and repeat consistently.

**Year-over-year comparison**

The VCS for all three business lines is $4.1 billion for the nine-month period ended December 31, 2024. The increase of $1.1 billion (37%) over the $3.0 billion reported for the prior year is due to several factors, of which the following are noteworthy:

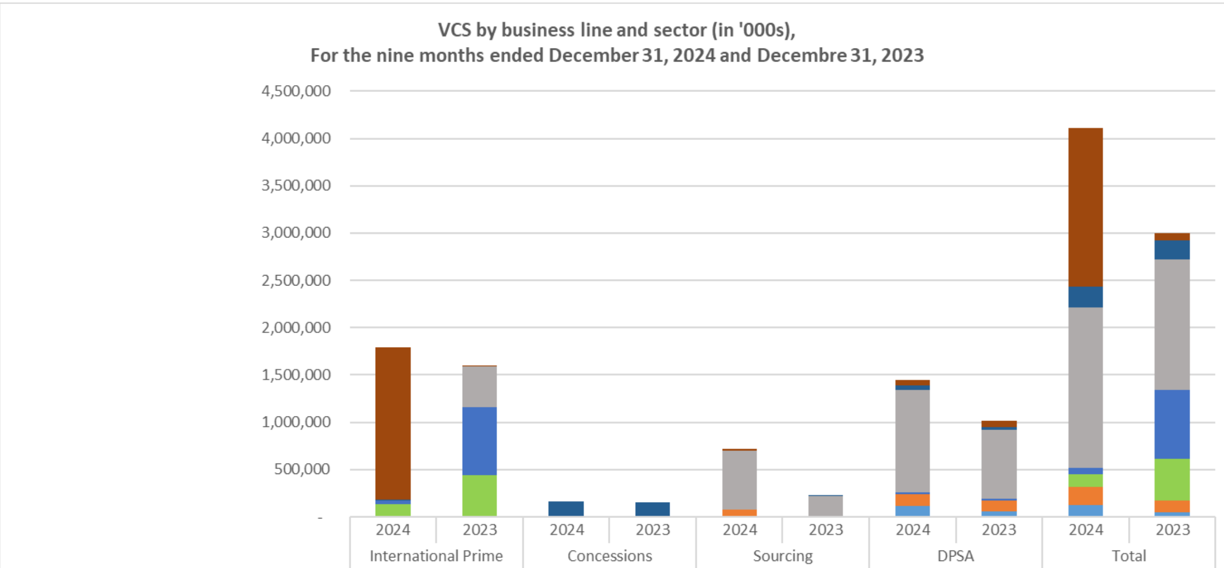
- Higher VCS in Sourcing (increase of $493.1 million over the prior year), primarily attributable to the increased support to the Department of Defense to provide international assistance to Ukraine;
- Higher VCS in DPSA (increase of $431.2 million over the prior year), attributable to an increase in contracts signed in comparison to the prior year. This result aligns with the proactive strategy to continue strengthening the results of this mandated business line, administered on behalf of the Government of Canada.

It is significant to note that the IPC VCS balance of $1.8 billion includes the signing of the rescEU contract with six European nations. This contract is expected to be delivered over the next seven years, with first milestone payments made during Q2 and Q3 of the current fiscal year.

## VCS by business line for the three and nine-month period ended December 31:

| | For the three months ended December 31, | | | | For the nine months ended December 31, | | | | % of Total | |
|---|---|---|---|---|---|---|---|---|---|---|
| **VCS by business line ($000's)** | **2024** | 2023 | $ Change | % Change | **2024** | 2023 | $ Change | % Change | **2024** | 2023 |
| International Prime | **$ 160,408** | $ 791,159 | $ (630,751) | (80%) | **$ 1,789,958** | $ 1,602,216 | $ 187,742 | 12% | **44%** | 53% |
| Concessions | **52,298** | 52,207 | 91 | <1% | **158,912** | 155,486 | 3,426 | 2% | **4%** | 5% |
| Sourcing | **128,964** | 95,523 | 33,441 | 35% | **720,868** | 227,746 | 493,122 | >100% | **18%** | 8% |
| DPSA | **320,425** | 433,259 | (112,834) | (26%) | **1,442,992** | 1,011,793 | 431,199 | 43% | **35%** | 34% |
| Total | **$ 662,095** | $ 1,372,148 | $ (710,053) | (52%) | **$ 4,112,730** | $ 2,997,241 | $ 1,115,489 | 37% | **100%** | 100% |

## VCS by business line and sector for the nine-month period ended December 31:




| | International Prime 2024 | International Prime 2023 | Concessions 2024 | Concessions 2023 | Sourcing 2024 | Sourcing 2023 | DPSA 2024 | DPSA 2023 | Total 2024 | Total 2023 |
|---|---|---|---|---|---|---|---|---|---|---|
| Other | 1,608,799 | 16,457 | - | - | 25,289 | - | 48,954 | 58,472 | 1,683,042 | 74,929 |
| ICT | 4,686 | 699 | 158,912 | 155,486 | - | 8,107 | 49,800 | 36,633 | 213,398 | 200,925 |
| Defence | (52) | 431,631 | - | - | 619,483 | 219,502 | 1,081,559 | 729,466 | 1,700,990 | 1,380,599 |
| Construction / Infrastructure | 40,830 | 718,000 | - | - | - | - | 21,738 | 11,842 | 62,568 | 729,842 |
| Cleantech | - | - | - | - | - | - | - | - | - | - |
| Agriculture | 134,264 | 435,639 | - | - | - | - | - | - | 134,264 | 435,639 |
| Aerospace | 1,431 | 1,559 | - | - | 67,441 | 137 | 124,991 | 121,251 | 193,863 | 122,947 |
| Advanced Manufactured Goods & Services | - | (1,769) | - | - | 8,655 | - | 115,950 | 54,129 | 124,605 | 52,360 |

As noted in the above chart, there were substantive gains made in the other sector with the addition of the RescEU contracts, as well as within DPSA and Sourcing in the defence sector.

# COMMERCIAL TRADING TRANSACTIONS (CTT)

CCC uses CTT (a non-GAAP measure of economic activity) to represent the value of goods and services delivered under contract during the reporting period.

Given the Corporation's status as an agent for reporting under IFRS Accounting Standards, CTT is not recognized as revenue. CTT data is captured to measure the Corporation's impact on the Canadian economy and as the main driver of the fees for service revenue. CCC's fees for service revenues are generally commensurate with CTT. The variance detailed in this section also applies to the fees for service variance discussion.

**Year-over-year comparison**

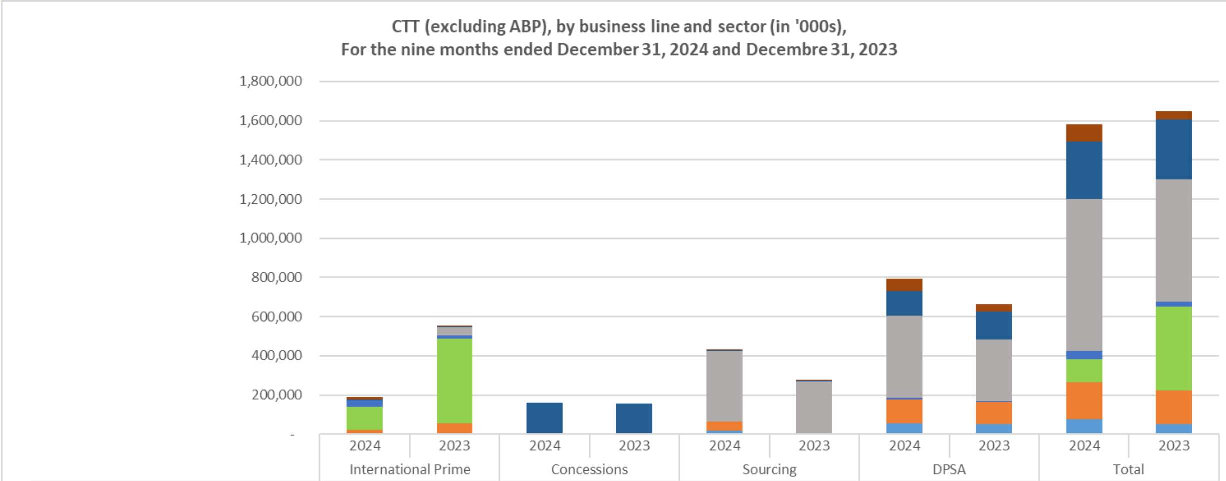
Given the timing of specific contract requirements and associated delivery schedules, significant variations in CTT are expected when comparing period-over-period results. The total CTT for the nine-month period ended December 31, 2024, was $2.4 billion (a $706.3 million decrease compared to the previous year). These results were generated from:

- The ABP program's $635.7 million CTT decrease from the prior year, attributable to timing changes in the delivery schedule;
- The IPC's $363.9 million CTT decrease over the prior year, primarily attributable to a decline in the value of deliveries in the agricultural sector (caused in part by market prices of potash, which affected the value of the Canpotex project with Bangladesh).

**CTT by business line for the three and nine-month period ended December 31:**

| | For the three months ended December 31, | | | | For the nine months ended December 31, | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | % of Total | |
| **CTT by business line ($000s)** | **2024** | 2023 | $ Change | % Change | **2024** | 2023 | $ Change | % Change | **2024** | 2023 |
| International prime | **$ 79,790** | $ 146,169 | $ (66,379) | (45%) | **$ 191,129** | $ 555,053 | $ (363,924) | (66%) | **8%** | 18% |
| Concessions | **52,298** | $ 52,207 | 91 | <1% | **158,912** | 155,486 | 3,426 | 2% | **7%** | 5% |
| Sourcing | **311,331** | $ 73,738 | 237,593 | >100% | **435,082** | 276,112 | 158,970 | 58% | **18%** | 9% |
| DPSA | **352,989** | $ 256,332 | 96,657 | 38% | **794,255** | 663,273 | 130,982 | 20% | **33%** | 21% |
| Total excluding ABP | **$ 796,408** | $ 528,446 | $ 267,962 | 51% | **$ 1,579,378** | $ 1,649,924 | $ (70,546) | (4%) | **66%** | 53% |
| ABP | **394,046** | 273,378 | 120,668 | 44% | **809,991** | 1,445,727 | (635,736) | (44%) | **34%** | 47% |
| **Total including ABP** | **$ 1,190,454** | $ 801,824 | $ 388,630 | 48% | **$ 2,389,369** | $ 3,095,651 | $ (706,282) | (23%) | **100%** | 100% |

**CTT (excluding ABP) by business line and sector for the nine-month period ended December 31:**




| | International Prime 2024 | International Prime 2023 | Concessions 2024 | Concessions 2023 | Sourcing 2024 | Sourcing 2023 | DPSA 2024 | DPSA 2023 | Total 2024 | Total 2023 |
|---|---|---|---|---|---|---|---|---|---|---|
| Other | 13,299 | 5,261 | - | - | 6,843 | 2,742 | 65,048 | 36,533 | 85,190 | 44,536 |
| ICT | 4,722 | 2,309 | 158,912 | 155,486 | 4,262 | 1,786 | 125,846 | 143,373 | 293,742 | 302,954 |
| Defence | 14 | 43,414 | - | - | 358,330 | 270,935 | 417,801 | 312,324 | 776,145 | 626,673 |
| Construction / Infrastructure | 32,877 | 18,516 | - | - | - | - | 9,013 | 4,996 | 41,890 | 23,512 |
| Cleantech | - | - | - | - | - | - | - | - | - | - |
| Agriculture | 118,782 | 428,537 | - | - | - | - | - | - | 118,782 | 428,537 |
| Aerospace | 21,435 | 57,016 | - | - | 45,425 | - | 121,761 | 113,984 | 188,621 | 171,000 |
| Advanced Manufactured Goods & Services | - | - | - | - | 20,222 | 649 | 54,786 | 52,063 | 75,008 | 52,712 |

## SUMMARY OF FINANCIAL RESULTS

The Corporation had favourable financial results in the nine-month period ended December 31, 2024, when compared to Corporate Plan targets and prior year results. These results are due primarily to significant variances in income earned on cash balances held by CCC, offset by greater than budgeted operating expenses.

**Financial Management Policy**

CCC plans for financial sustainability and manages surpluses and deficits across multi-year horizons. This approach addresses the lengthy sales cycle of international government contracting and the effects of geopolitical and economic events.

CCC's Financial Management Policy defines the requirements to maintain a financial self-sustainability model over the long term. It requires CCC to maintain sufficient equity to meet its commitments and undertake appropriate capital investments to ensure operational effectiveness and efficiency and to sustain the Corporation's workforce, facilities, systems and processes.

The framework considers four factors for managing capital and monitoring financial sustainability: the timing of contractual revenues and expenses, net results of operations, working capital requirements, and equity position.

**Comprehensive Income discussion**

For the nine-month period ended December 31, 2024, the Corporation recorded a net profit of $21.3 million, consistent with the prior year's net profit of $21.3 million. The corporation achieved lower CTT (as outlined in the previous sections), resulting in fees for service revenue of $17.4 million, which is also lower than the prior year. The favourable variance in net profit was primarily attributable to increased finance income rates ($10.5 million) resulting from increased cash balances and interest and an increase in parliamentary appropriation ($1.5 million) resulting from timing differences associated with the increased operating and administrative expenses. These were partially offset by decreased fees for service revenue ($6.9 million) and higher operating and administrative expenses ($6.6 million).

| | For the three months ended December 31 | | | | For the nine months ended December 31 | | | |
|---|---|---|---|---|---|---|---|---|
| **Comprehensive Income ($000s)** | **2024** | 2023 | $ Change | % Change | **2024** | 2023 | $ Change | % Change |
| Fees for service revenue | **$ 4,860** | $ 8,599 | $ (3,739) | (43%) | **$ 17,359** | $ 24,247 | $ (6,888) | (28%) |
| Finance and other income | **6,125** | 3,444 | 2,681 | 78% | **19,524** | 8,996 | 10,528 | >100% |
| Government funding | **3,202** | 4,063 | (861) | (21%) | **12,547** | 11,077 | 1,470 | 13% |
| Expenses* | **8,691** | 7,838 | 853 | 11% | **28,998** | 22,415 | 6,583 | 29% |
| Gain (loss) on foreign exchange | **1,017** | (736) | 1,753 | >100% | **824** | (593) | 1,417 | >100% |
| **Net profit** | **$ 6,513** | $ 7,532 | $ (1,019) | (14%) | **$ 21,256** | $ 21,312 | $ (56) | (0%) |
| Other comprehensive income | **-** | - | - | - | **-** | - | - | - |
| **Total comprehensive Income** | **$ 6,513** | $ 7,532 | $ (1,019) | (14%) | **$ 21,256** | $ 21,312 | $ (56) | (0%) |

* Included in expenses is accelerated depreciation on right-of-use assets and leasehold improvements resulting from the termination of the lease of $1,707 (2023 - nil) and $777 (2023 - nil), respectively, $2.5 million in total.

## FEES FOR SERVICE REVENUE

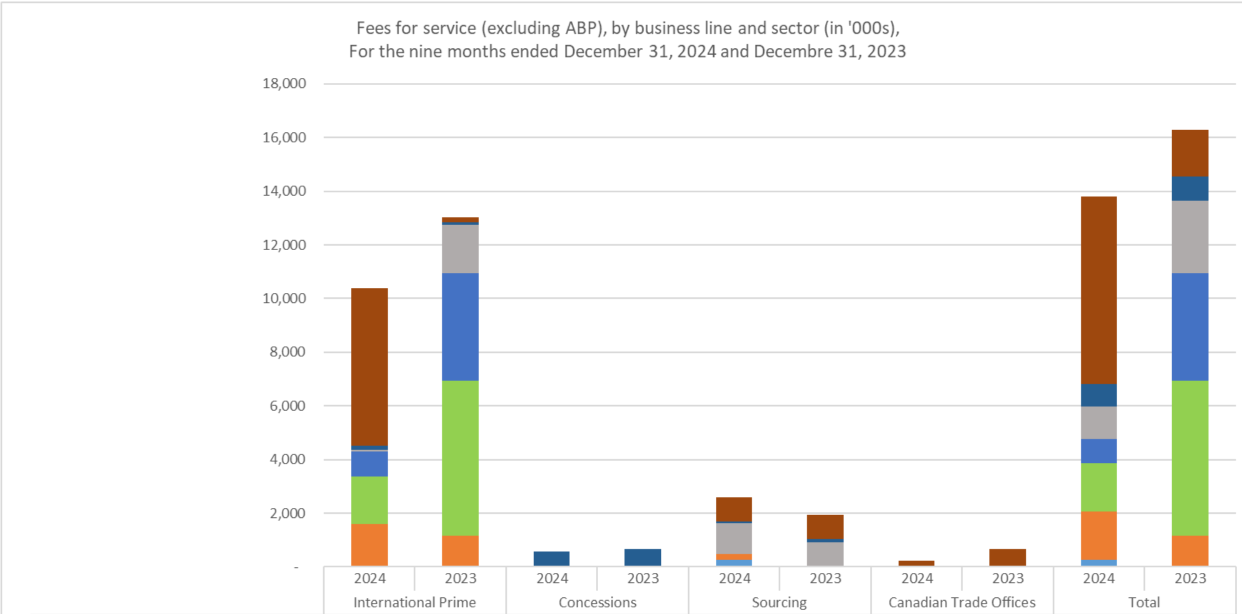
The Corporation charges Fees for service on its IPC and Sourcing programs. IPC fees are generally calculated as a percentage of the contract value, with fees negotiated on a contract-by-contract basis. They are generally reflective of a project's risk profile and competitive market conditions.

Fees may be recognized as revenue differently, depending on the performance obligations related to the various business lines. However, the majority are recorded based on the performance of activities required for the Canadian exporter to obtain the right to payment under the terms and conditions of the prime contract. This is generally commensurate with CTT. Fees for Sourcing are recognized on a straight-line basis over the term of the contract.

For the nine-month period ended December 31, 2024, the fees for service revenue of $17.4 million was $6.9 million lower than the prior year. Fees for service are generally correlated with CTT.

The table below shows that the year over year change in total is roughly 28%, which is largely consistent with that observed in the variance in CTT. As discussed above, the overall decrease is primarily attributable to decreases seen in the ABP project, as well as the IPC business line.

| Fees for service by business | For the three months ended December 31, | | | | For the nine months ended December 31, | | | | % of Total | |
|---|---|---|---|---|---|---|---|---|---|---|
| ($000s) | **2024** | 2023 | $ Change | % Change | **2024** | 2023 | $ Change | % Change | **2024** | 2023 |
| International Prime | **$ 2,289** | $ 5,999 | $ (3,710) | (62%) | **$ 10,399** | $ 13,010 | $ (2,611) | (20%) | **60%** | 54% |
| Concessions | **190** | 358 | (168) | (47%) | **586** | 676 | (90) | (13%) | **3%** | 3% |
| Sourcing | **1,019** | 469 | 550 | >100% | **2,603** | 1,936 | 667 | 34% | **15%** | 8% |
| Canadian Trade Offices | **29** | 216 | (187) | (87%) | **219** | 648 | (429) | (66%) | **1%** | 3% |
| Total excluding ABP | **$ 3,527** | $ 7,042 | $ (3,515) | (50%) | **$ 13,807** | $ 16,270 | $ (2,463) | (15%) | **80%** | 67% |
| ABP | **1,333** | 1,557 | (224) | (14%) | **3,552** | 7,977 | (4,425) | (55%) | **20%** | 33% |
| **Total including ABP** | **$ 4,860** | $ 8,599 | $ (3,739) | (43%) | **$ 17,359** | $ 24,247 | $ (6,888) | (28%) | **100%** | 100% |




| | International Prime 2024 | International Prime 2023 | Concessions 2024 | Concessions 2023 | Sourcing 2024 | Sourcing 2023 | Canadian Trade Offices 2024 | Canadian Trade Offices 2023 | Total 2024 | Total 2023 |
|---|---|---|---|---|---|---|---|---|---|---|
| Other | 5,889 | 187 | - | - | 902 | 897 | 218 | 649 | 7,009 | 1,733 |
| ICT | 143 | 91 | 586 | 676 | 88 | 127 | - | - | 817 | 894 |
| Defence | 78 | 1,778 | - | - | 1,142 | 912 | - | - | 1,220 | 2,690 |
| Construction / Infrastructure | 913 | 4,005 | - | - | - | - | - | - | 913 | 4,005 |
| Cleantech | - | - | - | - | - | - | - | - | - | - |
| Agriculture | 1,782 | 5,786 | - | - | - | - | - | - | 1,783 | 5,785 |
| Aerospace | 1,594 | 1,163 | - | - | 223 | - | - | - | 1,817 | 1,163 |
| Advanced Manufactured Goods & Services | - | - | - | - | 248 | - | - | - | 248 | - |

# GOVERNMENT FUNDING

Federal Budget 2021 recognized the importance of CCC's role in administering the DPSA and restored an annual parliamentary appropriation of $13.0 million, commencing in fiscal year 2022–2023. This appropriation was increased to $13.8 million for 2023-24 onwards.

Given that CCC does not receive Fees for service on DPSA contracts, this appropriation will exclusively fund the operating and administrative expenses incurred for the DPSA. For the nine-month period ended December 31, 2024, the Corporation recognized government funding of $12.5 million, an increase of $1.5 million over the prior year, as an offset to costs incurred for DPSA administration. This is resulting from timing differences associated with the increased operating and administrative expenses, including the one-time payment for the termination of its previous office lease.

## OPERATING AND ADMINISTRATIVE EXPENSES

The Corporation's $28.9 million in operating and administrative expenses for the nine-month period ended December 31, 2024, increased by $6.6 million (over the previous year's $22.3 million). The increase was primarily driven by increases in depreciation and workforce compensation.

In the current period, CCC increased its depreciation expenses in comparison to the previous year (by $2.6 million), primarily due to the termination of its previous office lease. This concludes the accounting of the previous lease, which also included both an accelerated depreciation of $1.7 million (recognized during the current fiscal year), offset by a gain on lease termination of $2.5 million, recognized in the previous fiscal year.

CCC further incurred increased workforce and compensation expenses ($1.9 million) due to filling staff vacancies (as planned), and organizational restructuring costs.

| | For the three months ended December | | | | For the nine months ended December 31 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | % of Total | |
| **Operating and administrative expenses ($00** | **2024** | 2023 | $ Change | % Change | **2024** | 2023 | $ Change | % Change | **2024** | 2023 |
| Workforce compensation and related expense | **$ 5,252** | $ 5,029 | $ 223 | 4% | **$ 16,692** | $ 14,782 | $ 1,910 | 13% | **58%** | 67% |
| Depreciation* | **242** | 152 | 90 | 59% | **3,058** | 457 | 2,601 | >100% | **11%** | 2% |
| Consultants | **955** | 768 | 187 | 24% | **2,973** | 1,610 | 1,363 | 85% | **10%** | 7% |
| Contract management services | **750** | 650 | 100 | 15% | **2,250** | 1,950 | 300 | 15% | **8%** | 9% |
| Travel and hospitality | **549** | 470 | 79 | 17% | **1,538** | 1,254 | 284 | 23% | **5%** | 6% |
| Software, hardware and support | **279** | 176 | 103 | 59% | **845** | 550 | 295 | 54% | **3%** | 2% |
| Rent and related expenses | **265** | 257 | 8 | 3% | **692** | 723 | (31) | (4%) | **2%** | 3% |
| Communications | **234** | 189 | 45 | 24% | **455** | 505 | (50) | (10%) | **2%** | 2% |
| Other expenses | **112** | 107 | 5 | 5% | **358** | 461 | (103) | (22%) | **1%** | 2% |
| **Total Operating and administrative expenses** | **$ 8,638** | $ 7,798 | $ 840 | 11% | **$ 28,861** | $ 22,292 | $ 6,569 | 29% | **100 %** | 100% |

*Included in depreciation is accelerated depreciation on right-of-use assets and leasehold improvements resulting from the termination of the lease of $1,707 (2023 - nil) and $777 (2023 - nil), respectively, $2.5 million in total.

During the nine-month period ended December 31, 2024, CCC incurred a number of direct business line expenses required to ensure effective and sound contract structuring as well as contract execution for both signed and future contracts. These expenses are difficult to forecast as they are driven by the nature of contracts under development or execution, which may or may not have been foreseen during the planning cycles. Given the increased complexity associated with these large multi-year contracts, both internal and external resources have been employed as deemed necessary.

In addition, CCC has incurred one-time expenses related to the advancement of certain compliance related activities to meet its obligations under both the *Pay Equity Act* and the *Accessibility Act* as well as the Task Force on Climate Related Financial Disclosures.

As planned, CCC has also made needed advancements in improving the resiliency and effectiveness of its digital capabilities including cyber security posture, Enterprise Resource Planning and Customer Relationship Management systems.

CCC continuously assesses expenditure levels to ensure sound resource management and stewardship. Budgets are reviewed on a continuous basis from the outset of the year with a view to managing expenditures relative to forecasted business volumes and revenues.

## STATEMENT OF FINANCIAL POSITION DISCUSSION

Assets and liabilities include payments made to Canadian exporters prior to collecting from foreign buyers, and amounts received from foreign and other buyers that have not yet been transferred to Canadian exporters. As contractual performance obligations are fulfilled, balances for cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities, which represent amounts at a specific point in time, can fluctuate widely.

**Asset and Liability positions**
As at December 31, 2024, total assets of $504.5 million increased by $206.2 million or 69% from the prior year-end. The increase is mainly attributable to:

- An increase in cash and cash equivalents of $173.5 million, driven by higher receipts of advance payments from Government of Canada departments, as well as timing differences between cash receipts from foreign buyers and the related payments to Canadian exporters, favourable exchange rate fluctuations on CCC cash balances, and higher yields earned on balances held on deposit; and
- An increase in accounts receivable of $27.9 million, primarily attributable to timing differences between cash receipts from foreign buyers and payments to Canadian exporters, and favourable exchange rate fluctuations on amounts outstanding.

Total liabilities of $429.2 million increased by $194.9 million, or 83% from the prior year-end. This increase is primarily driven by:

- An increase in advances of $225.0 million, primarily attributable to receipts from Government of Canada departments, as well as from foreign buyers; and
- An offsetting decrease in accounts payable and accrued liabilities of $32.5 million, primarily driven by timing differences between cash receipts from foreign buyers and payments to Canadian exporters.

The offsetting increases in both total assets and liabilities reflect the nature of the contracts under management and the effect on balances due to the timing of receipts and payments.

**Equity position**

Equity for the period increased by $11.3 million, reflecting year-to-date net profit of $21.3 million, reduced by the dividend of $10.0 million declared and paid during the year. These balances include shareholder Contributed Surplus of $10.0 million.

| As at (in '000s) | December 31, 2024 | March 31, 2024 | $ Change | % Change |
|---|---|---|---|---|
| **Total assets** | **$ 504,494** | $ 298,302 | $ 206,192 | 69% |
| Total liabilities | **429,167** | 234,231 | 194,936 | 83% |
| Total equity | **75,327** | 64,071 | 11,256 | 18% |
| **Total liabilities and equity** | **$ 504,494** | $ 298,302 | $ 206,192 | 69% |

**Dividend declaration**

On June 5, 2024, in alignment with its Financial Management Policy and Dividend Policy, the Corporation's Board of Directors approved the issuance of a dividend of $10.0 million payable to its shareholder. The dividend was paid to its shareholder in November 2024.

## CORPORATE PLAN DISCUSSION

The Corporation operates in challenging global markets where government budgets are dynamic and subject to frequent changes. Demand for Canadian-made solutions varies with economic and geopolitical factors, which increases the complexity of G2G export sales and the duration of the sales cycle. In the face of these uncertainties, the Corporation is committed to continuing to work with Canadian exporters to ensure efficiency in services provided so they can continue to pursue better opportunities. To this end, CCC engages in prudent financial management, including rigorous risk management processes, strategically invests in critical capabilities, and focuses on creating value for Canadian stakeholders.

**Comparison of financial results to 2024–2025 Corporate Plan**

CCC's 2024–2025 to 2028–2029 Corporate Plan was approved by the Corporation's Board of Directors and submitted, as required, to the Minister of Export Promotion, International Trade and Economic Development. The analysis below reflects the revised Plan as approved by the Directors and reflects the expense reduction measures stemming from the Federal Budget 2023.

The Corporation's strong financial performance compared to plan for the nine-month period ended December 31, 2024, is primarily attributed to greater finance and other income as discussed below. CCC achieved a net profit of $21.3 million, marking a significant positive variance of $16.5 million compared to the budgeted net profit outlined in the Plan, which projected $4.7 million.

Several factors contributed to these results:

- Greater finance and other income ($13.9 million) in comparison to the Plan is the result of higher interest rates combined with larger than expected cash balances due to the timing of receipt of advances;
- This was partially offset by the expenses variance ($3.6 million) which was also greater than plan and was primarily due to the timing of the one-time lease termination related expense.

Government funding is recorded as an offset to costs incurred related to the administration of the DPSA. Funding is capped at the approved parliamentary appropriation. The funding was $2.0 million higher than the initial budget, which correlates with higher than planned DPSA expenses, primarily due to the timing of the lease termination-related expense.

The table below presents financial results compared to the Corporate Plan for the nine-month period ended December 31, 2024.

| | For the nine-month ended December 31, 2024 | | | | |
|---|---|---|---|---|---|
| | **Actual (YTD)** | Q3 CP Target (YTD) | Variance $ | Variance % | 2024-2025 CP Target |
| **VCS ($000s)** | **$ 4,112,730** | $ 3,315,250 | $ 797,480 | 24% | $ 3,811,500 |
| **CTT ($000s)** | **$ 2,389,369** | $ 1,979,359 | $ 410,010 | 21% | $ 2,433,197 |

| **Net profit ($000s)** | **Actual (YTD)** | CP Target (YTD) | Variance $ | Variance % | 2024-2025 CP Target |
|---|---|---|---|---|---|
| **Revenues** | | | | | |
| Fees for service | **$ 17,359** | $ 14,002 | $ 3,357 | 24% | $ 21,838 |
| Finance and other income | **19,524** | 5,627 | 13,897 | >100% | 6,659 |
| | **36,883** | 19,629 | 17,254 | 88% | 28,497 |
| **Government funding** | **12,547** | 10,498 | 2,049 | 20% | 13,792 |
| **Expenses *** | | | | | |
| DPSA expenses | **12,547** | 12,117 | 430 | 4% | 15,919 |
| Non-DPSA expenses | **16,451** | 13,262 | 3,189 | 24% | 17,424 |
| | **28,998** | 25,379 | 3,619 | 14% | 33,343 |
| Gain (loss) on foreign exchange | **824** | - | 824 | >100% | - |
| **Net profit** | **$ 21,256** | $ 4,747 | $ 16,509 | >100% | $ 8,946 |

* Expenses include accelerated depreciation on right-of-use assets and leasehold improvements resulting from the termination of the lease of $1,707 (2023 - nil) and $777 (2023 - nil), respectively, $2.5 million in total.

## CCC'S COMMITMENT TO RISK MANAGEMENT

CCC's Enterprise Risk Management (ERM) framework provides a structure that looks at risk management strategically from the perspective of the entire corporation. It is a top-down strategy that aims to identify, assess, and prepare for potential losses, and other adverse impacts that may interfere with CCC's operations and corporate objectives.

## KEY RISKS FACING CCC

The risks discussed below exist within the context of a complex business environment that reflects the continued war in Ukraine, global instability, and the tendency towards greater protectionism within CCC's key markets.

***Reputation (entity-wide)***

This risk relates to the possibility that CCC fails to conduct its activities in a manner that protects CCC's reputation with stakeholders, or fail to mitigate events, incidents, or transactions that give rise to ministerial-level concerns, resulting in financial losses, legal exposure, or going concern issues.

CCC conducts its activities in a manner that protects its reputation with domestic and international stakeholders and mitigates events, incidents, or transactions that could raise ministerial-level concerns. The Board is informed of these situations as they arise. This risk is also reduced through strong contracting due diligence that integrates environmental, social and governance (ESG) best practices, including responsible business conduct (RBC).

***Human resources (Corporate)***

This risk relates to the possibility that CCC fails to attract, retain, develop and motivate highly skilled employees with the required skill sets to effectively deliver its services (external and internal facing), resulting in inability to achieve its corporate objectives, inability to operate, financial losses, damage to reputation, and legal exposure.

CCC has launched a strategic three-year Human Resources plan to ensure appropriate skill sets and staff levels are available to support CCC's operations. CCC has now maintained its retention target at or above 85% for (1) each rolling 12-month period, and (2) new employees' first year of employment.

***Cyber Security (Corporate)***

This risk relates to the possibility that CCC fails to protect its Information Technology systems from cyberattack, resulting in inability to continue operations, loss of sensitive information, financial losses, damage to reputation, and legal exposure. CCC's security threat level reflects its role in supporting the Government of Canada's Ukrainian aid program, which could lead to increased foreign interference.

CCC ensures its enterprise cyber risk management maintains a maturity Level 2.5 (Managed) on the NIST cyber security framework, with an objective to increase to maturity Level 3.5 (over three years/by 2026-27) through the implementation of CCC's Cyber Security Roadmap and as measured through periodic reviews and audits. In addition, CCC's membership in the Canadian Centre for Cybersecurity Awareness ensures the Corporation is notified of any threats, real or perceived, and amplifies CCC's ongoing evaluation and adaptation of its systems and processes. Ongoing cybersecurity and information management training aims to ensure that employees manage these risks appropriately.

***Financial (entity-wide)***

This risk relates to the possibility that CCC fails to maintain a financial position sufficient to meet its liquidity requirements or long-term sustainability goals, resulting in the inability of CCC to continue operating as a going concern, financial losses, damage to reputation, and legal exposure.

CCC receives an appropriation for its activities in support of the DPSA, however all other business lines must generate sufficient income to be financially sustainable. A revenue gap may develop if new and recurring fee-generating business is not secured. While expected forecasts show revenue stability, the timing and certainty of export contract awards can swing significantly due to events outside of CCC's control. A strong emphasis on business development activities focused on key industries and foreign buyers is expected to bridge the potential funding gap.

## OTHER RISKS MANAGED BY CCC

In addition to the risks discussed above, the Corporation's ERM program also manages the following risks.

***Entity-wide risks***

The following enterprise-wide risks are those that may impede the Corporation's ability to meet its overall objectives.

- ***Mandate***

  This risk relates to CCC potentially operating beyond its legislated mandate. Ministerial direction through the annual Statement of Priorities and Accountabilities provides the general framework around which CCC's Corporate Plan is developed. The Corporate Plan outlines the business activities and corporate strategies to be undertaken over the course of the five-year planning period. The Senior Management Committee and the Risk and Opportunities Committee provide the internal governance structures that ensure the Corporation remains within these parameters.

- ***Responsible business conduct (RBC)***

  This risk relates to the possibility that CCC's activities may lead to a) issues related to bribery, corruption, or fraud; b) human rights impacts; and/or c) environmental degradation, resulting in any or all of the following: financial losses, damage to reputation, and legal exposure to stakeholders.

  CCC manages responsible business conduct risks by aligning with Government of Canada policy on human rights issues; conducting due diligence that mitigates bribery, corruption, or fraud in CCC's operations; and adhering to the Canadian Impact Assessment Act and, where appropriate, requirements of international financial institutions and foreign government in CCC's prime contracts. During the year, CCC continued to promote its "Code for Exporters", reflecting CCC's commitment to ESG principles and support for the UN Sustainable Development Goals. The Code outlines CCC's expectations with respect to labour and human rights, health and safety, environmental protection, transparent and responsible supply chains, and compliance with laws including those prohibiting bribery and corruption. It applies to all exporters working with CCC, their employees, and subcontractors. In addition, CCC's Integrity Compliance and Human Rights Committees continue to mature their processes to mitigate the possibility of negative consequences of entering into tainted export transactions. Lastly, ongoing RBC training for employees ensures that ESG principles remain top of mind while CCC looks to undertake new export contracts.

***Corporate risks***

This refers to risks related to CCC's data governance, information systems, people, policies/procedures, and business continuity planning. The following corporate risks are managed at the business and functional unit level and are the responsibility of the vice-presidents.

- ***Data governance***

  This risk relates to the possibility that CCC fails to effectively protect its commercial, defence-related, employee and other sensitive information (electronic and paper based) resulting in unauthorized access or distribution of information leading to injury or loss, buyer or exporter damages, security breaches, financial losses, damage to reputation, and legal exposure.

  CCC manages sensitive information acquired from exporters and foreign buyers. It also generates its own sensitive information through corporate activities such as those related to human resource management. An updated  Enterprise Data Governance program is being launched to ensure that sensitive corporate and stakeholder data continues to be identified, collected, organized, protected and stored to prevent unauthorized access. Governance over this information falls to the cross-functional Information Management/Information Technology (IM/IT) Steering Committee, which meets monthly and is focused on implementing the Corporation's Information Management and Data Governance program.

- ***Policies processes and contracting***

  This risk relates to the possibility that CCC fails to establish effective policies and processes to deliver on its mandate which result in an ineffective delivery of CCC's services (internal and external facing) leading to financial losses, damage to reputation, and legal exposure. Over the last two years, a number of employees have been onboarded or moved to new positions within CCC. This potentially increases risk related to errors in contracting processes. These errors could lead to issues such as project delays or lower client satisfaction with CCC services. This risk is mitigated through effective onboarding, and enhanced training, supervision and monitoring.

More significant errors (e.g., failed due diligence processes) could lead to financial losses if CCC's export contracts are affected. As export contracts receive approvals and oversight from various business units, the likelihood of a significant failed process remains low. Although CCC manages its operations in compliance with its policies as assessed through reviews and audits, management is also undertaking a review of CCC's contracting processes to ensure that optimal efficiencies are in place, including technological solutions where possible.

***Contracting risk***

This category of risk managed by CCC reflects the risks related to export transactions. CCC is sensitive to the need to protect its shareholder by effectively and prudently managing these risks. The following contracting risk is assessed prior to entering export contracts.

- ***Supplier performance***

  This risk relates to the possibility that a supplier fails to deliver the contracted goods and/or services to CCC as per the terms and conditions of the domestic contract, resulting in financial losses, damage to reputation, and legal exposure.

  CCC conducts a thorough risk assessment of the managerial, technical, and financial capacity of the supplier to perform the contract. The assessment of CCC's exporter portfolio provided the basis for Management to lower this risk level from the prior year. Management will continue to monitor exporter performance throughout the coming year.

# MANAGEMENT RESPONSIBILITY FOR FINANCIAL STATEMENTS

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. These quarterly financial statements have not been audited or reviewed by an external auditor.

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.

| | |
|---|---|
| **Bobby Kwon** | **Juliet Woodfield** |
| President and Chief Executive Officer | Vice-President of Corporate Services and Chief Financial Officer |

Ottawa, Canada

February 20, 2025

## Statement of Financial Position (Unaudited)

| As at | Notes | | **December 31, 2024** | | March 31, 2024 |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| **Current assets** | | | | | |
| Cash and cash equivalents | 4 | **$** | **453,426** | $ | 279,922 |
| Accounts receivable | 5 , 12 | | **39,473** | | 11,586 |
| Other assets | 6 | | **1,536** | | 901 |
| | | | **494,435** | | 292,409 |
| **Non-current assets** | | | | | |
| Property and equipment | | | **7,669** | | 1,564 |
| Right-of-use assets | | | **2,390** | | 4,329 |
| | | | **10,059** | | 5,893 |
| **Total assets** | | **$** | **504,494** | $ | 298,302 |
| **LIABILITIES** | | | | | |
| **Current liabilities** | | | | | |
| Accounts payable and accrued liabilities | 7 , 12 | **$** | **59,800** | $ | 92,269 |
| Advances | | | **361,019** | | 136,005 |
| Deferred revenue | 8 | | **1,662** | | 2,529 |
| Deferred government funding | 9 | | **1,245** | | - |
| Lease liabilities | 10 | | **291** | | 171 |
| Employee benefits | | | **777** | | 685 |
| | | | **424,794** | | 231,659 |
| **Non-current liabilities** | | | | | |
| Lease liabilities | 10 | | **4,373** | | 2,572 |
| | | | **4,373** | | 2,572 |
| Total liabilities | | | **429,167** | | 234,231 |
| **EQUITY** | | | | | |
| Contributed capital | | | **10,000** | | 10,000 |
| Retained earnings | | | **65,327** | | 54,071 |
| Total equity | | | **75,327** | | 64,071 |
| **Total liabilities and equity** | | **$** | **504,494** | $ | 298,302 |
| Lease commitments | 10 | | | | |
| Contingencies | 17 | | | | |

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

Authorized for issue on February 20, 2025

**Bobby Kwon**
President and Chief Executive Officer

**Juliet S. Woodfield, FCPA, FCA**
Vice-President of Corporate Services

## Statement of Comprehensive Income (Unaudited)

| | | For the three months ended December 31 | | For the nine months ended December 31 | |
|---|---|---|---|---|---|
| | **Notes** | **2024** | 2023 | **2024** | 2023 |
| **REVENUES** | | | | | |
| Fees for service | 13 | **$ 4,860** | $ 8,599 | **$ 17,359** | $ 24,247 |
| Finance income | | **6,093** | 3,450 | **19,413** | 8,940 |
| Other income | 14 | **32** | (6) | **111** | 56 |
| | | **10,985** | 12,043 | **36,883** | 33,243 |
| **GOVERNMENT FUNDING** | | | | | |
| Parliamentary appropriation | 9 | **3,202** | 4,063 | **12,547** | 11,077 |
| | | **3,202** | 4,063 | **12,547** | 11,077 |
| **EXPENSES** | | | | | |
| Operating and administrative expenses | 15 | **8,638** | 7,798 | **28,861** | 22,292 |
| Finance costs | 10 | **53** | 40 | **137** | 123 |
| | | **8,691** | 7,838 | **28,998** | 22,415 |
| **Net profit before gain (loss) on foreign exchange** | | **5,496** | 8,268 | **20,432** | 21,905 |
| Gain (loss) on foreign exchange | | **1,017** | (736) | **824** | (593) |
| **Net profit** | | **$ 6,513** | $ 7,532 | **$ 21,256** | $ 21,312 |
| **OTHER COMPREHENSIVE INCOME ITEMS THAT WILL NOT BE RECLASSIFIED TO NET PROFIT** | | | | | |
| **Total comprehensive income** | | **$ 6,513** | $ 7,532 | **$ 21,256** | $ 21,312 |

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

## Statement of Changes in Equity (Unaudited)

| **For the three and nine months ended December 31, 2024** | **Note** | **Contributed Capital** | **Retained Earnings** | **Total** |
|---|---|---|---|---|
| **BALANCE MARCH 31, 2024** | | **$ 10,000** | **$ 54,071** | **$ 64,071** |
| Net profit | | | **21,256** | **21,256** |
| | | | **-** | **-** |
| Total comprehensive income | | | **21,256** | **21,256** |
| Dividend | 11 | | **(10,000)** | **(10,000)** |
| **BALANCE DECEMBER 31, 2024** | | **$ 10,000** | **$ 65,327** | **$ 75,327** |

| For the three and nine months ended December 31, 2023 | **Note** | **Contributed Capital** | **Retained Earnings** | **Total** |
|---|---|---|---|---|
| BALANCE MARCH 31, 2023 | | $ 10,000 | $ 34,611 | $ 44,611 |
| Net profit | | | 21,312 | 21,312 |
| | | | - | - |
| Total comprehensive income | | | 21,312 | 21,312 |
| | | | - | - |
| BALANCE DECEMBER 31, 2023 | | $ 10,000 | $ 55,923 | $ 65,923 |

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

## Statement of Cash Flows (Unaudited)

| | Notes | For the three months ended December 31 **2024** | 2023 | For the nine months ended December 31 **2024** | 2023 |
|---|---|---|---|---|---|
| **OPERATING ACTIVITIES** | | | | | |
| Net profit | | **$ 6,513** | $ 7,532 | **$ 21,256** | $ 21,312 |
| Adjustments to determine net cash from (used in) operating activities: | | | | | |
| Depreciation property and equipment | | **190** | 75 | **1,119** | 228 |
| Depreciation right-of-use assets | | **52** | 77 | **1,939** | 229 |
| Employee benefit expense | | **30** | 47 | **92** | 140 |
| Employee benefit payments | | **-** | - | **-** | (71) |
| Foreign exchange (gain) loss on cash and cash equivalents | | **(10,302)** | 858 | **(7,199)** | 472 |
| Change in working capital from: | | | | | |
| Accounts receivable | 5 , 12 | **6,006** | (1,351) | **(27,887)** | (9,150) |
| Other assets | 6 | **(461)** | (343) | **(635)** | (373) |
| Accounts payable and accrued liabilities | 7 , 12 | **38,187** | (6,653) | **(32,469)** | (4,877) |
| Advances | | **(243,290)** | 285,897 | **225,014** | 186,926 |
| Deferred revenue | 8 | **(324)** | 827 | **(867)** | (87) |
| Deferred government funding | 9 | **(3,202)** | (3,101) | **1,245** | 2,885 |
| Cash provided (used in) by operating activities before interest | | **(206,601)** | 283,865 | **181,608** | 197,634 |
| Interest received | | | | | |
| Interest paid | 10 | | | | |
| Cash provided (used in) by operating activities | | **(206,601)** | 283,865 | **181,608** | 197,634 |
| **INVESTING ACTIVITIES** | | | | | |
| Additions to property and equipment | | **(1,456)** | (18) | **(7,224)** | (44) |
| Cash used in investing activities | | **(1,456)** | (18) | **(7,224)** | (44) |
| **FINANCING ACTIVITIES** | | | | | |
| Principal repayment of lease liabilities | 10 | **(70)** | (130) | **(280)** | (388) |
| Lease incentive | 10 | **-** | - | **2,201** | - |
| Dividend paid | 11 | **(10,000)** | (4,000) | **(10,000)** | (4,000) |
| Cash used in financing activities | | **(10,070)** | (4,130) | **(8,079)** | (4,388) |
| Effect of exchange rate changes on cash and cash equivalents | | **10,302** | (858) | **7,199** | (472) |
| Net increase (decrease) in cash and cash equivalents | | **(207,825)** | 278,859 | **173,504** | 192,730 |
| Cash at the beginning of the period | | **661,251** | 163,908 | **279,922** | 250,037 |
| **Cash and cash equivalents at the end of the period** | | **$ 453,426** | $ 442,767 | **$ 453,426** | $ 442,767 |
| **Supplementary disclosure of cash flows from operating activities** | | | | | |
| Amount of interest received | | **$ 6,395** | $ 3,438 | **$ 18,392** | $ 8,649 |
| Amount of interest paid | | **$ 53** | $ 40 | **$ 137** | $ 123 |

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

# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

## 1. NATURE, ORGANIZATION AND FUNDING

The Canadian Commercial Corporation (the Corporation) was established in 1946 by the *Canadian Commercial Corporation Act* (CCC Act). The Corporation is wholly owned by the Government of Canada and is an agent Crown corporation listed in Part I of Schedule III of the *Financial Administration Act* (FAA). The Corporation is accountable for its affairs to Parliament through the Minister of Export Promotion, International Trade and Economic Development (the Minister). The Corporation is domiciled and operates in Canada with a head office located at 350 Albert Street, Ottawa, Ontario.

The Corporation acts as the prime contracting agency for Canadian exporters when foreign governments, international organizations, or foreign private sector buyers wish to purchase products and services from Canada through the Government of Canada. The Corporation enters into prime contracts with these foreign buyers and into corresponding domestic contracts with Canadian exporters. Additionally, the Corporation enters into certain sourcing services agreements to procure goods and services for international end users on behalf of the Government of Canada and foreign governments.

The Corporation's operations are funded by Fees for service, supplemented by parliamentary appropriation from the Government of Canada.

In September 2008, the Corporation, together with a number of other Crown corporations, was issued a directive (P.C. 2008-1598) pursuant to Section 89 of the FAA, entitled *Order giving a direction to parent Crown corporations involved in commercial lending to give due consideration to the personal integrity of those they lend to or provide benefits to in accordance with Government's policy to improve the accountability and integrity of federal institutions*. The Corporation implemented the directive effective January 1, 2010, and has remained compliant with the directive since then.

In July 2015, the Corporation was issued a directive (P.C. 2015-1110) pursuant to section 89 of the FAA 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 the Corporation's next corporate plan. The Corporation implemented the directive in August 2016 and has remained compliant with the directive since then.

The Corporation is not subject to the provisions of the *Income Tax Act*.

## 2. BASIS OF PREPARATION

### (a) Compliance with IFRS Accounting Standards

These condensed interim financial statements have been prepared in accordance with the Treasury Board of Canada's Directive on Accounting Standards: GC 5200 Crown Corporations Quarterly Financial Reports, using IFRS Accounting Standards as issued by the International Accounting Standards Board –and adopted in the Corporation's audited annual financial statements as at, and for the year ended March 31, 2024. These condensed interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the Corporation's Annual Report and audited financial statements for the year ended March 31, 2024.

### (b) Basis of measurement

The financial statements have been prepared on the historical cost basis, except for, as permitted by IFRS and to the extent material, the following items:

- Accrued employee benefit liabilities for post-employment and other long-term employee benefit plans are recognized at the present value of the defined benefit obligations.

### (c) Use of estimates and judgments

The preparation of financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies, the reported amounts of assets and liabilities, the disclosure of contingent assets and contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results may differ significantly from estimates, resulting in significant differences in the related financial statement balances.

Estimates and underlying assumptions are reviewed on an ongoing basis and in detail as at the date of the financial statements. Any changes in estimates are reflected in the financial statements in the period in which they become known and in any future periods affected.

The Corporation's key sources of estimation uncertainty during the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are related to the measurement of expected credit losses for accounts receivable and unbilled revenue, the determination of the useful lives of property and equipment, the determination of employee benefit obligations, the determination of unsatisfied (or partially unsatisfied) performance obligations, the determination of whether a contingent liability needs to be disclosed or a provision for contract remediation expenses or other contract related liabilities need to be recognized, and the allocation of expenses to administer the DPSA.

The critical judgements made by management in applying the Corporation's accounting policies that have the most significant effect on the amounts recognized in the financial statements are related to the determination of the amount and timing of revenue recognition and related expenses, the accounting for cost recovery transactions, the allocation of indirect expenses related to administration of DPSA, the assessment of whether there have been significant changes in credit risks impacting the expected credit losses for accounts receivable and unbilled revenue, the determination of right-of-use assets and lease liabilities, and the determination of whether an item is recognized in the financial statements as a contingent liability.

### (d) Functional and presentation currency

The Corporation's functional and presentation currency is the Canadian dollar.

## 3. MATERIAL ACCOUNTING POLICY INFORMATION

The accounting policies applied in the preparation of these condensed interim financial statements are consistent with those disclosed in the Corporation's audited annual financial statements for the year ended March 31, 2024.

## 4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents balances include advances received from foreign buyers and others not yet paid to Canadian exporters and, when applicable, amounts held back from Canadian exporters to be remitted at later dates in accordance with the terms and conditions of contracts. Also, see note 12 for a description of the Corporation's revolving line of credit that is included in the balance of Cash.

As at December 31, 2024, in connection with agreements with foreign buyers, CCC holds cash of $69.6 million (March 31, 2024 - $58.6 million) in separate bank accounts for the benefit of those foreign buyers. The Corporation has judged that although it has certain contractual responsibilities regarding the administration of these bank accounts, it does not have control of the future economic benefits relating to this cash. As such, the Corporation has not recognized this cash as an asset of the Corporation and also has not recognized any corresponding advance amount within liabilities.

Cash and cash equivalents had the following balances by currency as at:

| | **December 31, 2024** | | March 31, 2024 | |
|---|---|---|---|---|
| | **Original currency** | **Canadian dollars** | Original currency | Canadian dollars |
| Canadian dollars | **341,201** | **$ 341,201** | 140,188 | $ 140,188 |
| U.S. dollars | **76,122** | **109,531** | 101,282 | 137,217 |
| Euros | **1,762** | **2,631** | 931 | 1,360 |
| Chinese renminbi | **321** | **63** | 6,178 | 1,157 |
| | | **$ 453,426** | | $ 279,922 |

## 5. ACCOUNTS RECEIVABLE

Accounts receivable include amounts that are due to the Corporation for Fees for service invoiced and yet to be collected, amounts due from foreign buyers related to amounts already paid to Canadian exporters and other amounts primarily from Canadian government organizations. These amounts are based on normal international trade terms and are generally non-interest bearing.

The Corporation's accounts receivable consisted of the following as at:

| | **December 31, 2024** | March 31, 2024 |
|---|---|---|
| Accounts receivable | **$ 38,437** | $ 10,314 |
| Accrued receivables | **1,036** | 1,272 |
| | **$ 39,473** | $ 11,586 |

The currency profile of the Corporation's accounts receivable was as follows as at:

| | **December 31, 2024** | | March 31, 2024 | |
|---|---|---|---|---|
| | **Original currency** | **Canadian dollars** | Original currency | Canadian dollars |
| U.S. dollars | **19,792** | **$ 28,478** | 4,631 | $ 6,274 |
| Canadian dollars | **10,995** | **10,995** | 5,312 | 5,312 |
| | | **$ 39,473** | | $ 11,586 |

Credit and market risks related to accounts receivable are disclosed in note 12.

## 6. OTHER ASSETS

The Corporation's other assets included the following as at :

| | **December 31, 2024** | March 31, 2024 |
|---|---|---|
| Prepaid expenses | **$ 913** | $ 760 |
| Unbilled revenues | **623** | 141 |
| | **$ 1,536** | $ 901 |

## 7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities represent amounts due related to the Corporation's operating and administrative expenses, amounts due to Canadian exporters from amounts received from foreign buyers and other miscellaneous amounts due. These amounts are due on normal trade terms.

The Corporation's accounts payable and accrued liabilities consisted of the following as at:

| | December 31, 2024 | March 31, 2024 |
|---|---|---|
| Accounts payable | $ 55,771 | $ 88,138 |
| Accrued liabilities | 4,029 | 4,131 |
| | $ 59,800 | $ 92,269 |

The currency profile of the Corporation's accounts payable and accrued liabilities was as follows as at:

| | December 31, 2024 | | March 31, 2024 | |
|---|---|---|---|---|
| | Original currency | Canadian dollars | Original currency | Canadian dollars |
| U.S. dollars | 29,628 | $ 42,632 | 62,970 | $ 85,311 |
| Canadian dollars | 16,613 | 16,613 | 6,903 | 6,903 |
| Euros | 370 | 553 | 33 | 49 |
| Chinese renminbi | 8 | 2 | 30 | 6 |
| | | $ 59,800 | | $ 92,269 |

Market and liquidity risks related to accounts payable and accrued liabilities are disclosed in note 12.

## 8. DEFERRED REVENUE

A reconciliation of the Corporation's deferred revenue is as follows:

| | December 31, 2024 | March 31, 2024 |
|---|---|---|
| Balance at the beginning of the year | $ 2,529 | $ 1,360 |
| Plus: additional deferred revenue | 1,490 | 3,403 |
| Less: amounts recognized as Fees for service | (2,079) | (2,230) |
| Impact of netting unbilled and deferred revenue from same contract | (278) | (4) |
| Balance at the end of the period | $ 1,662 | $ 2,529 |

## 9. DEFERRED GOVERNMENT FUNDING

The Federal Budget 2021 restored an annual parliamentary appropriation commencing in fiscal year 2022-23. This appropriation was increased to $13.8 million from 2023-24 onwards. This funding is to be used exclusively for the costs to administer the DPSA.

A reconciliation of the Corporation's deferred government funding is as follows:

| | December 31, 2024 | March 31, 2024 |
|---|---|---|
| Balance at the beginning of the year | $ - | $ - |
| Plus: funding from the Government of Canada | 13,792 | 13,615 |
| Less: government funding revenue recognized | (12,547) | (13,615) |
| Balance at the end of the period | $ 1,245 | $ - |

## 10. LEASE LIABILITIES

The Corporation's leasing activities relate to office space.

In November 2014, the Corporation entered into a fifteen-year lease agreement for office space. The lease payments commenced on December 1, 2016, and the lease was set to expire at the end of November 2031 with options to either terminate earlier or extend the term of the lease. These options were not included in the initial measurement of the right-of-use asset and lease liability, since at contract inception, CCC was not reasonably certain to exercise either option.

On February 2, 2024, the Corporation executed a termination lease agreement for its existing office space concurrently entering into a twelve-year lease agreement for new office premises. The new office space was made available for use in March 2024, and the lease expires on June 30, 2036.

In the second quarter of the current fiscal year, the Corporation vacated its previous office space, and all associated leasehold improvements and the right-of-use asset have been fully depreciated, and the lease liability has been entirely settled. The new lease has been appropriately reflected in the current lease liability balance.

A reconciliation of the Corporation's lease liabilities is as follows:

| | December 31, 2024 | March 31, 2024 |
|---|---|---|
| Balance at the beginning of the year | $ 2,743 | $ 5,467 |
| Additions | - | 2,546 |
| Remeasurement | - | (1,889) |
| Lease termination fee payment | - | (2,846) |
| Leasehold improvement allowance reimbursement | 2,201 | - |
| Interest expense | 137 | 147 |
| Lease payments | (417) | (682) |
| Balance at the end of the period | $ 4,664 | $ 2,743 |

Interest expense related to lease liabilities are included in finance cost. The Corporation's operating and administrative expenses include $443 (2023 — $584) related to variable lease payments not included in the measurement of lease liabilities. For the nine-month period ended December 31, 2024, and December 31, 2023, there were no significant expenses related to leases of low-value assets and short-term leases for which the recognition exemption has been applied.

## 11. CAPITAL MANAGEMENT

The Corporation's objective, definition, and key strategies with respect to its capital are consistent with those disclosed in the Corporation's audited financial statements for the year ended March 31, 2024.

The Corporation is not subject to externally imposed capital requirements.

On June 5, 2024, the Corporation's Board of Directors approved the issuance of a dividend of $10.0 million (2023 - $4.0 million) payable to its shareholder. The dividend was paid to its shareholder in November 2024.

The Corporation's breakdown of the equity was as follows as at:

| | **December 31, 2024** | March 31, 2024 |
|---|---|---|
| Contributed capital | **$ 10,000** | $ 10,000 |
| Retained earnings | **65,327** | 54,071 |
| | **$ 75,327** | $ 64,071 |

## 12. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

As described in the Corporation's Annual Report and audited financial statements for the year ended March 31, 2024, the Corporation is exposed to credit risk, market risk and liquidity risk as a result of holding financial instruments.

The following section is a description of the most significant risks associated with financial instruments and how the Corporation manages its risk exposure.

### (a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The credit risk arises principally from the Corporation's cash and cash equivalents, accounts receivable and unbilled revenue which includes Fees for service due to the Corporation. The carrying amount of financial assets recorded in the financial statements represents the maximum exposure to credit risk.

*Cash and cash equivalents*

The Corporation invests surplus funds to earn investment income with the objective of maintaining safety of principal and providing adequate liquidity to meet cash flow requirements. During the year, the Corporation's exposure to credit risk from investing cash and cash equivalents is minimized through compliance with the Corporation's Board of Directors approved investment policy, which specifies approved investment instruments and portfolio limits. Per the investment policy, the Corporation is permitted to invest cash and cash equivalents in highly liquid demand deposits and temporary investments with a Canadian chartered bank. Investments must maintain credit ratings at, or above, thresholds identified from at least two of the agencies listed below:

- Moody's rating of P1
- Standard and Poor's (S&P) rating of A1
- Dominion Bond Rating Service (DBRS) rating of R1 (low)

*Accounts receivable*

The Corporation has credit risk related to accounts receivable which includes Fees for service revenue and other amounts owed to the Corporation. Other amounts include situations where the Corporation may agree to pay DPSA and non-DPSA invoices at the request of Canadian exporters prior to receiving funds from the U.S. Department of Defence or other foreign buyers.

Since the DPSA foreign buyer is rated AAA by recognized rating agencies, the credit exposure is minimized to acceptable levels. For non-DPSA foreign buyers, the Corporation assesses the credit risk to ensure it is also within acceptable levels.

As at December 31, 2024, 95% (March 31, 2024 — 89%) of the Corporation's accounts receivable were from AAA credit rated counterparties.

The Corporation recognized a loss allowance for expected credit loss of nil ( March 31, 2024 — nil) related to accounts receivable from foreign buyers and other entities arising from contracts with customers. There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The maximum exposure to credit risk for accounts receivable by geographic region was as follows as at:

| | **December 31, 2024** | March 31, 2024 |
|---|---|---|
| United States | **$ 25,506** | $ 3,683 |
| Canada | **12,141** | 6,655 |
| Asia * | **1,373** | 484 |
| South America | **218** | 525 |
| Central America and Caribbean | **209** | 135 |
| Europe | **22** | - |
| Africa | **4** | 104 |
| | **$ 39,473** | $ 11,586 |

* Includes Middle East

Accounts receivable are considered past due when the payer has failed to make the payment by the contractual due date. The ageing profile of the Corporation's past due accounts receivable was as follows as at:

| | **December 31, 2024** | March 31, 2024 |
|---|---|---|
| < 30 days | **$ 10,966** | $ 1,381 |
| > 30 days and < 180 days | **10,078** | 1,555 |
| > 180 days | **5,748** | 281 |
| | **$ 26,792** | $ 3,217 |

All overdue accounts receivable are considered fully collectable as at December 31, 2024, as it is normal for the Corporation to encounter delays in collecting certain accounts receivable as a result of the foreign environment in which it operates.

## (b) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market rates. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Corporation is not exposed to significant interest rate risk or other price risk, however, as noted below, does have currency risk exposure.

***Currency Risk***

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. The Corporation is exposed to foreign currency risk on its accounts receivable and accounts payable denominated in foreign currencies due to timing differences between their initial recognition and the actual receipt or payment of cash. To address foreign exchange risks, contracts with foreign buyers and corresponding contracts with Canadian exporters are generally transacted in the same currency. In some cases where payment between parties is made in a different currency, the Corporation may enter into forward contracts. Generally, the Corporation uses these strategies to effectively transfer the currency risk to the Canadian exporter.

***Interest Rate Risk***
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Corporation's exposure to fair-value interest rate risk arises from investing in cash and cash equivalents. The risks associated with fluctuations in interest rates are minimized by investing in highly liquid demand deposits and temporary investments with a reputable chartered bank. The Corporation is not exposed to any significant interest rate risk.

## (c) Liquidity risk
Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Liquidity risk is minimized through compliance with the Corporation's investment policy whereby cash and cash equivalents are invested in highly liquid demand deposits and temporary investments with a Canadian financial institution in order to meet financial obligations on a timely basis.

A potential claim for damages for non-performance of outstanding contracts could create liquidity risk for the Corporation. To mitigate this risk, the Corporation has contractual recourse that consists of, in all material respects, back-to-back contractual obligations from Canadian exporters in an amount equal to the value of the contract. In addition, the Corporation receives an indemnity from the exporter against any additional costs incurred by entering into the back-to-back contractual relationship. In order to further mitigate its overall liquidity risk exposure from non-performance on contracts, the Corporation may supplement this recourse by requiring the Canadian exporter to provide commercial securities including holdbacks, bank guarantees, surety bonds, parent guarantees, insurance assignments, property liens, personal guarantees and shareholder cash to be held in trust with the Corporation.

As part of the normal course of business, management assesses the likelihood of any contingent liabilities. Contingent liabilities with respect to certain unresolved contract issues are disclosed in note 17(b).

Under contract terms, other than DPSA related contracts, payments to Canadian exporters are usually not made in advance of receipt of payment from foreign buyers, and therefore do not expose the Corporation to liquidity risk.

The *CCC Act* permits the Corporation to borrow from the Consolidated Revenue Fund or enter into other credit arrangements or indemnities from other sources for an amount not to exceed $90.0 million.

The Corporation has a revolving credit facility providing access to funds in the amount of $40.0 million (March 31, 2024 — $40.0 million) Canadian or its U.S. dollar equivalent. The credit facility is used exclusively for the Corporation's working capital requirements to facilitate payments to Canadian exporters under the DPSA business line.

As per contractual terms in the DPSA business line, the Corporation commits to payments to Canadian exporters within thirty days on most contracts. For the International contracts, the Corporation commits to payments within two to five business days from receipt of payments from the foreign buyer. At times, collection of amounts from the foreign buyer on DPSA contracts can take more than thirty days. This can occasionally result in the Corporation using the credit facility in the normal course of operations. Indebtedness under this agreement is unsecured and this credit facility has an expiry date of December 31, 2024, subject to extension by the Minister of Finance or the approval of a corporate plan. As at December 31, 2024, the draw on this line of credit was nil (March 31, 2024 — nil).

*Accounts payable and accrued liabilities*

Accounts payable and accrued liabilities are due on normal trade terms. The maturity profile of the Corporation's accounts payable and accrued liabilities was as follows as at:

| | | **December 31, 2024** | | March 31, 2024 |
|---|---|---|---|---|
| < 1 year | **$** | **59,281** | $ | 92,269 |
| > 3 and < 5 years | | **519** | | - |
| | **$** | **59,800** | $ | 92,269 |

## 13. REVENUE FROM CONTRACTS WITH CUSTOMERS

### (a) Disaggregation of Fees for service revenue

The sources of the Corporation's Fees for service revenue were as follows:

| | **For the three months ended December 31** | | | | **For the nine months ended December 31** | | | |
|---|---|---|---|---|---|---|---|---|
| | | **2024** | | 2023 | | **2024** | | 2023 |
| International business | **$** | **3,622** | $ | 7,556 | **$** | **13,951** | $ | 20,987 |
| Lottery programs | | **190** | | 358 | | **586** | | 675 |
| | **$** | **3,812** | $ | 7,914 | **$** | **14,537** | $ | 21,662 |
| Government of Canada initiatives | | **1,048** | | 685 | | **2,822** | | 2,585 |
| | **$** | **4,860** | $ | 8,599 | **$** | **17,359** | $ | 24,247 |

## (b) Unsatisfied (or partially unsatisfied) performance obligations

Unsatisfied, or partially unsatisfied, contractual performance obligations are mostly due to services which are yet to be provided by the Corporation over the remaining duration of the contract. The following table sets out the estimated transaction prices allocated to unsatisfied, or partially unsatisfied contracted performance obligations of the Corporation to be met in the future and the estimated timing of revenue recognition as at December 31, 2024. Actual amounts may differ from these estimates due to a variety of factors, including the unpredictable nature of customer behaviour, industry regulation and the economic and political environments in which the Corporation operates.

| | December 31 2024 |
|---|---|
| < 1 year | $ 8,224 |
| > 1 year | 40,520 |
| | $ 48,744 |

The above amounts do not include the variable consideration portions that cannot be reliably estimated.

## 14. OTHER INCOME

The Corporation earns other income from various sources which are typically not from international business activities. The table below illustrates the sources of other income:

| | For the three months ended December 31 | | For the nine months ended December 31 | |
|---|---|---|---|---|
| | **2024** | 2023 | **2024** | 2023 |
| Discounting income | **$ 14** | $ 15 | **$ 61** | $ 48 |
| Miscellaneous income | **18** | (21) | **50** | 8 |
| | **$ 32** | $ (6) | **$ 111** | $ 56 |

## 15. OPERATING AND ADMINISTRATIVE EXPENSES

Operating and administrative expenses are as follows:

| | For the three months ended December 31 | | For the nine months ended December 31 | |
|---|---|---|---|---|
| | **2024** | 2023 | **2024** | 2023 |
| Workforce compensation and related expenses | **$ 5,252** | $ 5,029 | **$ 16,692** | $ 14,782 |
| Depreciation* | **242** | 152 | **3,058** | 457 |
| Consultants | **955** | 768 | **2,973** | 1,610 |
| Contract management services | **750** | 650 | **2,250** | 1,950 |
| Travel and hospitality | **549** | 470 | **1,538** | 1,254 |
| Software, hardware and support | **279** | 176 | **845** | 550 |
| Rent and related expenses | **265** | 257 | **692** | 723 |
| Communications | **234** | 189 | **455** | 505 |
| Other expenses | **112** | 107 | **358** | 461 |
| **Total Operating and administrative expenses** | **8,638** | $ 7,798 | **$ 28,861** | $ 22,292 |

*Included in depreciation is accelerated depreciation on right-of-use assets and leasehold improvements resulting from the termination of the lease of $1,707 (2023 - nil) and $777 (2023 - nil), respectively, $2.5 million in total.

## 16. RELATED PARTY TRANSACTIONS

The Corporation is related in terms of common ownership to all Government of Canada departments, agencies and Crown corporations. The Corporation enters into transactions with these entities in the normal course of business, under the same terms and conditions that apply to unrelated parties, and as such the transactions approximate fair value.

## 17. CONTINGENCIES

### (a) Collateral

The value of outstanding deliverables to be performed by Canadian exporters for which the Corporation, on behalf of the Government of Canada, has guaranteed performance to foreign government buyers as at December 31, 2024, was $8.2 billion (March 31, 2024 — $6.9 billion).

To manage performance risk of outstanding deliverables, the Corporation has contractual recourse that consists, in all material respects, of corresponding deliverables from Canadian exporters in the same amount. The collateral pledged by Canadian exporters is to mitigate counterparty risk to the deliverables guaranteed by the Corporation in the event of non-performance claims against the Corporation for reasons related to the Canadian exporter failing to perform per the terms and conditions of contracts. The types of collateral the Corporation may require the Canadian exporter to provide are various commercial securities including holdbacks, bank guarantees, surety bonds, parent guarantees, insurance assignments, property liens, personal guarantees and shareholder cash held in trust with the Corporation.

As at December 31, 2024, commercial securities that have been pledged to the Corporation as collateral by Canadian exporters in the unlikely event of their contractual non-performance are in the form of parent guarantees totalling $4.8 billion (March 31, 2024 — $5.9 billion in the form of parent guarantees) which approximate their fair value.

## (b) Other contingent liabilities

As part of the normal course of business, management assesses the likelihood of any contingent liabilities. As of December 31, 2024, the Corporation has certain unresolved contract issues that are being actively managed towards resolution. Any financial impact on the Corporation, including the potential for future contract remediation expenses, cannot be reasonably estimated at this time.