Canadian Commercial Corporation

2025–2026 First Quarter
Financial Report (Unaudited)

For the period ended
June 30, 2025

Canada

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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.

CCC's role to support Canadian exporters has become increasingly vital during this period of geo-political uncertainty and volatility. In doing so, CCC leverages its deep relationships with Canadian industry and foreign governments, providing timely critical advice, information and guidance to Canadian exporters. CCC continues to play an advocacy role with foreign governments to raise awareness of the Canadian industrial capacity, primarily in the defence, security, aerospace and clean-tech sectors.

The Corporation's financial results are grounded in the three-pillar strategy articulated in the 2025-2026 Corporate Plan (Plan), which seeks to support Canadian exporters response to growing international demand for their goods and services; deliver value by investing in operational excellence; and enhance CCC's impact through environmental, social and corporate governance (ESG). CCC continues to advance its multi-year transformation initiative focused on re-engineering core business processes, improving operational efficiency, and identifying additional opportunities for cost savings. These efforts are enhancing the Corporation's capacity to deliver greater value to Canadian exporters, while driving a more agile and results-driven organization that is well-positioned to support Canada's international-trade objectives.

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 or Corporate Plan variance analysis.

Pillar 1: Supporting Canadian exporters through inclusive trade

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

During the three-month period ended June 30, 2025, CCC has helped Canadian businesses secure $388.2 million of new contracts signed (Value of Contracts Signed (VCS)[1]), primarily in the International Prime Contracting business line, within the agriculture sector. This is less than Corporate Plan targets (by $234.3 million) and prior year results (by $1.1 billion).

CCC also delivered $507.8 million in commercial trading transactions (CTT)[2] reflecting goods and services exported under CCC contracts, primarily in the DPSA and Sourcing business lines, within the defence sector. This is less than Corporate Plan targets (by $273.6 million) and prior year results (by $207.4 million).

The Corporation earned $2.2 million in fees for service revenues, less than Corporate Plan targets (by $1.5 million), and prior year results (by $1.8 million), due to the timing of contractual commitments.

Pillar 2: Delivering value to Canadians through operational excellence – Investing for growth in people, systems, technology

Delivering value to Canada by investing in operational excellence involves continuously streamlining business for CCC and its customers by optimizing processes, systems and the workforce. For the three-month period ended June 30, 2025, CCC continued to enhance operational effectiveness by making strategic investments in innovation and digital transformation, including enhanced cybersecurity, its Customer Relationship Management application (CRM) and data management.

CCC continues to spend efficiently on its operations while contributing to the creation and sustainment of more Canadian jobs across various sectors by facilitating for Canadian companies the access to global government procurement markets.

CCC achieved a net profit of $1.0 million in the three-month period ended June 30, 2025, in line with Corporate Plan targets, but a decrease compared to prior year (by $4.6 million).

The year-to-date net profit of $1.0 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 decrease to retained earnings of $9.0 million to $56.1 million (from $65.1 million as at March 31, 2025).

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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.

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 June 30, 2025, the *Code* was acknowledged by 162 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 supported 4 exporters in implementing or making improvements to their existing integrity policies, procedures, or training programs for employees.

The Risk Management section, under responsible business conduct, 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, 2025. 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 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 by 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.

CCC does not charge fees for services provided under the DPSA business line. An annual appropriation of $13.8 million is received to administer the DPSA.

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.

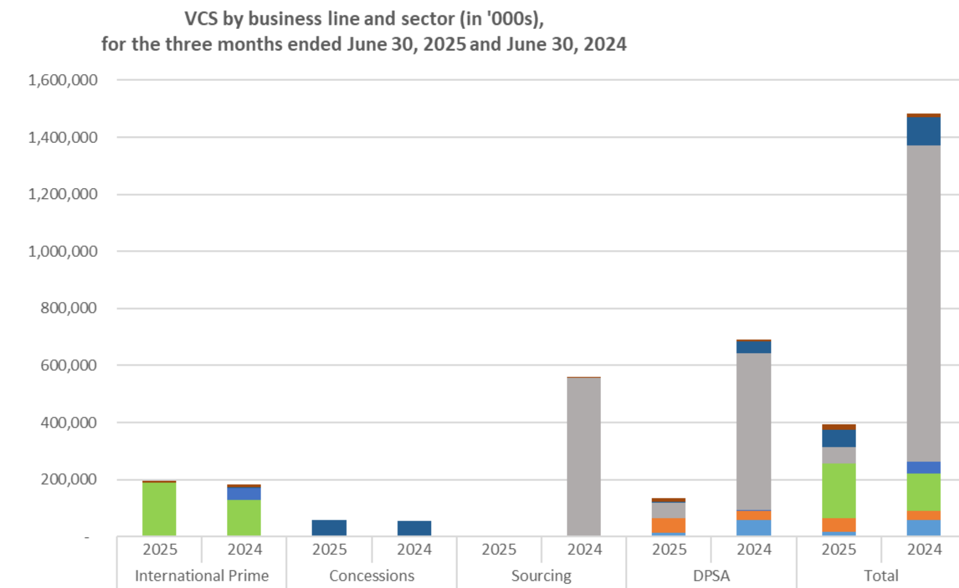
Year-over-year comparison
The VCS for all three business lines is $388.2 million for the three-month period ended June 30, 2025. The decrease of $1.1 billion (74%) over the $1.5 billion reported for the prior year is due to several factors, of which the following are noteworthy:

- Lower VCS in DPSA (decrease of $561.2 million over the prior year), primarily attributable to one significant contract for the sale of defence-related equipment which was signed in the prior year; and
- Lower VCS in Sourcing (decrease of $551.7 million over the prior year), primarily attributable to one significant contract for defence-related equipment to be provided to Ukraine, which was signed in the prior year.

VCS by business line for the three-month period ended June 30:

	For the three months ended June 30,				% of Total	
VCS by business line ($000's)	**2025**	2024	$ Change	% Change	**2025**	2024
International Prime	**$ 196,465**	$ 181,914	$ 14,551	8%	**51%**	12%
Concessions	**57,055**	54,330	2,725	5%	**15%**	4%
Total International Prime	**253,520**	236,244	17,276	7.3%	**65%**	16%
DPSA	**129,716**	690,900	(561,184)	(81%)	**33%**	47%
Sourcing	**4,968**	556,671	(551,703)	(99%)	**1%**	38%
Total	**$ 388,204**	$ 1,483,815	$ (1,095,611)	(74%)	**100%**	100%

VCS by business line and sector for the three-month period ended June 30:



	International Prime 2025	International Prime 2024	Concessions 2025	Concessions 2024	Sourcing 2025	Sourcing 2024	DPSA 2025	DPSA 2024	Total 2025	Total 2024
Other	6,335	7,100	-	-	(57)	57	10,215	6,659	16,493	13,816
Information and Communications Technology	-	4,192	57,055	54,330	(422)	-	5,604	39,747	62,237	98,269
Defence	(44)	(66)	-	-	5,158	556,208	53,310	552,395	58,424	1,108,537
Construction / Infrastructure	-	40,830	-	-	-	-	(4,160)	2,168	(4,160)	42,998
Cleantech	-	-	-	-	-	-	-	-	-	-
Agriculture	190,174	128,811	-	-	-	-	-	-	190,174	128,811
Aerospace	-	1,048	-	-	-	331	49,737	30,626	49,737	32,005
Advanced Manufactured Goods & Services	-	-	-	-	289	74	15,010	59,303	15,299	59,377

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 three-month period ended June 30, 2025, was $507.8 million (a $207.4 million decrease compared to the previous year). These results were generated from:

- The ABP program's $318.9 million CTT decrease from the prior year, attributable to anticipated reduction in deliveries as the program nears completion.

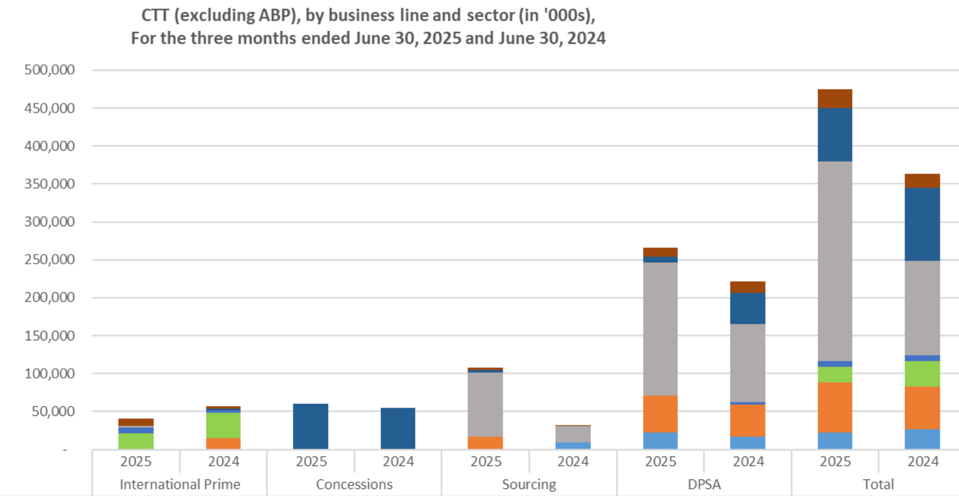
These decreases were partially offset by:

- An increase in Sourcing ($76.8 million over the prior year) primarily attributable to the increased support to the Department of National Defence to provide international assistance to Ukraine.

CTT by business line for the three-month period ended June 30:

	For the three months ended June 30,					
					% of Total	
CTT by business line ($000s)	**2025**	2024	$ Change	% Change	**2025**	2024
International prime	**$ 41,189**	$ 56,662	$ (15,473)	(27%)	**8%**	8%
Concessions	**60,241**	54,330	5,911	11%	**12%**	8%
ABP	**32,748**	351,664	(318,916)	(91%)	**6%**	49%
Total International Prime	**134,178**	462,656	(328,478)	(71%)	**26%**	65%
Sourcing	**107,866**	31,112	76,754	>100%	**21%**	4%
DPSA	**265,724**	221,440	44,284	20%	**52%**	31%
Total	**$ 507,768**	$ 715,208	$ (207,440)	(29%)	**100%**	100%

CTT (excluding ABP) by business line and sector for the three-month period ended June 30:



	International Prime		Concessions		Sourcing		DPSA		Total	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
Other	9,908	2,500	-	-	3,239	394	12,147	15,424	25,294	18,318
Information and Communications Technology	-	2,237	60,241	54,330	2,717	2	7,611	40,255	70,569	96,824
Defence	2,958	-	-	-	85,015	21,216	174,738	103,499	262,711	124,715
Construction / Infrastructure	6,897	3,939	-	-	-	-	653	3,110	7,550	7,049
Cleantech	-	-	-	-	-	-	-	-	-	-
Agriculture	20,712	33,713	-	-	-	-	-	-	20,712	33,713
Aerospace	714	14,273	-	-	16,825	331	47,820	41,955	65,359	56,559
Advanced Manufactured Goods & Services	-	-	-	-	70	9,168	22,755	17,197	22,825	26,365

SUMMARY OF FINANCIAL RESULTS

The Corporation's financial results for the three-month period ended June 30, 2025 decreased compared to prior year results but were generally in line with Corporate Plan targets. These results are due primarily to variances in fees for service revenue and income earned on cash balances, together with a significant foreign exchange loss driven by pronounced volatility in the CAD-USD exchange rate.

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 operating and 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 three-month period ended June 30, 2025, the Corporation recorded a net profit of $1.0 million, a decrease from the prior year's net profit of $5.5 million. The corporation achieved lower CTT (as outlined in the previous sections), resulting in fees for service revenue of $2.2 million, which is also lower than the prior year. These were partially offset by decreased operating and administrative expenses ($2.7 million), as the Corporation continues its ongoing commitment to deliver operational excellence while employing cost savings measures.

	For the three months ended June 30			
Comprehensive Income ($000s)	**2025**	2024	$ Change	% Change
Fees for service revenue	**$ 2,195**	$ 4,031	$ (1,836)	(46%)
Finance and other income	**5,635**	7,380	(1,745)	(24%)
Government funding	**3,176**	5,188	(2,012)	(39%)
Expenses*	**8,374**	11,116	(2,742)	(25%)
Gain (loss) on foreign exchange	**(1,671)**	52	(1,723)	<(100%)
Net profit	**$ 961**	$ 5,535	$ (4,574)	(83%)
Other comprehensive income	**-**	-	-	-
Total comprehensive Income	**$ 961**	$ 5,535	$ (4,574)	(83%)

* Prior year expenses include accelerated depreciation on right-of-use assets and leasehold improvements resulting from the termination of an office lease in Q4 2023-2024 (2024 - $1,707 and $777, respectively). There is no related expense in the current year.

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 and established to recover the costs to structure and manage contracts.

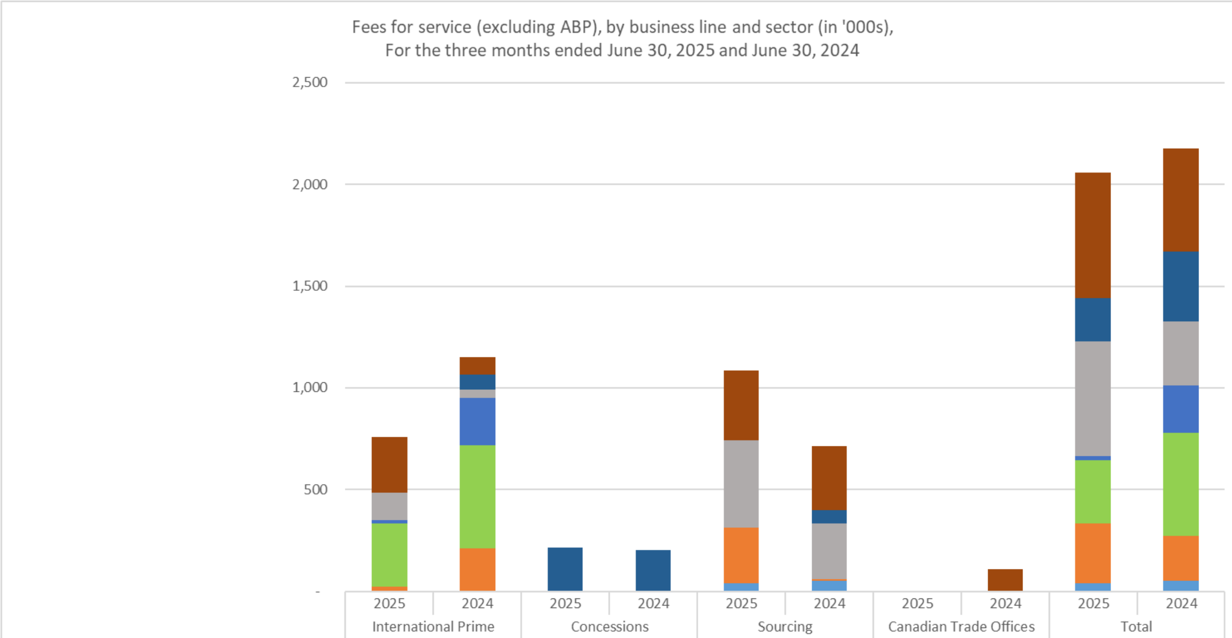
For the three-month period ended June 30, 2025, the fees for service revenue of $2.2 million was $1.8 million lower than the prior year. Fees for service are generally correlated with CTT.

The table below shows a 46% year-over-year decrease in fees for service, which is largely consistent with the decrease observed in CTT. As discussed above, the main driver for the decrease in fees for service is the lower contribution seen in the ABP project, as it nears completion.

In addition, CCC's management of ten Canadian trade offices on behalf of Global Affairs Canada, ended last fiscal year. Following the Government of Canada's 2023 budget announcement to reduce expenditures, Global Affairs Canada provided direction to close the ten trade offices administered by CCC. CCC charged a fee and recovered all costs from Global Affairs Canada for this program.

Fees for service by business line	For the three months ended June 30,					
					% of Total	
($000s)	**2025**	2024	$ Change	% Change	**2025**	2024
International Prime	**$ 759**	$ 1,151	$ (392)	(34%)	**35%**	29%
Concessions	**214**	201	13	6%	**10%**	5%
ABP	**137**	1,853	(1,716)	(93%)	**6%**	46%
Total International Prime	**1,110**	3,205	(2,095)	(65%)	**51%**	80%
Sourcing	**1,085**	716	369	52%	**49%**	18%
Canadian Trade Offices	**-**	110	(110)	(100%)	**0%**	3%
Total including ABP	**$ 2,195**	$ 4,031	$ (1,836)	(46%)	**100%**	100%

Fees for service (excluding ABP) by business line and sector for the three-month period ended June 30:



	International Prime 2025	International Prime 2024	Concessions 2025	Concessions 2024	Sourcing 2025	Sourcing 2024	Canadian Trade Offices 2025	Canadian Trade Offices 2024	Total 2025	Total 2024
Other	273	84	-	-	343	314	-	110	616	508
Information and Communications Technology	-	76	214	201	-	66	-	-	214	343
Defence	134	39	-	-	429	275	-	-	563	314
Construction / Infrastructure	19	233	-	-	-	-	-	-	19	233
Cleantech	-	-	-	-	-	-	-	-	-	-
Agriculture	311	506	-	-	-	-	-	-	311	506
Aerospace	22	213	-	-	272	9	-	-	294	222
Advanced Manufactured Goods & Services	-	-	-	-	41	51	-	-	41	51

GOVERNMENT FUNDING

Given that CCC does not receive Fees for service on DPSA contracts, the Corporation receives an annual parliamentary appropriation of $13.8 million to exclusively fund the operating and administrative expenses incurred for the DPSA. For the three-month period ended June 30, 2025, the Corporation recognized government funding of $3.2 million, a decrease of $2.0 million over the prior year, as an offset to costs incurred for DPSA administration. This is resulting from timing differences associated with the decreased operating and administrative expenses, including exceptional expenses in the prior year associated with the termination of its previous office lease.

OPERATING AND ADMINISTRATIVE EXPENSES

The Corporation's $8.3 million in operating and administrative expenses, for the three-month period ended June 30, 2025, decreased by $2.8 million (over the previous year's $11.1 million). Of the decrease, $2.4 million was driven by accelerated depreciation in the prior year, as a result of the Corporation terminating its previous office lease.

Additionally, workforce compensation and related expenses increased by 10% year-over-year due to the implementation of the new collective bargaining agreement, retroactive to June 1, 2024. This increase was offset by lower spend in most other areas as CCC continues to implement efficiencies in the delivery of its services for the benefit of Canadian exporters.

The Corporation remains committed to delivering operational excellence while employing cost savings measures and prioritizing efficiencies in all aspects of service delivery.

	For the three months ended June 30					
					% of Total	
Operating and administrative expenses ($000s)	**2025**	2024	$ Change	% Change	**2025**	2024
Workforce compensation and related expenses	**$ 5,828**	$ 5,319	$ 509	10%	**71%**	47%
Contract management services	**650**	750	(100)	(13%)	**8%**	7%
Consultants	**533**	813	(280)	(34%)	**6%**	7%
Travel and hospitality	**380**	500	(120)	(24%)	**5%**	5%
Software, hardware and support	**294**	251	43	17%	**4%**	2%
Depreciation*	**264**	2,689	(2,425)	(90%)	**3%**	24%
Rent and related expenses	**205**	279	(74)	(27%)	**2%**	3%
Communications	**102**	310	(208)	(67%)	**1%**	3%
Other expenses	**66**	175	(109)	(62%)	**<1%**	2%
Total Operating and administrative expenses	**$ 8,322**	$ 11,086	$ (2,764)	(25%)	**100 %**	100%

*Prior year depreciation includes accelerated depreciation on right-of-use assets and leasehold improvements resulting from the termination of an office lease in Q4 2023–2024. There is no related expense in the current year. (2024 - $1,707 and $777, respectively).

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 June 30, 2025, total assets of $642.2 million decreased by $37.0 million or 5% from the prior year-end. The decrease is mainly attributable to:

- a decrease in accounts receivable of $40.8 million, due to timing differences between cash receipts from foreign buyers and payments to Canadian exporters, as well as unfavourable exchange rate fluctuations on amounts outstanding.

Total liabilities of $576.1 million decreased by $28.0 million, or 5% from the prior year-end. This decrease is primarily driven by:

- a decrease in advances of $30.8 million, mainly due to the achievement of milestones on Sourcing projects.

The offsetting decreases 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 decreased by $9.0 million, reflecting year-to-date net profit of $1.0 million, reduced by the dividend of $10.0 million declared during the year. These balances include shareholder Contributed Surplus of $10.0 million.

As at (in '000s)	**June 30, 2025**	March 31, 2025	$ Change	% Change
Total assets	**$ 642,211**	$ 679,242	$ (37,031)	(5%)
Total liabilities	**576,121**	604,113	(27,992)	(5%)
Total equity	**66,090**	75,129	(9,039)	(12%)
Total liabilities and equity	**$ 642,211**	$ 679,242	$ (37,031)	(5%)

Dividend declaration

On June 4, 2025, 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.

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 2025–2026 Corporate Plan

CCC's 2025–2026 to 2029–2030 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 expense reduction measures stemming from the Federal Budget 2023.

The Corporation achieved a net profit of $1.0 million, which was in line with the net profit outlined in the plan, which was also $1.0 million.

Several factors contributed to these results:

- greater finance and other income ($3.9 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 fees for service variance ($1.5 million lower than plan) and loss on foreign exchange ($1.7 million greater than plan) which were due to decreases in fees earned on the ABP project and IPC business line, and negative foreign exchange fluctuations, respectively.

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 $0.3 million lower than the initial budget, which correlates with lower than planned DPSA expenses, primarily due to timing of incurred expenses.

The table below presents financial results compared to the Corporate Plan for the three-month period ended June 30, 2025.

	For the three-months ended June 30, 2025				
		Q1	Variance		2025-2026
	Actual (YTD)	CP Target (YTD)	$	%	CP Target
VCS ($000s)	**$ 388,204**	$ 622,500	$ (234,296)	(38%)	$ 2,190,000
CTT ($000s)	**$ 507,768**	$ 781,386	$ (273,618)	(35%)	$ 3,172,885

Net profit ($000s)	**Actual (YTD)**	CP Target (YTD)	Variance $	Variance %	2025-2026 CP Target
Revenues					
Fees for service	**$ 2,195**	$ 3,687	$ (1,492)	(40%)	$ 18,482
Finance and other income	**5,635**	1,784	3,851	>100%	7,154
	7,830	5,470	2,360	43%	25,636
Government funding	**3,176**	3,448	(272)	(8%)	13,792
Expenses					
DPSA expenses *	**3,231**	3,513	(282)	(8%)	14,052
Non-DPSA expenses *	**5,143**	4,434	709	16%	17,736
	8,374	7,947	427	5%	31,788
Gain (loss) on foreign exchange	**(1,671)**	-	(1,671)	>100%	-
Net profit	**$ 961**	$ 971	$ (10)	(1%)	$ 7,639

* Includes current year spending of $270 thousand for innovation and digital transformation investments.

CCC'S COMMITMENT TO RISK MANAGEMENT

CCC's Enterprise Risk Management (ERM) program and framework were enhanced in 2024-2025 to provide a more robust and strategic corporation-wide approach that reflects the increasing complexities of our multi-year projects. The revised framework, which will be continually updated to reflect new and emerging risk profiles, delivers sharper risk definitions and greater coherence with overall risk mapping. The Corporation also added capacity to the Risk Management team, including a Senior Director of Risk Management and Chief Risk Officer, to oversee CCC's risk management program. This addition is expected to bring the maturity of the ERM framework to the next level during the upcoming fiscal year.

Changes to the framework include more robust project-level risk registers and an enhanced approach to transactional risk assessments that establishes clear accountabilities for each risk category and reinforces mitigation strategies, plans, and measurable actions. These changes were supported by comprehensive, organization-wide training to ensure consistent understanding and application across all departments.

CCC monitors fifteen risks under the three broad risk categories: entity-wide, corporate and contracting. Reviewed by the Board of Directors on an annual basis, the renewed ERM framework includes guidance on risk governance, strategic objective setting, performance, communications, and reporting.

RISK GOVERNANCE

Enterprise risk management (ERM) within CCC begins with engaging the Board of Directors in the Corporation's ERM program. The fifteen risks outlined in CCC's ERC framework are regularly reviewed and monitored by Board committees.

Prior to Board review, risk is principally managed through the Senior Management Committee's (SMC) monthly meetings and the separate bi-weekly Risk and Opportunities Committee (ROC) meeting to review contracting risks facing the organization. ROC also reviews export transactions based on contract size and the inherent risk present in the transaction.

CCC's portfolio of export transactions present risks that are managed within the business units and monitored through the Legal and Risk teams, and ultimately audited by internal and external auditors.

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.

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 financial losses, damage to reputation, legal exposure, and CCC's inability to continue operating as a going concern.

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. CCC manages this volatility through sound financial forecasting and expense management.

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 that fails 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 internal 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).

Data Governance (Corporate)

This risk relates to the possibility that CCC fails to effectively protect its commercial, defence-related, employee or 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. In 2024, an updated Enterprise Data Governance program was 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 Steering Committee, which meets monthly and is focused on implementing the Corporation's Information Management and Data Governance program.

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.

In 2023, CCC launched a strategic three-year Human Resources plan to ensure appropriate skill sets and staff levels are available to support CCC's operations. CCC maintains its retention target at or above 85%. CCC actively manages this risk through enhanced human resource management, reporting and oversight. The Corporation regularly reviews its talent requirements and capabilities and makes workforce adjustments as needed to ensure the right capability is in place to respond to increasingly complex contracts.

In addition, CCC performs ongoing workforce review to ensure any retirement or succession risks are effectively managed and mitigated.

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

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

- ***Mandate***

  This risk relates to CCC operating beyond its legislated mandate. Ministerial direction, through the annual Statement of Priorities and Accountabilities, provides the general framework around which the Corporation'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 SMC and the ROC 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 problematic 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.

- ***Facility and personnel security***

  This risk relates to the possibility that CCC fails to effectively safeguard its people, facilities, and continuous delivery of essential services, resulting in personal injury or loss of life, financial losses, damage to reputation, and legal exposure.

  CCC secures its facility and personnel in accordance with the Government of Canada's Policy on Government Security. Regardless of the external situation, CCC has multiple redundancies in place to either work remotely or leverage our Government of Canada partner's offices.

- ***Information systems availability and resilience***

  This risk relates to the possibility that CCC fails to maintain access to critical business information systems, interrupting business operations, resulting in financial losses, damage to reputation, and legal exposure.

  In the event of an interruption to CCC's critical business information systems, CCC ensures availability of all critical business information systems within two days of the event.

- ***Cybersecurity***

  This risk relates to the possibility that CCC fails to protect its information technology systems from cyberattack, resulting in the 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 cybersecurity framework. The objective is to increase to maturity Level 3.5 (over three years/by 2026–2027) by implementing CCC's Cybersecurity 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 systems and processes.

  Ongoing cybersecurity and information management training and exercises aim to ensure that employees are well informed and able to manage these risks appropriately.

- ***Fraud***
  This risk relates to the possibility that a CCC employee(s) conducts an intentional act for personal benefit while conducting CCC business (including collusion and corruption) and that CCC's internal controls framework is not designed or operating effectively to prevent and detect these fraudulent activities from occurring, resulting in financial losses, damage to reputation, and legal exposure.

  CCC has robust internal controls in place to limit risks related to fraud, including a whistleblower policy. This includes regular training campaigns with all CCC employees to detect and avoid external and internal fraudulent activities.

- ***Climate***
  This risk relates to the possibility that CCC is unable to deliver services or maintain its own internal operations due to climate-related events or to achieve net-zero emissions by 2030, resulting in financial losses, damage to reputation, and legal exposure.

  CCC has implemented procedures (e.g., new BCP and enhanced remote work capabilities) that support business continuity to mitigate the impact of climate-related disruptions.

Contracting risk

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

- ***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 results in the ineffective delivery of CCC's services (internal and external facing) leading to financial losses, damage to reputation, and legal exposure. This risk is mitigated through effective onboarding and enhanced training, supervision, and monitoring.

  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.

- ***Contract execution***
  This risk relates to the possibility that CCC fails to execute necessary lead qualification, contract structuring, and contract management requirements in accordance with its policies and processes.

CCC undertakes significant pipeline monitoring, which includes a HR ramp-up plan to move forward with planned staffing, directed training related to professional qualifications, internal job shadowing, and collaboration to share experience (e.g., a lessons learned matrix). Likewise, CCC has effective pursuit teams. CCC ensures that its staff is trained and has the capability to effectively carry out their duties related to contract execution.

Senior management provides appropriate supervision and risk-mitigation oversight throughout the various contract execution phases.

- ***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 each supplier. Management closely monitors and reports on exporter performance on a risk-based approach for each contract.

- ***Foreign buyer and/or third-party performance***
  This risk relates to the possibility that a foreign buyer or third party (e.g., financial institution) fails to execute as per the terms and conditions of their contract, resulting in financial losses, damage to reputation, and legal exposure.

  Through monitoring and mitigation as needed, CCC facilitates foreign buyer and/or third-party performances. The Board shall be notified when an Issues Management Team is created pursuant to the Contract Management Instruction.

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

President and Chief Executive Officer

Juliet Woodfield

Vice-President of Corporate Services and

Chief Financial Officer

Ottawa, Canada

August 21, 2025

CONDENSDED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

Statement of Financial Position (Unaudited)

As at	Notes	June 30, 2025	March 31, 2025
ASSETS			
Current assets			
Cash and cash equivalents	4	**$ 598,892**	$ 595,248
Accounts receivable	5 , 12	**31,680**	72,431
Other assets	6	**2,023**	1,683
		632,595	669,362
Non-current assets			
Property and equipment		**7,331**	7,543
Right-of-use assets	8	**2,285**	2,337
		9,616	9,880
Total assets		**$ 642,211**	$ 679,242
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	7, 12	**$ 32,198**	$ 50,030
Dividend payable	11	**10,000**	-
Advances		**514,463**	545,262
Deferred revenue	8	**3,835**	3,762
Deferred government funding	9	**10,616**	-
Lease liabilities	10	**297**	294
Employee benefits		**490**	467
		571,899	599,815
Non-current liabilities			
Lease liabilities	10	**4,222**	4,298
		4,222	4,298
Total liabilities		**576,121**	604,113
EQUITY			
Contributed capital		**10,000**	10,000
Retained earnings		**56,090**	65,129
Total equity		**66,090**	75,129
Total liabilities and equity		**$ 642,211**	$ 679,242
Lease commitments	10		
Contingencies	17		

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

Authorized for issue on August 21, 2025

Bobby Kwon
President and Chief Executive Officer

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

Statement of Comprehensive Income (Unaudited)

	Notes	For the three months ended June 30 2025	2024
REVENUES			
Fees for service	13	**$ 2,195**	$ 4,031
Finance income		**5,439**	7,338
Other income	14	**196**	42
		7,830	11,411
GOVERNMENT FUNDING			
Parliamentary appropriation	9	**3,176**	5,188
		3,176	5,188
EXPENSES			
Operating and administrative expenses	15	**8,322**	11,086
Finance costs	10	**52**	30
		8,374	11,116
Net profit before gain (loss) on foreign exchange		**2,632**	5,483
Gain (loss) on foreign exchange		**(1,671)**	52
Net profit		**$ 961**	$ 5,535
OTHER COMPREHENSIVE INCOME ITEMS THAT WILL NOT BE RECLASSIFIED TO NET PROFIT			
		-	-
Total comprehensive income		**$ 961**	$ 5,535

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

Statement of Changes in Equity (Unaudited)

For the three months ended June 30, 2025	Note		Contributed Capital		Retained Earnings		Total
BALANCE MARCH 31, 2025		**$**	**10,000**	**$**	**65,129**	**$**	**75,129**
Net profit					**961**		**961**
					-		**-**
Total comprehensive income					**961**		**961**
Dividend	11				**(10,000)**		**(10,000)**
BALANCE JUNE 30, 2025		**$**	**10,000**	**$**	**56,090**	**$**	**66,090**

For the three months ended June 30, 2024	Note		Contributed Capital		Retained Earnings		Total
BALANCE MARCH 31, 2024		$	10,000	$	54,071	$	64,071
Net profit					5,535		5,535
					-		-
Total comprehensive income					5,535		5,535
			-				-
Dividend	11				(10,000)		(10,000)
BALANCE JUNE 30, 2024		$	10,000	$	49,606	$	59,606

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

Statement of Cash Flows (Unaudited)

	Notes	For the three months ended June 30 2025	2024
OPERATING ACTIVITIES			
Net profit		**$ 961**	$ 5,535
Adjustments to determine net cash from (used in) operating activities:			
Depreciation property and equipment		**212**	854
Depreciation right-of-use assets		**52**	1,835
Employee benefit expense		**23**	31
Foreign exchange (gain) loss on cash and cash equivalents		**1,554**	(427)
Change in working capital from:			
Accounts receivable	5 , 12	**40,751**	(20,320)
Other assets	6	**(340)**	(285)
Accounts payable and accrued liabilities	7, 12	**(17,832)**	(61,689)
Advances		**(30,799)**	267,501
Deferred revenue	8	**73**	(365)
Deferred government funding	9	**10,616**	8,605
Cash provided by operating activities before interest		**5,271**	201,275
Interest received			
Interest paid	10		
Cash provided by operating activities		**5,271**	201,275
INVESTING ACTIVITIES			
Additions to property and equipment		**-**	(686)
Cash used in investing activities		**-**	(686)
FINANCING ACTIVITIES			
Principal repayment of lease liabilities	10	**(73)**	(141)
Cash used in financing activities		**(73)**	(141)
Effect of exchange rate changes on cash and cash equivalents		**(1,554)**	427
Net increase (decrease) in cash and cash equivalents		**3,644**	200,875
Cash at the beginning of the year		**595,248**	279,922
Cash and cash equivalents at the end of the period		**$ 598,892**	$ 480,797
Supplementary disclosure of cash flows from operating activities			
Amount of interest received		**$ 3,990**	$ 5,621
Amount of interest paid		**$ 18**	$ 20

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 Canada-U.S. Trade, Intergovernmental Affairs and One Canadian Economy (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, 2025. 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, 2025.

(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 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, 2025.

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 June 30, 2025, in connection with agreements with foreign buyers, CCC holds cash of $64.0 million (March 31, 2025 - $66.6 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 nor has it recorded a corresponding advance amount within liabilities. In addition, the Corporation does not recognize any interest income earned on this cash balance.

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

	June 30, 2025		March 31, 2025	
	Original currency	**Canadian dollars**	Original currency	Canadian dollars
Canadian dollars	**553,592**	**$ 553,592**	545,193	$ 545,193
U.S. dollars	**31,676**	**43,215**	33,275	47,837
Euros	**1,301**	**2,085**	1,390	2,159
Chinese renminbi	**-**	**-**	300	59
		$ 598,892		$ 595,248

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:

	June 30, 2025	March 31, 2025
Accounts receivable	**$ 16,409**	$ 71,769
Accrued receivables	**15,271**	662
	$ 31,680	$ 72,431

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

	June 30, 2025		March 31, 2025	
	Original currency	**Canadian dollars**	Original currency	Canadian dollars
Canadian dollars	**17,813**	**$ 17,813**	37,498	$ 37,498
U.S. dollars	**9,939**	**13,560**	24,299	34,933
		$ 31,680		$ 72,431

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 :

	June 30, 2025	March 31, 2025
Unbilled revenues	**$ 1,232**	$ 1,193
Prepaid expenses	**791**	490
	$ 2,023	$ 1,683

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:

	June 30, 2025		March 31, 2025	
Accounts payable	$	27,914	$	45,583
Accrued liabilities		4,284		4,447
	$	32,198	$	50,030

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

	June 30, 2025			March 31, 2025		
	Original currency		Canadian dollars	Original currency		Canadian dollars
Canadian dollars	22,096	$	22,096	37,785	$	37,785
U.S. dollars	7,402		10,101	8,516		12,243
Chinese renminbi	8		1	8		2
		$	32,198		$	50,030

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:

	June 30, 2025		March 31, 2025	
Balance at the beginning of the year	$	3,762	$	2,529
Plus: additional deferred revenue		1,340		4,391
Less: amounts recognized as Fees for service		(1,030)		(3,159)
Impact of netting unbilled and deferred revenue from same contract		(237)		1
Balance at the end of the period	$	3,835	$	3,762

9. DEFERRED GOVERNMENT FUNDING

A parliamentary appropriation of $13.8 million was authorized for the 2025-2026 fiscal year. This funding is provided through Global Affairs Canada and is to be used exclusively for the costs of administration of the DPSA.

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

	June 30, 2025	March 31, 2025
Balance at the beginning of the year	$ -	$ -
Plus: funding from the Government of Canada	13,792	13,792
Less: government funding revenue recognized	(3,176)	(13,792)
Balance at the end of the period	$ 10,616	$ -

10. LEASE LIABILITIES

The Corporation's leasing activities relate to office space.

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

	June 30, 2025	March 31, 2025
Balance at the beginning of the year	$ 4,592	$ 2,743
Leasehold improvement allowance reimbursement	-	2,201
Interest expense	50	190
Lease payments	(123)	(542)
Balance at the end of the period	$ 4,519	$ 4,592

Interest expense related to lease liabilities are included in finance cost. The Corporation's operating and administrative expenses include $145 (2024 — $222) related to variable lease payments not included in the measurement of lease liabilities. For the three-month period ended June 30, 2025, and June 30, 2024, 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, 2025.

The Corporation is not subject to externally imposed capital requirements.

On June 4, 2025, the Corporation's Board of Directors approved the issuance of a dividend of $10.0 million (2024 - $10.0 million) payable to its shareholder.

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

	June 30, 2025	March 31, 2024
Contributed capital	$ 10,000	$ 10,000
Retained earnings	56,090	65,129
	$ 66,090	$ 75,129

12. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

As described in the Corporation's Annual Report and audited financial statements for the year ended March 31, 2025, 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 June 30, 2025, 56% (March 31, 2025 — 98%) 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, 2025 — 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:

	June 30, 2025	March 31, 2025
Canada	**$ 17,764**	$ 38,991
United States	**12,099**	32,344
Asia *	**1,310**	1,045
Europe	**374**	4
Central America and Caribbean	**133**	39
South America	**-**	8
	$ 31,680	$ 72,431

* 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:

	June 30, 2025	March 31, 2025
< 30 days	**$ 3,377**	$ 19,907
> 30 days and < 180 days	**4,848**	36,571
> 180 days	**1,320**	1,507
	$ 9,545	$ 57,985

All overdue accounts receivable are considered fully collectable as at June 30, 2025, 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, 2025 — $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, 2025, subject to extension by the Minister of Finance or the approval of a corporate plan. As at June 30, 2025, the draw on this line of credit was nil (March 31, 2025 — 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:

	June 30, 2025	March 31, 2025
< 1 year	**$ 32,198**	$ 50,030
	$ 32,198	$ 50,030

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 June 30	
	2025	2024
International business	**$ 896**	$ 3,004
Lottery programs	**214**	201
	$ 1,110	$ 3,205
Government of Canada initiatives	**1,085**	826
	$ 2,195	$ 4,031

(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 June 30, 2025. 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.

	June 30, 2025
< 1 year	**$ 16,438**
> 1 year	**43,917**
	$ 60,355

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 June 30	
	2025	2024
Miscellaneous income	**$ 171**	$ 20
Discounting income	**25**	22
	$ 196	$ 42

15. OPERATING AND ADMINISTRATIVE EXPENSES

Operating and administrative expenses are as follows:

	For the three months ended June 30	
	2025	2024
Workforce compensation and related expenses	**$ 5,828**	$ 5,319
Contract management services	**650**	750
Consultants	**533**	813
Travel and hospitality	**380**	500
Software, hardware and support	**294**	251
Depreciation*	**264**	2,689
Rent and related expenses	**205**	279
Communications	**102**	310
Other expenses	**66**	175
Total Operating and administrative expenses	**$ 8,322**	$ 11,086

*Prior year depreciation includes accelerated depreciation on right-of-use assets and leasehold improvements resulting from the termination of an office lease in Q4 2023–2024. There is no related expense in the current year. (2024 - $1,707 and $777, respectively).

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 June 30, 2025, was $8.8 billion (March 31, 2025 — $9.3 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 June 30, 2025, 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 $4.4 billion (March 31, 2025 — $4.4 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 June 30, 2025, 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.