DEFENCE CONSTRUCTION CANADA

2024–2025 THIRD QUARTER FINANCIAL REPORT

PERIOD ENDED DECEMBER 31, 2024

Management's Discussion and Analysis, and Unaudited Condensed Interim Financial Statements

DEFENCE CONSTRUCTION CANADA

CONSTRUCTION DE DÉFENSE CANADA

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MANAGEMENT'S DISCUSSION AND ANALYSIS

This management's discussion and analysis (MD&A) outlines the financial results and operational changes for the third quarter ended December 31, 2024, for Defence Construction Canada (the "Corporation" or "DCC"). This discussion should be read in conjunction with the unaudited condensed interim financial statements for the period ended December 31, 2024.

The Corporation prepared this quarterly report as per the requirements of the *Financial Administration Act*. This statute requires all federal Crown corporations to prepare and make public a report within 60 days of the end of each fiscal quarter. These statements were prepared in accordance with International Accounting Standard 34, Interim Financial Reporting, and the Treasury Board of Canada's Directive on Accounting Standards: GC 5200 Crown Corporations Quarterly Financial Reports, and are reported in Canadian dollars. The Corporation also recommends that this information be read in conjunction with the Corporation's MD&A and annual financial statements for the year ended March 31, 2024 (the "*Annual Report 2023–2024*"). DCC management is responsible for the information presented in the MD&A and unaudited condensed interim financial statements.

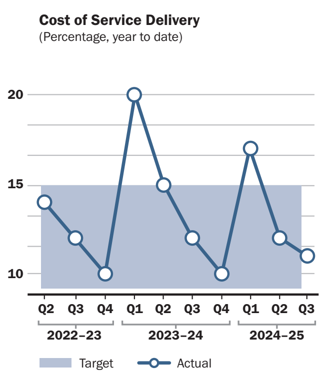
In the following analysis, all references to the third quarter refer to the three months ended December 31, 2024. All references to the previous year's third quarter relate to the three months ended December 31, 2023. All references to the year-to-date period refer to the nine months ended December 31, 2024. All references to the previous year-to-date period refer to the nine months ended December 31, 2023. All references to the previous year end relate to March 31, 2024.

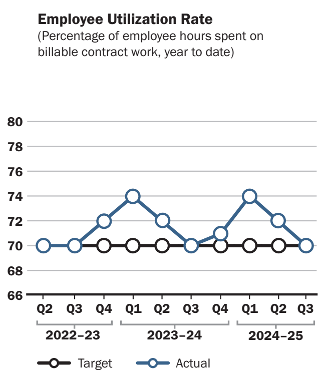
1.0 CORPORATE PROFILE

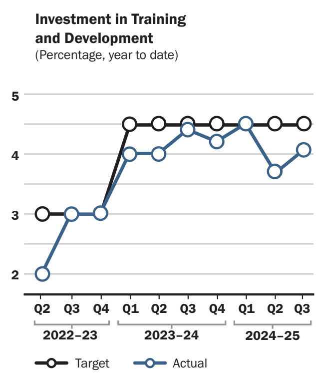
DCC is a Crown corporation that procures and delivers defence infrastructure and environmental projects. DCC's principal mandate is to meet the infrastructure, real property and environmental needs of the Department of National Defence and the Canadian Armed Forces (DND/CAF) by advising on, collaboratively planning, procuring and managing defence contracts.

2.0 OPERATIONAL PERFORMANCE INDICATORS

Operational performance indicator	Nine months ended December 31, 2024	Target
Cost of DCC service delivery	**11%**	9% to 15%
Employee utilization rate	**70%**	70%
Investment in training and development	**4.1%**	4.5%







3.0 RISK MANAGEMENT

There have been no material changes to the corporate risks identified by management and discussed in Section 5.0, Risk Management, of the MD&A in DCC's *Annual Report 2023–2024*.

4.0 FINANCIAL PERFORMANCE

4.1 FINANCIAL RESULTS

	Three months ended December 31		Change		Nine months ended December 31		Change	
(in thousands of dollars)	**2024**	2023	**$**	**%**	**2024**	2023	**$**	**%**
Services revenue	**$ 47,100**	$ 43,013	4,087	10%	**$ 145,624**	$ 131,951	13,673	10%
Travel and disbursement revenue	**1,125**	1,008	117	12%	**3,040**	3,014	26	1%
Investment revenue	**747**	713	34	5%	**2,296**	1,931	365	19%
Total revenue	**48,972**	44,734	4,238	9%	**150,960**	136,896	14,064	10%
Salaries and employee benefits	**42,864**	38,504	4,360	11%	**129,853**	116,228	13,625	12%
Operating and administrative expenses	**3,964**	3,468	496	14%	**10,966**	10,192	774	8%
Travel and disbursement expenses	**1,125**	1,008	117	12%	**3,040**	3,014	26	1%
Depreciation of right-of-use assets	**302**	320	(18)	-6%	**910**	931	(21)	-2%
Depreciation of property, plant and equipment	**131**	136	(5)	-4%	**400**	354	46	13%
Amortization of intangible assets	**15**	7	8	114%	**49**	16	33	206%
Finance costs	**62**	65	(3)	-5%	**194**	181	13	7%
Total expenses	**48,463**	43,508	4,955	11%	**145,412**	130,916	14,496	11%
Net income and comprehensive income	**$ 509**	$ 1,226	(717)	-58%	**$ 5,548**	$ 5,980	(432)	-7%

Services revenue was $47 million in the third quarter, an increase of $4 million or 10% from the previous year's third quarter. For the year-to-date period, services revenue was $146 million, an increase of $14 million or 10% over the previous year-to-date period. The increases were due to an increase in demand for services from the Client-Partners, combined with a billing rate increase of 3.25%.

The increases in salaries and employee benefits were mainly due to an increase of approximately 6% (or 71) in full-time equivalents (FTEs) when compared with the same period in the previous year, in response to increased demand from the Client-Partners. The remaining increase was due to annual compensation adjustments related to economic factors, performance pay and benefits.

Operating and administrative expenses were $4 million in the third quarter. For the year-to-date period, operating and administrative expenses totalled $11 million. Professional services totalled $684,000 in the third quarter, an increase of $400,000 or 141% when compared with the previous year's third quarter. The increase was related to services in support of the Client-Partners and the launch of the Corporation's new intranet. For the year-to-date period, professional services totalled $2 million, an increase of $565,000 or 51% when compared with the previous year-to-date period. The increase was related to services in support a Client-Partner and internal auditor services.

Cloud computing services totalled $573,000 in the third quarter, an increase of $95,000 or 20% over the previous year's third quarter. For the year-to-date period, cloud computing services totalled $2 million, an increase of $123,000 or 8% over the same period in 2023–24. The increases were due to higher costs for managed cloud services.

Equipment rental costs totalled $329,000 in the third quarter, an increase of $68,000 or 26% over the previous year's third quarter. Equipment rental costs in the year-to-date period totalled $952,000, an increase of $219,000 or 30% over the previous year-to-date period. The increases were due to computer equipment leases for new employees required to meet increased demand from the Client-Partners.

4.2 LIQUIDITY AND CAPITAL RESOURCES

DCC's financial and cash management policy is discussed in the *Annual Report 2023–2024*.

CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents and investments totalled $77 million at December 31, 2024, an increase of $7 million or 11% from March 31, 2024.

The cash and cash equivalents balance at December 31, 2024, was $24 million, a decrease of $3 million or 10% from March 31, 2024. In the nine-month period after March 31, 2024, the Corporation generated $8 million from operating activities, spent $91,000 on capital expenditures, acquired investments for a net amount of $10 million and paid $686,000 for lease obligations.

As at December 31, 2024, DCC's overall cash balance was within its 2024–25 targeted operating cash reserves of $22 to $30 million.

Investments (both current and long term) at December 31, 2024, were $53 million, an increase of $10 million from the previous year end. The increase was due to the purchase of guaranteed investment certificates (GICs) and provincial bonds.

Liquidity and capital resources	**As at**		**Change**	
(in thousands of dollars)	**December 31, 2024**	March 31, 2024	**$**	**%**
Cash and cash equivalents	$ **23,655**	$ 26,169	(2,514)	-10%
Investments	**53,327**	43,374	9,953	23%
Cash and cash equivalents and investments	$ **76,982**	$ 69,543	7,439	11%

4.3 ACTUAL PERFORMANCE VERSUS PLAN

The following table compares the Corporation's actual performance in the year-to-date period with the projections in the Corporate Plan (the Plan). The Corporation's actual performance compared with that forecasted in the Plan was generally better than anticipated.

Services revenue for the period was $519,000 higher than projected in the Plan. The increase was due to higher-than-anticipated demand for services from the Client-Partners.

Salaries and employee benefit costs were 1% higher than projected in the Plan. Salaries were higher than planned due to higher-than-expected overtime hours as a result of higher-than-anticipated demand for services from the Client-Partners.

Operating and administrative expenses were 11% lower than projected. The Corporation has engaged in various cost-saving and efficiency initiatives to support the Government of Canada's spending reduction targets.

	Nine months ended December 31, 2024		Change	
(in thousands of dollars)	**Actual**	Corporate Plan	**$**	**%**
Revenue				
Services revenue	**$ 145,624**	$ 145,105	519	0%
Travel and disbursement revenue	**3,040**	2,383	657	28%
Investment revenue	**2,296**	2,016	280	14%
Total revenue	**$ 150,960**	$ 149,504	1,456	1%
Expenses				
Salaries and employee benefits	**$ 129,853**	$ 129,032	821	1%
Operating and administrative expenses	**10,966**	12,362	(1,396)	-11%
Travel and disbursement expenses	**3,040**	2,383	657	28%
Depreciation and amortization	**1,359**	1,799	(440)	-24%
Finance costs	**194**	191	3	2%
Total expenses	**$ 145,412**	$ 145,767	(355)	0%
Net income and comprehensive income	**$ 5,548**	$ 3,737	1,811	48%
Capital expenditures	**$ (63)**	$ 3,154	(3,217)	*
Contract expenditures	**$ 1,009,416**	$ 809,435	199,981	25%

**The change was not meaningful.*

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

MANAGEMENT RESPONSIBILITY STATEMENT

Management is responsible for the preparation and fair presentation of these condensed interim financial statements in accordance with International Accounting Standard 34, Interim Financial Reporting, and the Treasury Board of Canada Directive on Accounting Standards: GC 5200 Crown Corporations Quarterly Financial Reports. Management is also responsible for such internal controls as it determines are necessary to enable the preparation of condensed interim financial statements that are free from material misstatement. In addition, management is responsible for ensuring that all other information in this quarterly financial report is consistent, as appropriate, with the condensed interim financial statements. Based on our knowledge, these unaudited condensed interim 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 condensed interim financial statements.

Original signed by

Derrick Cheung
President and Chief Executive Officer

Marie-Josée Lacombe, CPA
Vice-President, Finance and Human Resources, and Chief Financial Officer

Ottawa, Canada
February 28, 2025

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

		As at	
(in thousands of dollars)	Notes	**December 31, 2024**	March 31, 2024
Assets			
Cash and cash equivalents		**$ 23,655**	$ 26,169
Investments	6, 14	**9,193**	5,740
Accrued revenue	9	**2,940**	—
Trade receivables	14	**35,703**	35,194
Prepaid and other assets		**2,225**	1,300
Other receivables	14	**2,429**	1,887
Current assets		**$ 76,145**	$ 70,290
Investments	6, 14	**44,134**	37,634
Property, plant and equipment	7	**2,260**	2,620
Intangible assets		**112**	161
Right-of-use assets	13	**5,481**	6,494
Non-current assets		**$ 51,987**	$ 46,909
Total assets		**$ 128,132**	$ 117,199
Liabilities			
Trade and other payables	14	**$ 22,402**	$ 22,907
Deferred revenue	9	**4,675**	920
Employee benefits	8	**865**	781
Lease obligations	13	**695**	973
Current liabilities		**$ 28,637**	$ 25,581
Employee benefits	8	**40,925**	38,085
Lease obligations	13	**5,757**	6,268
Non-current liabilities		**$ 46,682**	$ 44,353
Total liabilities		**$ 75,319**	$ 69,934
Equity			
Share capital: Authorized (1,000 common shares of no par value); issued (32 common shares)		**—**	—
Retained earnings		**52,813**	47,265
Total equity		**$ 52,813**	$ 47,265
Total liabilities and equity		**$ 128,132**	$ 117,199

Commitments: See Note 13. Contingent liabilities: See Note 15.

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

CONDENSED INTERIM STATEMENT OF PROFIT AND OTHER COMPREHENSIVE INCOME

		Three months ended December 31		Nine months ended December 31	
(in thousands of dollars)	Notes	**2024**	2023	**2024**	2023
Services revenue	9	**$ 47,100**	$ 43,013	**$ 145,624**	$ 131,951
Travel and disbursement revenue		**1,125**	1,008	**3,040**	3,014
Investment revenue		**747**	713	**2,296**	1,931
Total revenue		**48,972**	44,734	**150,960**	136,896
Salaries and employee benefits		**42,864**	38,504	**129,853**	116,228
Operating and administrative expenses	10	**3,964**	3,468	**10,966**	10,192
Travel and disbursement expenses		**1,125**	1,008	**3,040**	3,014
Depreciation of right-of-use assets	13	**302**	320	**910**	931
Depreciation of property, plant and equipment	7	**131**	136	**400**	354
Amortization of intangible assets		**15**	7	**49**	16
Finance costs	13	**62**	65	**194**	181
Total expenses		**48,463**	43,508	**145,412**	130,916
Net income and comprehensive income		**$ 509**	$ 1,226	**$ 5,548**	$ 5,980

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

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

	Three months ended December 31		Nine months ended December 31	
(in thousands of dollars)	**2024**	2023	**2024**	2023
Share capital	**$ —**	$ —	**$ —**	$ —
Retained earnings				
Balance as at the beginning of the period	**52,304**	44,857	**47,265**	40,103
Net income and comprehensive income	**509**	1,226	**5,548**	5,980
Balance as at the end of the period	**$ 52,813**	$ 46,083	**$ 52,813**	$ 46,083
Equity	**$ 52,813**	$ 46,083	**$ 52,813**	$ 46,083

CONDENSED INTERIM STATEMENT OF CASH FLOWS

		Three months ended December 31		Nine months ended December 31	
(in thousands of dollars)	Notes	**2024**	2023	**2024**	2023
Cash flow provided by operating activities					
Net income		**$ 509**	$ 1,226	**$ 5,548**	$ 5,980
Adjustments to reconcile net income to cash provided by (used in) operating activities					
Employee benefits expensed	8	**1,116**	999	**3,348**	2,996
Employee benefits paid	8	**(145)**	(130)	**(424)**	(491)
Depreciation of right-of-use assets	13	**302**	320	**910**	931
Depreciation of property, plant and equipment	7	**131**	136	**400**	354
Amortization of intangible assets		**15**	7	**49**	16
Accretion of investment premiums		**(88)**	(55)	**(221)**	(152)
Amortization of investment premiums		**10**	12	**33**	42
Change in non-cash operating working capital					
Trade receivables		**925**	4,641	**(509)**	1,429
Other receivables		**591**	(281)	**(542)**	(560)
Prepaid and other assets		**451**	177	**(925)**	(185)
Accrued revenue		**(112)**	(397)	**(2,940)**	(3,386)
Trade and other payables		**(1,945)**	(171)	**(454)**	2,536
Deferred revenue		**1,258**	1,440	**3,755**	4,288
Net cash flows provided by operating activities		**$ 3,018**	$ 7,924	**$ 8,028**	$ 13,798
Cash flows provided by (used in) investing activities					
Acquisition of investments	6	**(11,501)**	—	**(12,501)**	(2,400)
Redemption and disposition of investments	6	**1,000**	—	**2,736**	2,106
Acquisition of property, plant and equipment	7	**(6)**	(43)	**(91)**	(1,010)
Acquisition of intangible assets		**—**	(145)	**—**	(145)
Net cash flows used in investing activities		**$ (10,507)**	$ (188)	**$ (9,856)**	$ (1,449)
Cash flows used in financing activities					
Repayment of lease obligations	13	**(228)**	(339)	**(686)**	(995)
Net cash flows used in financing activities		**$ (228)**	$ (339)	**$ (686)**	$ (995)
Increase in cash and cash equivalents during the period		**(7,717)**	7,397	**(2,514)**	11,354
Cash and cash equivalents at the beginning of the period		**31,372**	20,520	**26,169**	16,563
Cash and cash equivalents at the end of the period		**$ 23,655**	$ 27,917	**$ 23,655**	$ 27,917

Supplemental cash flow information: See Note 11.

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

NOTICE TO READERS

These condensed interim financial statements have not been audited or reviewed by an external auditor and must be read in conjunction with the most recent financial statements for the year ended March 31, 2024, and with the management's discussion and analysis (MD&A) included in this quarterly financial report.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

Unless otherwise stated, all amounts are in thousands of Canadian dollars.

1. DESCRIPTION OF BUSINESS AND OBJECTIVES

Defence Construction (1951) Limited ("the Corporation") was incorporated under the *Companies Act* in 1951 pursuant to the authority of the *Defence Production Act* and continued under the *Canada Business Corporations Act*. The Corporation's Head Office is located at 350 Albert Street, Ottawa, Ontario, Canada. The Corporation is an agent Crown corporation named in Part 1 of Schedule III to the *Financial Administration Act*. In 1980, under the Federal Identity Program, the Corporation was provided "Defence Construction Canada" as an applied title. Since 1996, responsibility for the Corporation has rested with the Minister of Public Services and Procurement.

The mandate of the Corporation is to provide procurement, construction, professional, operations and maintenance services in support of the defence of Canada. The prime, but not exclusive, beneficiary of the Corporation's services is the Department of National Defence (DND). The Corporation also provides services to the Canadian Forces Housing Agency, Communications Security Establishment, Shared Services Canada, and Public Services and Procurement Canada. Revenue is generated from fees charged for specific services provided.

2. BASIS OF PREPARATION AND PRESENTATION

The Corporation prepared these condensed interim financial statements in accordance with International Accounting Standard 34 (IAS 34), Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), and the Treasury Board of Canada's Directive on Accounting Standards: GC 5200 Crown Corporations Quarterly Financial Reports. As permitted under IAS 34, these condensed interim financial statements do not include all of the disclosures required for annual financial statements and should be read in conjunction with the Corporation's audited financial statements for its fiscal year ended March 31, 2024, and the current quarter's MD&A.

The condensed interim financial statements have been prepared according to the International Financial Reporting Standards (IFRS) effective when these statements were prepared. The statements have been prepared on a historical cost basis, except as permitted by the IFRS and as otherwise indicated in these notes.

3. SUMMARY OF ACCOUNTING POLICIES

These condensed interim financial statements follow the same accounting policies and methods of computation described in the notes to the Corporation's audited financial statements for the year ended March 31, 2024. The accounting policies have been applied consistently to all periods presented, unless otherwise indicated.

4. CRITICAL ACCOUNTING ESTIMATES

Under the Corporation's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors considered relevant. Actual results may differ from the judgments, estimates and assumptions.

The estimates and underlying assumptions are reviewed regularly. Revisions to accounting estimates are recognized in the period in which the estimates are revised, when the revision affects only that period, or in the period of the revision and future periods, when the revision affects both current and future periods. Critical judgments and key sources of estimation uncertainty are disclosed in the notes to the Corporation's annual financial statements for the year ended March 31, 2024.

5. STANDARDS, AMENDMENTS AND INTERPRETATIONS

The Corporation actively monitors new and amended IASB standards. The IASB did not issue any such standards that had an impact on the Corporation's condensed interim financial statements.

6. INVESTMENTS

Investments consist of Canadian provincial bonds with effective interest rates ranging from 1.2% to 4.6% (coupon rates ranging from 2.6% to 4.6%) and guaranteed investment certificates (GICs) with effective interest rates ranging from 1.1% to 5.1% (coupon rates ranging from 1.1% to 5.1%).

The maturity dates of the bonds vary from May 2025 to March 2031, and those of the GICs from March 2025 to December 2029, and the Corporation intends to hold all of them to maturity. The carrying amounts, measured at the amortized cost and fair value of these investments, are shown in the following table.

	As at	
	December 31, 2024	March 31, 2024
Current portion	$ **9,193**	$ 5,740
Long-term portion	**44,134**	37,634
Total investments	$ **53,327**	$ 43,374

	As at	
Carrying amount at amortized cost	**December 31, 2024**	March 31, 2024
Provincial bonds	$ **14,947**	$ 10,707
Federal bonds (Note 14)	**—**	1,000
Guaranteed investment certificates	**38,380**	31,667
	$ **53,327**	$ 43,374

The fair value of the investments can be determined by (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1); (b) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) (Level 2); and (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3). The fair values of the investments are not quoted in an active market but rather are determined from quoted prices from a decentralized, over-the-counter market, which is considered Level 2 in the fair value hierarchy.

The current portion of investments consists of instruments maturing in the next 12 months.

	As at	
Fair value	**December 31, 2024**	March 31, 2024
Provincial bonds	**$ 14,873**	$ 10,491
Federal bonds (Note 14)	**—**	984
Guaranteed investment certificates	**39,293**	31,848
	$ 54,166	$ 43,323

	As at December 31, 2024					
	Effective interest rate	**Coupon interest rate**	**Less than one year**	**One to five years**	**Over five years**	**Total**
Obligations						
Provincial bonds	1.2% to 4.6%	2.6% to 4.6%	$ 3,653	$ 7,286	$ 4,008	**$ 14,947**
Guaranteed investment certificates	1.1% to 5.1%	1.1% to 5.1%	5,540	32,840	—	**38,380**
			$ 9,193	**$ 40,126**	**$ 4,008**	**$ 53,327**

7. PROPERTY, PLANT AND EQUIPMENT

The changes in property, plant and equipment are shown in the following table.

Cost	**Computer equipment**	**Furniture and fixtures**	**Leasehold improvements**	**Total**
Balance as at March 31, 2024	$ 700	$ 1,490	$ 2,773	$ 4,963
Additions	—	40	—	40
Disposals	—	(6)	—	(6)
Balance as at December 31, 2024	**$ 700**	**$ 1,524**	**$ 2,773**	**$ 4,997**
Accumulated depreciation				
Balance as at March 31, 2024	$ 637	$ 926	$ 780	$ 2,343
Depreciation	25	147	228	400
Disposals	—	(6)	—	(6)
Balance as at December 31, 2024	**$ 662**	**$ 1,067**	**$ 1,008**	**$ 2,737**
Net book value, by asset class				
Net book value as at March 31, 2024	$ 63	$ 564	$ 1,993	$ 2,620
Net book value as at December 31, 2024	**$ 38**	**$ 457**	**$ 1,765**	**$ 2,260**

There was no impairment of property, plant and equipment.

8. EMPLOYEE BENEFITS

Post-employment and other long-term employee benefits represent the Corporation's liability for the estimated costs of sick leave for employees, retirement allowance for certain employees at retirement, and health, dental and life insurance benefits for retirees. The benefit plan is not funded and thus has no assets, resulting in a plan deficit equal to the accrued benefit obligation.

The significant actuarial assumptions are disclosed in the annual financial statements for the year ended March 31, 2024. The measurement date for the last actuarial valuation of the provision for employee benefits was March 31, 2023. The next actuarial valuation is planned for March 2026 or sooner, as required.

	As at	
	December 31, 2024	March 31, 2024
Current portion	**$ 865**	$ 781
Long-term portion	**40,925**	38,085
Total employee benefits	**$ 41,790**	$ 38,866

Movements in the present value of the defined benefits obligation during the year were as follows.

Balance as at March 31, 2024	**$ 38,866**
Current service cost	**1,838**
Interest on present value of obligation	**1,510**
Employee benefit premiums	**(424)**
Balance as at December 31, 2024	**$ 41,790**

Amounts recognized in the Condensed Interim Statement of Profit and Comprehensive Income for the period in respect of this benefit plan are as follows.

	Three months ended December 31		Nine months ended December 31	
	2024	2023	**2024**	2023
Current service cost	**$ 613**	$ 560	**$ 1,838**	$ 1,679
Interest on present value of obligation	**503**	439	**1,510**	1,317
Employee benefit expenses	**$ 1,116**	$ 999	**$ 3,348**	$ 2,996

9. REVENUE RECOGNITION

9.1 ACCOUNTING POLICY

Accrued revenue arises when, at a reporting date, the services delivered through fixed-fee service-level arrangements exceed the amount of revenue invoiced.

9.2 SEGMENTED AND DISAGGREGATED REVENUE INFORMATION

In reviewing the performance of the Corporation, management analyzes revenue by region, by activity and by type of contract (time based vs. fixed fee). The following tables disaggregate revenue by major activity and by region.

	Three months ended December 31, 2024						
	Activity						
Region	**Contract Management**	**Project and Program Management**	**Real Property Technical Support**	**Contracting**	**Construction Technical Support**	**Environmental Technical Support**	**Total revenue, by region**
Atlantic	$ 2,895	$ 1,177	$ 485	$ 517	$ 674	$ 821	$ 6,569
Quebec	3,328	1,538	664	444	485	486	6,945
National Capital	3,101	4,744	1,638	134	148	623	10,388
Ontario	4,149	1,347	1,250	643	1,277	827	9,493
Western	3,899	1,452	701	759	427	173	7,411
Pacific	2,185	1,144	289	388	232	424	4,662
Head Office	60	33	389	629	520	1	1,632
Total revenue, by activity	**$ 19,617**	**$ 11,435**	**$ 5,416**	**$ 3,514**	**$ 3,763**	**$ 3,355**	**$ 47,100**

	Three months ended December 31, 2023						
	Activity						
Region	Contract Management	Project and Program Management	Real Property Technical Support	Contracting	Construction Technical Support	Environmental Technical Support	Total revenue, by region
Atlantic	$ 2,696	$ 1,047	$ 454	$ 465	$ 449	$ 789	$ 5,900
Quebec	3,097	1,491	692	483	501	521	6,785
National Capital	2,233	4,439	1,578	167	172	440	9,029
Ontario	3,648	1,297	873	623	1,369	703	8,513
Western	3,475	1,344	551	712	380	272	6,734
Pacific	2,375	1,293	338	327	206	364	4,903
Head Office	71	20	138	561	359	—	1,149
Total revenue, by activity	$ 17,595	$ 10,931	$ 4,624	$ 3,338	$ 3,436	$ 3,089	$ 43,013

	Nine months ended December 31, 2024						
	Activity						
Region	**Contract Management**	**Project and Program Management**	**Real Property Technical Support**	**Contracting**	**Construction Technical Support**	**Environmental Technical Support**	**Total revenue, by region**
Atlantic	$ 9,006	$ 3,795	$ 1,442	$ 1,574	$ 2,046	$ 2,533	$ 20,396
Quebec	9,880	4,532	2,106	1,478	1,616	1,710	21,322
National Capital	9,388	14,703	5,355	416	501	1,884	32,247
Ontario	12,221	4,275	3,742	2,196	4,041	2,666	29,141
Western	11,648	4,318	2,124	2,404	1,382	629	22,505
Pacific	7,593	3,745	992	1,242	680	1,409	15,661
Head Office	188	78	887	1,720	1,478	1	4,352
Total revenue, by activity	**$ 59,924**	**$ 35,446**	**$ 16,648**	**$ 11,030**	**$ 11,744**	**$ 10,832**	**$ 145,624**

	Nine months ended December 31, 2023						
	Activity						
Region	Contract Management	Project and Program Management	Real Property Technical Support	Contracting	Construction Technical Support	Environmental Technical Support	Total revenue, by region
Atlantic	$ 8,113	$ 3,305	$ 1,473	$ 1,538	$ 1,464	$ 2,609	$ 18,502
Quebec	9,274	4,260	1,952	1,395	1,380	1,600	19,861
National Capital	6,987	13,068	5,206	468	514	1,327	27,570
Ontario	11,966	4,206	2,817	1,939	3,632	2,250	26,810
Western	10,608	4,399	1,627	2,292	966	841	20,733
Pacific	7,661	3,653	957	1,023	605	1,110	15,009
Head Office	204	93	411	1,600	1,158	—	3,466
Total revenue, by activity	$ 54,813	$ 32,984	$ 14,443	$ 10,255	$ 9,719	$ 9,737	$ 131,951

The following tables disaggregate revenue by region and contract type.

Time-based revenue	Three months ended December 31		Nine months ended December 31	
Region	**2024**	2023	**2024**	2023
Atlantic	**$ 2,229**	$ 1,364	**$ 6,234**	$ 4,158
Quebec	**2,875**	2,331	**7,808**	6,466
National Capital	**8,781**	7,668	**27,065**	23,462
Ontario	**3,060**	2,206	**8,896**	6,568
Western	**2,193**	1,359	**5,623**	3,954
Pacific	**1,603**	1,214	**4,741**	3,716
Head Office	**1,151**	710	**2,901**	2,181
Total time-based revenue	**$ 21,892**	$ 16,852	**$ 63,268**	$ 50,505

Fixed-fee revenue	Three months ended December 31		Nine months ended December 31	
Region	**2024**	2023	**2024**	2023
Atlantic	**$ 4,340**	$ 4,536	**$ 14,162**	$ 14,344
Quebec	**4,070**	4,454	**13,514**	13,395
National Capital	**1,607**	1,361	**5,182**	4,108
Ontario	**6,433**	6,307	**20,245**	20,242
Western	**5,218**	5,375	**16,882**	16,779
Pacific	**3,059**	3,689	**10,920**	11,293
Head Office	**481**	439	**1,451**	1,285
Total fixed-fee revenue	**$ 25,208**	$ 26,161	**$ 82,356**	$ 81,446
Total revenue	**$ 47,100**	$ 43,013	**$ 145,624**	$ 131,951

As at December 31, 2024, $4,675 (March 31, 2024, $920) in deferred revenue was related to performance obligations that have not yet been satisfied. Management expects the balance to be recognized as revenue by March 31, 2025. The changes in deferred revenue for the nine-month period are shown in the following table.

	December 31, 2024	March 31, 2024
Balance as at the beginning of the period	**$ 920**	$ 1,299
Recognition of deferred revenue	**(333)**	(749)
Amounts invoiced and revenue deferred	**4,088**	370
Balance as at the end of the period	**$ 4,675**	$ 920

10. OPERATING AND ADMINISTRATIVE EXPENSES

Operating and administrative expenses for the year are detailed in the following table.

	Three months ended December 31		Nine months ended December 31	
	2024	2023	**2024**	2023
Professional services	**$ 684**	$ 284	**$ 1,673**	$ 1,108
Cloud computing services	**573**	478	**1,723**	1,600
Software maintenance	**519**	456	**1,538**	1,375
Employee training and development	**505**	525	**1,266**	1,199
Equipment rental	**329**	261	**952**	733
Leased location operating costs	**280**	291	**787**	805
Travel	**264**	263	**594**	633
Office services, supplies and equipment	**180**	206	**496**	514
Telephone and data communications	**173**	176	**497**	511
Hospitality	**108**	96	**242**	200
Furniture and equipment	**99**	80	**182**	331
Client services and communications	**90**	133	**331**	350
Recruiting	**59**	59	**227**	276
Memberships and subscriptions	**42**	27	**102**	85
Computer hardware	**24**	51	**84**	138
Postage and freight	**13**	10	**28**	27
Staff relocation	**10**	57	**135**	166
Computer software	**6**	7	**77**	110
Other	**4**	7	**26**	30
Leasehold improvements	**2**	1	**6**	1
Total operating and administrative expenses	**$ 3,964**	$ 3,468	**$ 10,966**	$ 10,192

11. SUPPLEMENTAL OPERATING CASH FLOW INFORMATION

	Three months ended December 31		Nine months ended December 31	
	2024	2023	**2024**	2023
Interest received from investments	**$ 417**	$ 331	**$ 1,182**	$ 951
Interest received from bank deposits	**$ 325**	$ 375	**$ 1,103**	$ 967
Interest charges on lease obligations	**$ 62**	$ 65	**$ 194**	$ 181
Acquisition of property, plant and equipment not paid	**$ —**	$ (69)	**$ —**	$ —

12. FINANCIAL INSTRUMENTS AND RELATED RISK MANAGEMENT

12.1 CREDIT RISK

Credit risk is the risk that one party to a financial instrument might not meet its obligations under the terms of the financial instrument. The carrying value of financial assets subject to credit risk as at December 31, 2024, was $115,117 (March 31, 2024, $106,629) and represented the Corporation's maximum exposure to credit risk.

The Corporation does not use credit derivatives or similar instruments to mitigate this risk and, as such, the maximum exposure is the full carrying value or face value of the financial asset. The Corporation minimizes credit risk on cash by depositing the cash only with reputable and high-quality financial institutions.

The Corporation has no significant exposure to credit risk on trade receivables, since all of the trade receivables are due from departments of the Government of Canada. The Corporation is exposed to concentration risk in relation to trade receivables with DND, as described in Note 14. Based on historic default rates and the aging analysis, the Corporation believes that there are no requirements for an expected credit loss.

Other assets consist of balances related to travel advances to employees and computer loans to employees. Prepaids are not included in other assets.

The following table shows the fair value through profit or loss (FVTPL) of the financial assets subject to credit risk.

	As at December 31, 2024		
	FVTPL	**Amortized cost**	**Total carrying amount**
Cash and cash equivalents	$ 23,655	$ —	$ 23,655
Investments	—	53,327	53,327
Trade receivables	—	35,703	35,703
Other receivables	—	2,429	2,429
Other assets	—	3	3
Total financial assets	**$ 23,655**	**$ 91,462**	**$ 115,117**

	As at March 31, 2024		
	FVTPL	Amortized cost	Total carrying amount
Cash and cash equivalents	$ 26,169	$ —	$ 26,169
Investments	—	43,374	43,374
Trade receivables	—	35,194	35,194
Other receivables	—	1,887	1,887
Other assets	—	5	5
Total financial assets	$ 26,169	$ 80,460	$ 106,629

12.2 LIQUIDITY RISK

Liquidity risk is the risk that an entity will encounter difficulty in meeting its obligations associated with financial liabilities. The carrying value of financial liabilities for trade and other payables as at December 31, 2024, was $12,608 (March 31, 2024, $13,469) and was equal to the contractual cash flows representing the maximum exposure of the Corporation. The Corporation manages its liquidity risk by monitoring and managing its cash flow from operations and anticipated investing activities. The liquidity risk is low, since the Corporation does not have debt instruments and derives its cash flow from services offered to the Government of Canada. All trade and other payables mature within six months or less. Trade and other payables consist of balances owed to suppliers. Commodity taxes payable and accrued vacation and overtime are not included in trade and other payables. In addition, as at December 31, 2024, the Corporation's financial assets exceeded its financial liabilities by $102,509 (March 31, 2024, $93,160).

The Corporation's financial liabilities, including estimated interest payments, were due to mature entirely within six months or less as at December 31, 2024.

12.3 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 prices. It comprises three types of risk: currency risk, interest rate risk and other price risk. The Corporation's financial assets and financial liabilities are not exposed to fluctuations in currency risk or other price risk, given their underlying nature and characteristics.

The Corporation is exposed to fluctuations in interest rates on its investments. As at December 31, 2024, all of the investments ($53,327) were in fixed interest-bearing instruments (March 31, 2024, $43,374). Fluctuations in the interest rate would affect the fair value of the instruments. Management intends to hold these instruments until maturity. The Corporation has determined that the market risk is not significant.

13. LEASES

13.1 RIGHT-OF-USE ASSETS

The Corporation's right-of-use assets comprise office space and facilities for information technology (data warehouses). The Corporation has included extension options in the measurements of its lease liability when it is reasonably certain it will exercise the extension option.

The changes in right-of-use assets are shown in the following table.

	Office space leases	Data warehouse leases	Total
Balance as at March 31, 2024	$ 6,239	$ 255	$ 6,494
Modifications	(103)	—	(103)
Depreciation	(818)	(92)	(910)
Balance as at December 31, 2024	**$ 5,318**	**$ 163**	**$ 5,481**

13.2 LEASE OBLIGATIONS

	As at	
	December 31, 2024	March 31, 2024
Current portion	**$ 695**	$ 973
Long-term portion	**5,757**	6,268
Total lease obligations	**$ 6,452**	$ 7,241

Balance as at March 31, 2024	$ 7,241
Modifications	(103)
Payments	(880)
Interest expense	194
Balance as at December 31, 2024	**$ 6,452**

The following table shows the contractual undiscounted cash flows for lease obligations as at December 31, 2024.

One year or less	$	915
Between one and two years	$	741
Between two and five years	$	2,275
Over five years	$	3,717
Total	**$**	**7,648**

The following table shows the breakdown of lease payments for the periods ended December 31, 2024. Variable lease payments consist of amounts for operating costs, property taxes and insurance. There were no expenses relating to short-term leases, and expenses relating to leases of low-value assets were immaterial.

	Three months ended December 31		**Nine months ended December 31**	
	2024	2023	**2024**	2023
Variable lease payments	**$ 280**	$ 291	**$ 787**	$ 805
Total cash outflow for leases	**$ 570**	$ 695	**$ 1,667**	$ 1,981
Principal repayment on lease obligations	**$ 228**	$ 339	**$ 686**	$ 995

14. RELATED-PARTY TRANSACTIONS AND BALANCES

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 its stated mandate. These transactions are measured at fair value, which is the actual amount of the consideration given or received for the services provided. The Corporation's services revenue in the third quarter totalled $47,100, compared with $43,013 in the same period in 2023–24, and was generated from services provided to entities owned by the Government of Canada. For the year-to-date period, this revenue totalled $145,624, compared with $131,951 for the previous year-to-date period. The amounts due to and from related parties are included in trade receivables, and in trade and other payables, respectively, and are shown in the following table.

	As at	
	December 31, 2024	March 31, 2024
Due from:		
Department of National Defence (DND)	**$ 33,006**	$ 32,955
Canadian Forces Housing Agency	**2,321**	1,844
Communications Security Establishment	**352**	361
Shared Services Canada	**24**	34
	$ 35,703	$ 35,194

Due to:		
Department of Justice Canada	**$ 191**	$ 32
Public Services and Procurement Canada	**2**	113
Shared Services Canada	**—**	2
	$ 193	$ 147

The Corporation incurs expenses with other Government of Canada departments. These transactions totalled $345 for the third quarter, compared with $130 in the same period in 2023–24. The transactions totalled $625 for the year-to-date period of 2024–25, compared with $611 in the same period in 2023–24. Of these expenses, the Corporation recovered $329 from the Client-Partners in the third quarter and $592 in the year-to-date period.

In accordance with the memorandum of understanding between DND and the Corporation, DND is to provide office accommodations free of charge to the Corporation's service delivery personnel at DND-owned bases and wings and at other locations. Where office space is not provided, and for the Corporation's service delivery personnel who cannot be accommodated at a DND-owned facility, accommodation costs are recovered either as an out-of-pocket reimbursable disbursement or through the hourly billing rates established for the services provided.

On March 2, 2022, the Corporation purchased a bond for $1,002 issued by the Canada Mortgage and Housing Corporation. The bond matured on December 15, 2024. As at March 31, 2024, the carrying value was $1,000. The Corporation earned investment revenue of $4 from the bond during the third quarter, compared with $5 in the same period in 2023–24 and $13 during the year-to-date period, compared with $14 in the same year-to-date period in 2023–24.

15. CONTINGENT LIABILITIES

The Corporation's efforts to resolve disputes are reflected in the number and value of claims before the courts. As at December 31, 2024, there were 13 ongoing claims totalling $17,837. These were related to contracts the Corporation had put in place on behalf of its Client-Partners. As at March 31, 2024, there were 12 ongoing claims totalling $10,659.

In accordance with the memorandum of understanding between the Corporation and DND, DND accepts the legal and financial risks associated with claims resulting from third-party contracts put in place by the Corporation. Therefore, the financial risk associated with settling these contractual claims does not have any financial impact on the Corporation, and the Corporation does not consider it necessary to record any provision in its financial statements relating to these particular legal claims.