



FEDERAL BRIDGE CORPORATION
SOCIÉTÉ DES PONTS FÉDÉRAUX

QUARTERLY FINANCIAL REPORT

1st QUARTER (Q1) – UNAUDITED

For the three months ended June 30, 2024

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1.0 INTRODUCTION

This interim financial report outlines the significant activities and initiatives, risks and financial results of The Federal Bridge Corporation Limited (FBCL) for the three-month period ended June 30, 2024. This interim financial report has been prepared in accordance with the requirements of the *Financial Administration Act* and the Standard on Quarterly Financial Reports for Crown Corporations issued by the Treasury Board Secretariat and with International Financial Reporting Standards (IFRS) 34, *Interim Financial Reporting*. It should be read in conjunction with the interim unaudited condensed consolidated financial statements and related notes, included herein. Unless otherwise indicated, all amounts are expressed in Canadian dollars.

1.1 Forward-looking Statements

Readers are cautioned that this report includes certain forward-looking information and statements. These forward-looking statements contain information that is generally stated to be anticipated, expected or projected by the FBCL. They involve known and unknown risks, uncertainties and other factors, which may cause the actual results and performance of the FBCL to be materially different from any future results and performance expressed or implied by such forward-looking information.

1.2 Materiality

In assessing what information is to be provided in the interim financial report, management applies the materiality principle as guidance for disclosure. Management considers information material if it is probable that its omission or misstatement, judged in the surrounding circumstances, would influence the economic decisions of the FBCL's stakeholders.

2.0 CORPORATE OVERVIEW

The FBCL is a parent Crown corporation that operates at arm's length from the federal government. Headquartered in Ottawa, the Corporation is responsible for Canadian federal interests at four of the eleven international bridges in Ontario. The FBCL is a bridge corporation enabling Canada's trade, tourism and bi-national interests with the United States. It is of acute national interest, enabling essential daily Canadian-U.S. trade, supporting its economies and guaranteeing resilience of the supply chain.

The corporate operational structure allows the FBCL to manage all bridges as a portfolio, sharing staff, expertise, support infrastructure, revenues, expenses and best practices through a common administrative framework for the collective benefits of the four assets.

Bridge operations for the Blue Water Bridge and the Seaway International Bridge are administered directly, or through a subsidiary, by the FBCL, whereas the FBCL provides a liaison function through local bridge authorities for the operations of the Sault Ste. Marie International Bridge and the Thousand Islands International Bridge.

2.1 Mandate

The FBCL's mandate, approved by the Minister of Transport, is to provide the highest level of stewardship so that its international bridges and associated structures are safe and efficient for users.

The business or undertaking of the Corporation is limited to the following:

- a) The design, construction, acquisition, financing, maintenance, operation, management, development, repair, demolition or reconstruction of bridges or other related structures, facilities, works or properties, including approaches, easements, power or communication transmission equipment, pipelines integrated with any such bridge, other related structure, facility, work, or property, linking the Province of Ontario in Canada to the State

of New York or the State of Michigan in the United States of America, either alone, jointly or in cooperation with any other person, legal entity or governmental authority in Canada or in the United States of America;

b) The design, construction, acquisition, financing, maintenance, operation, management, development, repair, demolition or reconstruction of other bridges or other related structures, facilities, works or properties, as the Governor in Council may deem appropriate, on such terms and conditions as the Governor in Council may determine; and

c) Any business, undertaking or other activities incidental to any bridge, or other related structure, facility, work or property contemplated in paragraph (a) or (b).

For the foregoing purposes, the Corporation has, subject to the *Financial Administration Act*, the *Canada Business Corporations Act*, and its mandated articles, as amended from time to time, the capacities and powers of a natural person.

2.2 Outlook

The Corporation has adopted a portfolio management approach to deliver its mandate. It is not a portfolio of corporations but rather one parent Crown corporation overseeing a portfolio of federal assets, which are used in pursuit of public policy objectives. Key aspects of the portfolio management approach include:

- Funds surplus to operating requirements are used for capital re-investment in all portfolio bridges in support of public policy objectives;
- Revenues are centrally recognized, with each bridge established as a cost centre;
- Operational and maintenance expenditures of each bridge are based on common best practices;
- Integrated long-term capital plans are developed as a basis for capital prioritization and annual capital budgeting; and,
- Shared knowledge and expertise across the portfolio.

The establishment of this management approach provides a unique opportunity to look at all possibilities, both through adopting best practices and a comprehensive common approach within the portfolio and through identifying broader strategic opportunities.

Traffic volumes are still in various states of recovery to pre-pandemic volumes across all international bridge crossings, and the FBCL's portfolio of bridges is no different. Through prudent understanding of the drivers of traffic at each crossing, the FBCL continues to monitor and assess the impact of lower than normal volumes on its plans in the hopes to start rebuilding its much needed capital reserves in order to ensure the longevity of its bridges and associated infrastructure.

As stewards of four of Canada's international bridge crossings, it is necessary to invest prudently in the maintenance, rehabilitation and, at times, complete replacement of bridge and bridge plaza assets. For the upcoming year, the FBCL has received parliamentary appropriations, in whole or in part, for paving and repair of the Blue Water Bridge, cable protection wrapping and approach paving to the Lansdowne Canadian bridge, as well as various capital equipment and projects at the Cornwall location. The significant construction projects in the quarter included:

- a) **Cornwall:** Multiple repairs to the administrative building are planned this fiscal year, which were started in Q1.
- b) **Lansdowne:** Works on ensuring the longevity of the suspension cables of the Thousand Islands International Bridge began, in addition to replacing pivotal bridge components. This project will be completed in the second and third quarters.

- c) **Point Edward:** Rehabilitation work on the second span of the Blue Water Bridge was initiated and is anticipated to be completed in the second and third quarters.
- d) **Sault Ste. Marie:** There were no major construction works in the first quarter.

2.3 Significant Changes

There have been no significant and material changes occurring during the three months ended June 30, 2024, related to operations, personnel and programs of FBCL. In June, Her Excellency the Governor General in Council, on her recommendation of the Minister of Transport and the Treasury Board transferred the administration of certain federal real property from the Minister of Transport to the Corporation, without consideration. These lands relate to the location of the SIBC toll facilities and North Channel Bridge. These lands were previously utilized for operations via a Memorandum of Understanding between Transport Canada and the Corporation.

3.0 RISK MANAGEMENT

CORPORATE RISK

In line with good governance practices, the FBCL updates and revises its Enterprise Risk Management on an ongoing basis, identifying and including any changes in the FBCL's environment. In order to address the risks within the FBCL's corporate risk profile, effective risk mitigation strategies and action plans are developed, under the oversight of assigned members of executive management, to reduce the risk exposure to an acceptable and manageable level.

Management monitors progress on the implementation of the mitigation strategies developed as part of the Enterprise Risk Management and reports to the Board of Directors on a regular basis. The ongoing risk of decreased Tolls and Leasing revenue is considered a significant risk as it directly affects the FBCL's ability to meet its strategic objectives. Additionally, there is a high financial exposure at the Seaway International Bridge Corporation (SIBC) due to the volume of toll exempt passage and continued operating deficits. The FBCL continues dialogue with the Government of Canada on possible funding options for the FBCL and SIBC as well as reviews toll adjustments and other revenue generation sources.

FINANCIAL RISK

Throughout the past 4+ years, traffic volumes have been measurably lower than pre-pandemic volumes, with no commensurate decrease in expenses. This meant that previous cash reserves have been used to finance operations. To partially compensate for this, the Corporation has received a mix of capital funding and limited operating funding in recent years. Management continues to closely monitor its cash position by only incurring essential operating expenses and crucial capital works. Currently there is no approved funding after March 31, 2025, however, the Corporation anticipates requesting additional appropriations as part of the upcoming Corporate Plan cycle.

In recent years, SIBC has been facing a major financial risk as paying passenger traffic volumes are sharply down due to an overall regional bi-national manufacturing decline, the value of the Canadian dollar and limited commercial traffic at that location. Operational efforts, however, remain the same as Crown-mandated toll-free passage traffic crossing the bi-national region is at an all-time high. The combination of these factors has strained SIBC financial resources for some time. The Corporation continues to proactively engage partners and stakeholders in anticipation of establishing a long-term strategy for SIBC that is mutually beneficial to SIBC and its hosting communities.

In August, S&P Global Ratings reaffirmed its long-term issuer credit and senior unsecured debt rating at A+ with a stable outlook. This continued strong third-party analysis of the FBCL's financial state and the outlook is anchored in a number of continued themes. These include the low debt load in place at the organization, its strong links with the federal government, and the strong management and governance that is in place at the FBCL.

The overall level of the FBCL's debt is forecasted to decline as balances are repaid at regular intervals. The FBCL's strategy is to take on as little debt as necessary and to continue to make all loan and bond payments as they come due while closely monitoring its cash and investments to determine the most prudent path forward. The FBCL wishes to maintain a strong debt service coverage ratio, at the same time.

While the FBCL has some control over toll rates, it must be noted that most international bridges are managed jointly under international agreements with U.S. partners. From a revenue perspective, the ability to unilaterally change toll rates for additional revenue is subject to variances in governance policies between Canada and the United States. The toll rates at Blue Water Bridge (for USA-bound traffic) were updated on April 1, 2023, Thousand Islands International Bridge were updated on March 1, 2023, and at Sault Ste. Marie and Cornwall on April 1, 2024.

On the expenditure front, whereas Canadian bridge owners must comply with the *Customs Act* (Section 6) and the *Health of Animals Act* to provide the CBSA and CFIA with facilities, similar expenses for the U.S. Customs and Border Protection organization are not the responsibility of the American bridge owners/operators. In addition, given the Crown agreements providing toll-free passage for members of the indigenous community, this section of the *Customs Act* is not applied at the bridge in Cornwall, as the operational burden financed through non-competitive tolling would effectively threaten the facility's financial sustainability.

ESG AND CLIMATE-RELATED RISKS

FBCL is firmly committed in its international bridge operations to minimizing its impact on the environment, to ensure a financially resilient future and to the respect of its employees, stakeholders and host communities. In 2023-24, FBCL has formalized an Environmental, Social, and Governance (ESG) Framework in its international bridge operations as well as establishing its base year for carbon inventory. In the next two fiscal years, the Corporation will complete its analysis including establishing formal objectives to reach its carbon reduction goals.

4.0 QUARTERLY RESULTS

4.1 Results of Operations

SEASONAL TRENDS

Traffic on the FBCL's portfolio of bridges has traditionally experienced seasonal variations. From a revenue perspective, the period of May to October has a greater number of transits. In the November to April timeframe, there are historically a lower number of transits resulting in lower toll revenues. This demand pattern is principally a result of leisure travellers, favourable weather and a preference for travel between the late spring and early fall months.

Economic conditions in Canada and the United States also have an important influence on international vehicle traffic by way of commercial truck traffic, which has a significantly higher toll rate. These economic conditions are less variable on a seasonal basis but more a result of the business climate in each country.

In regards to its expenses, the FBCL incurs important annual maintenance and asset rehabilitation costs during the construction season spanning the first three quarters of the fiscal year. These planned expenses can be influenced by varying weather conditions depending on the timing of the onset of the winter climate. Expenses for operations and administration are not considered to have important seasonal variations.

STATEMENT OF COMPREHENSIVE INCOME

Revenue and government funding ('000s)			
	For the three months ending		
	June 30 2024 (unaudited)	June 30 2023 (unaudited)	Variance
Tolls	9,226	8,475	751
Thousand Islands International Bridge	2,056	2,103	(47)
Leases and permits	805	712	93
Interest	296	183	113
Gain on investements	16	29	(13)
Other	72	180	(108)
Total revenue	12,471	11,682	789
Government funding	1,217	1,179	38

Tolls and Thousand Islands International Bridge: Toll revenues are affected by traffic volumes, by the Canadian dollar exchange rate vs US dollar, and changes in toll rates.

Traffic volumes

During the first quarter of 2024-25, overall truck volumes have increased by 5% and passenger vehicles have increased by 10% when compared to the first quarter of 2023-24. Truck volumes, by bridge, varied between a decrease of 7% to an increase of 8%, while passenger cars, per bridge, varied between an increase of 6% to 19%.

Given that the commercial traffic bases at the Sault Ste. Marie and Seaway International bridges normally constitute only 5% of traffic loads, these operations have been significantly impacted by COVID-19 restrictions to non-essential travel. Worsening the situation at the Seaway International Bridge is the requirement to maintain normal operating levels in support of the more than 75% of toll-exempt travelers that depend on the bridge in order to access the necessities of life. In the first quarter, as compared to the prior year, paid passenger volumes at these locations have increased by 19% and 11%, respectively, and commercial volumes at these locations have remained the same and decreased by 7%, respectively. However, the passenger volumes when compared to the pre-pandemic volumes are 21% and 13% lower, respectively (prior Q1 – 33% and 21%, respectively).

For the Thousand Islands International Bridge, commercial vehicles typically make up about 20% of the crossing's users. In the first quarter, as compared to the prior year, passenger volumes are up by 7% and commercial volumes are consistent. Passenger volumes are now less than 2% down as compared to pre-pandemic levels (prior Q1 – 9%).

The Blue Water Bridge is Canada’s second busiest commercial border crossing. In the first quarter, as compared to the prior year, commercial volumes are up by 8%. On the passenger side, volumes are up by 6%, however, they are still only 72% of pre-pandemic volumes (prior Q1 – 68%).

Canadian vs. US dollar exchange rate

The exchange rate for the first quarter of 2024-25 was US\$1.00 : CDN\$1.37 on average, whereas the exchange rate for the first quarter of 2023-24 was US\$1.00 : CDN\$1.34. The FBCL reviews the currency parity of the tolls rates at its bridge locations to ensure that the rates are fair in both currencies and may adjust the rates in order to minimize any foreign currency loss on toll revenues.

Changes in toll rates

Toll rates were updated at the bridges in Sault Ste. Marie and Cornwall effective April 1, 2024, in Thousand Islands effective March 1, 2023, and in Point Edward effective April 1, 2023.

Leases and permits: The most significant leases are from the Duty Free stores in Point Edward, Thousand Islands, and Sault Ste. Marie, of which a significant portion of these lease revenues are based on a percentage of sales of goods. Typically as passenger volumes increase so will Duty Free contingent lease revenue.

Interest, Gain on investments, and Other: There are no significant changes when compared to the prior year.

Government funding: The government funding recognized in revenues consists of amortization of deferred capital funding in the amount of \$1.0 million for the first quarter of 2024-25 (\$0.9 million for the first quarter of 2023-24) and \$0.2 million for the first quarter of 2024-25 relating to the operating expenses of the Seaway International Bridge (\$0.2 million for the first quarter of 2023-24). Refer to the Reporting on Use of Parliamentary Appropriations section below for more information.

Operating and interest expense ('000s)			
	For the three months ending		
	June 30 2024 (unaudited)	June 30 2023 (unaudited)	Variance
Operations	2,479	2,308	171
Thousand Islands International	1,817	1,788	29
Maintenance	3,581	3,564	17
CBSA & CFIA operations	2,076	2,023	53
Administration	1,937	1,739	198
Additional funding of SIBC operations	93	110	(17)
Total expenses	11,983	11,532	451
Interest expense	521	641	(120)

Historically, the FBCL recognizes 50% of revenues and expenses of the Seaway International Bridge in accordance with the international agreements. In 2023-24 and 2024-25 the remaining 50% of the deficit is funded by the Government of Canada and is therefore included as an expense.

The Interim Unaudited Condensed Consolidated Statement of Comprehensive Income presents operating expenses by function as this represents how management monitors its expenses internally against budgets.

Operations: Operations expense relates to the collection of toll revenue, security and traffic management. The increase is caused by increased salaries and benefits in part due to operational needs, bank charges for collecting electronic sources of toll revenue, and maintenance fees for the new toll systems.

Thousand Islands International Bridge: The expenses represent the FBCL's share of expenses as a result of the international agreement pertaining to the crossing at the Thousand Islands. There is no significant variance in expenses to the prior year.

Maintenance: Maintenance expenses relate to the maintenance, upkeep and repairs of the FBCL's assets. While there is no significant variance to the prior year, depreciation is lower by \$0.1 million due to a revision to useful lives offset by an increase in salaries of \$0.1 million.

CBSA/CFIA: The FBCL is required to provide facilities and certain maintenance of these facilities at some of its crossings to the CBSA and the CFIA, for which there is no related revenue. There is no significant variance in expenses to the prior year.

Administration: Administration expenses relate to the management and oversight of the operations of the individual crossings and the Corporation. Prior year turnover of administrative positions represent the increase.

Interest expense: As the FBCL makes regular payments on its bank loans and bonds payable, the interest expense decreases.

STATEMENT OF FINANCIAL POSITION

Consolidated Statement of Financial Position (\$000's)			
	June 30	March 31	
	2024	2024	
	(Unaudited)	(Audited)	Variance
Assets			
Financial assets	30,305	24,026	6,279
Non-financial assets	342,433	342,529	(96)
Total assets	372,738	366,555	6,183
Liabilities			
Current liabilities	19,086	16,854	2,232
Non-current liabilities	135,576	132,838	2,738
Total liabilities	154,662	149,692	4,970
Total equity	218,076	216,863	1,213

Financial Assets: Financial assets consist of cash and cash equivalents, investments, and receivables. Cash flow from operations is \$4.2 million before considering changes in working capital. The change in working capital generates an additional \$2.4 million. Of this amount \$0.1 million and \$4.4 million was used to pay debt obligations and purchase capital assets, respectively. Parliamentary appropriations of \$4.0 million were recorded to purchase capital assets.

Non-financial Assets: Non-financial assets consist primarily of property and equipment and investment properties and also include prepaid expenses, intangible assets and lessor inducement. Capital asset purchases are \$4.4 million while depreciation of \$4.4 million has been recorded.

Current Liabilities: Current liabilities have increased due to the timing of when payments are made. Trade and other payables are higher by \$2.5 million due to multiple ongoing capital projects.

Non-current Liabilities: Deferred government funding has increased by \$2.8 million which is composed of the net of new funding offset by funding amortized to revenue.

4.2 Financial Performance against Corporate Plan

FBCL's 2024-25 Corporate Plan has not yet been tabled in Parliament. For this reason, no comparison to Corporate Plan is currently presented. The Corporate Plan is anticipated to be tabled in early October 2024.

4.3 Reporting on Use of Appropriations

As part of the *Appropriations Act No. 2, 2024-25*, which passed as legislation by the House of Commons on June 13, 2024, \$17.9 million was granted to the FBCL under vote 1. Of this amount, the FBCL has claimed \$0.2 million in appropriations for operating expenses in the first quarter and \$4.0 million for capital. Capital funding is expected to be fully utilized in the fiscal year and operating appropriations will be used to compensate the Seaway International Bridge Corporation's deficit.

In the prior year, as part of the *Appropriations Act No. 2, 2023-24*, which passed as legislation by the House of Commons on June 22, 2023, \$7.4 million was granted to the FBCL under vote 1. Of this amount, the FBCL had claimed \$0.2 million in appropriations for operating expenses in the first quarter of the prior year and nil for capital.

5.0 FBCL INTERIM UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended June 30, 2024

The FBCL's interim unaudited condensed consolidated financial statements have been prepared by management reviewed by the Finance and Audit Committee and approved by the Board of Directors. The FBCL's external auditors have not audited nor reviewed these interim unaudited condensed consolidated statements.

5.1 Statement of Management Responsibility

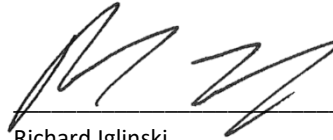
Management of The Federal Bridge Corporation Limited is responsible for the preparation and fair presentation of these interim unaudited condensed consolidated financial statements in accordance with the Treasury Board of Canada *Standard on Quarterly Financial Reports for Crown Corporations* and International Financial Reporting Standard 34 *Interim Financial Reporting*, and for such internal controls as management determine are necessary to enable the preparation of the interim unaudited condensed consolidated financial statements. Management is also responsible for ensuring all other information in this interim financial report is consistent, where appropriate, with the restated interim unaudited condensed consolidated financial statements.

The Federal Bridge Corporation Limited completed the consolidation of the interim unaudited financial statements and establishes and maintains appropriate internal controls for that purpose. To prepare its interim unaudited condensed consolidated financial statements, the management of The Federal Bridge Corporation Limited relies on unaudited financial information provided by its wholly-owned subsidiary, The Seaway International Bridge Corporation Ltd., as well as unaudited financial information provided by its international partners. The financial information provided by the subsidiary and the international partners, as well as the internal controls established and maintained to collect such information, are the responsibility of each of these entities' management.

Based on our knowledge, these unaudited condensed consolidated 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 interim unaudited condensed consolidated financial statements.



Natalie Kinloch
Chief Executive Officer



Richard Iglinski
Chief Financial Officer

Ottawa, Canada
August 22, 2024

5.2 Interim Unaudited Condensed Consolidated Statement of Financial Position

as at June 30, 2024

(in thousands of Canadian dollars)

Notes	June 30, 2024 unaudited \$	March 31, 2024 audited \$
Assets		
Current Assets		
	13,571	11,397
	13,766	9,757
	2,968	2,872
	1,577	1,579
	31,882	25,605
Non-Current Assets		
6	324,260	324,181
	16,426	16,595
	14	15
	156	159
	340,856	340,950
	372,738	366,555
Total Assets		
Liabilities		
Current Liabilities		
	4,263	1,726
	873	1,319
	82	-
	1,850	1,905
	400	400
	7,191	7,191
	225	203
	4,202	4,110
	19,086	16,854
Non-Current Liabilities		
	723	760
	8,667	8,767
	20,166	20,166
	359	420
	98,931	96,104
	6,730	6,621
	135,576	132,838
Equity		
	-	-
	218,084	216,900
	(8)	(37)
	218,076	216,863
	372,738	366,555
Total Equity and Liabilities		

5.3 Interim Unaudited Condensed Consolidated Statement of Comprehensive Income

for the three-month period ended June 30, 2024

(in thousands of Canadian dollars)

	June 30, 2024	June 30, 2023
	unaudited	unaudited
	\$	\$
Revenue		
Tolls and services	9,226	8,475
Thousand Islands International Bridge revenue	2,056	2,103
Leases and permits	805	712
Interest	296	183
Gain on investments	16	29
Other	72	180
Total Revenue	12,471	11,682
Expenses		
Operations	2,479	2,308
Thousand Islands International Bridge expenses	1,817	1,788
Maintenance	3,581	3,564
Canada Border Security Agency & Canadian Food Inspection Agency operations	2,076	2,023
Administration	1,937	1,739
Additional funding of SIBC operations	93	110
Total Expenses	11,983	11,532
Operating Income Before Government Funding	488	150
Government Funding		
Amortization of deferred capital funding	1,033	948
Funding with respect to operating expense	184	231
Total Government Funding	1,217	1,179
Non-Operating Items		
Interest expense	(521)	(641)
Total Non-Operating Income	(521)	(641)
Net Income	1,184	688
Other Comprehensive Income (Loss)		
Items that may be reclassified subsequently to net income		
Revaluation gain on fair value through other comprehensive income investments	45	4
Cumulative gain reclassified to income on sale of fair value through other comprehensive income investments	(16)	(29)
Total Other Comprehensive Income (Loss)	29	(25)
Total Comprehensive Income for the Period	1,213	663

5.4 Interim Unaudited Condensed Consolidated Statement of Changes in Equity

for the three-month period ended June 30, 2024

(in thousands of Canadian dollars)

	Retained Earnings	Accumulated Other Comprehensive Income	Total
	unaudited	unaudited	unaudited
	\$	\$	\$
Balance, April 1, 2023	213,672	(9)	213,663
<i>Total Comprehensive Income:</i>			
Net Income	688	-	688
<i>Other Comprehensive Income:</i>			
Revaluation gain on fair value through other comprehensive income investments	-	4	4
Cumulative gain reclassified to income on sale of fair value through other comprehensive income investments	-	(29)	(29)
Other Comprehensive Loss total	-	(25)	(25)
Total Comprehensive Income	688	(25)	663
Balance at June 30, 2023	214,360	(34)	214,326
Balance, March 31, 2024	216,900	(37)	216,863
<i>Total Comprehensive Income:</i>			
Net income	1,184	-	1,184
<i>Other Comprehensive Income:</i>			
Revaluation gain on fair value through other comprehensive income investments	-	45	45
Cumulative gain reclassified to income on sale of fair value through other comprehensive income investments	-	(16)	(16)
Other Comprehensive Income total	-	29	29
Total Comprehensive Income	1,184	29	1,213
Balance at June 30, 2024	218,084	(8)	218,076

5.5 Interim Unaudited Condensed Consolidated Statement of Cash Flows

for the three-month period ended June 30, 2024

(in thousands of Canadian dollars)

	June 30, 2024	June 30, 2023
	unaudited	unaudited
	\$	\$
Cash Flows from Operating Activities		
Net income	1,184	688
Adjustments for:		
Amortization of deferred capital funding	(1,033)	(948)
Depreciation of property and equipment	4,276	4,435
Depreciation of intangible assets	1	5
Depreciation of investment properties	169	177
Gain on sale of investments	(16)	(29)
Change in employee benefits	(337)	130
	4,244	4,458
Changes in Non-cash Working Capital:		
Trade and other receivable	(96)	69
Lessor inducement	3	2
Prepays	2	334
Trade and other payables	2,537	659
Holdbacks	82	-
Deferred revenue	(92)	(54)
	2,436	1,010
Net cash generated by Operating Activities	6,680	5,468
Cash Flows from Investing Activities		
Payments for property and equipment	(4,355)	(319)
Government funding related to acquisitions of property and equipment	3,952	-
Proceeds on sale of investments	68	2,046
Purchase of investments	(4,032)	(4,206)
Net cash used for Investing Activities	(4,367)	(2,479)
Cash Flows from Financing Activities		
Repayment of loans payable	(100)	(100)
Payment of lease liability	(39)	(59)
Net cash used for Financing Activities	(139)	(159)
Net increase in cash and cash equivalents	2,174	2,830
Cash and cash equivalents, beginning of period	11,397	7,508
Cash and cash equivalents, end of period	13,571	10,338

1. AUTHORITY AND ACTIVITIES

The Federal Bridge Corporation Limited (the “Corporation”) is a *Canada Business Corporations Act* (CBCA) corporation listed in Schedule III Part 1 of the *Financial Administration Act* (FAA). It is an agent of Her Majesty, not subject to income tax under the provisions of the *Income Tax Act*. It is a parent Crown Corporation that reports to the Parliament of Canada through the Minister of Transport. The Corporation resulted, on February 1, 2015, from an amalgamation between the legacy The Federal Bridge Corporation Limited (the “legacy FBCL”), which was a parent Crown corporation, with its subsidiary, St. Mary’s River Bridge Company (SMRBC), on January 27, 2015, and with another parent Crown corporation Blue Water Bridge Authority (BWBA). This was done in accordance with the authorities provided by the *Economic Action Plan 2013 Act, No. 2*. The remaining planned amalgamation in this Act, with the Corporation’s wholly owned subsidiary, The Seaway International Bridge Corporation Ltd. (SIBC), has not been realized to date.

The Corporation’s primary activities involve the ownership and operation of four international bridges linking the Province of Ontario in Canada to the State of New York or the State of Michigan in the United States of America (U.S.). Moreover, the Corporation may also undertake other activities incidental to the bridge business.

The Corporation’s wholly-owned subsidiary, SIBC, operates the Seaway International Bridge Crossing in Cornwall as a joint operation per agreement between the Corporation as Canadian owner and The St. Lawrence Seaway Development Corporation (SLSDC) as U.S. owner. As a Crown Corporation, SIBC is also subject to the same authorities as the Corporation. The Corporation is also a party to two other agreements for the operation of the international bridges. In regards to the Sault Ste. Marie International Bridge, this agreement is with the U.S. owner, the Michigan Department of Transportation (MDOT). The bridge oversight is through a joint international entity, Sault Ste. Marie Bridge Administration (SSMBA), and its operation is done by the International Bridge Authority (IBA), an entity of MDOT. The agreement applicable to the operations of the Thousand Islands International Bridge is also with the U.S. owner, the Thousand Islands Bridge Authority (TIBA), an entity of Jefferson County, State of New York. At the crossing between Point Edward, Ontario, and Port Huron, Michigan, the Corporation owns and operates the Canadian portion of the crossing. The U.S. side of the crossing is owned and operated by MDOT.

By Order in Council P.C. 2015-31 dated January 26, 2015, the Corporation was granted all necessary approvals of the *International Bridges and Tunnels Act* for the purposes of ownership and management of the international bridges under the Corporation’s portfolio. The *Customs Act, section 6* requires the Corporation to provide, equip and maintain, free of charge, adequate buildings, accommodations or other facilities for the CBSA. A similar provision in the *Plant Protection Act* mandates similar support for the CFIA based at the land crossings. The subsidiary, SIBC, is also subject to the *Canada Marine Act* for the purposes of the management of the international bridge that crosses the St. Lawrence River.

The registered office of the Corporation is 55 Metcalfe, Suite 200, Ottawa, Ontario K1P 6L5.

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

The Corporation’s interim unaudited condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting* (IAS 34) and do not include all of the information required for a full annual consolidated financial statements. The interim unaudited condensed consolidated financial statements should be read in conjunction with the Corporation’s audited consolidated financial statements for the year ended March 31, 2024. These interim unaudited condensed consolidated financial statements follow the same accounting policies and methods of application as disclosed in Note 2 of the Corporation’s audited consolidated financial statements for the year ended March 31, 2024.

3. SEASONALITY

Traffic on the FBCL's portfolio of bridges has traditionally experienced seasonal variations. From a revenue perspective, the period of May to October has a greater number of transits. In the November to April timeframe, there are historically a lower number of transits resulting in lower toll revenues. This demand pattern is principally a result of leisure travellers, favourable weather and a preference for travel between the late spring and early fall months.

Economic conditions in Canada and the United States also have an important influence on international vehicle traffic by way of commercial truck traffic, which has a significantly higher toll rate. These economic conditions are less variable on a seasonal basis but more a result of the business climate in each country.

In regards to its expenses, the FBCL incurs important annual maintenance and asset rehabilitation costs during the construction season spanning the first three quarters of the fiscal year. These planned expenses can be influenced by varying weather conditions depending on the timing of the onset of the winter climate. Expenses for operations and administration are not considered to have important seasonal variations.

4. USE OF JUDGMENTS AND ESTIMATES

The preparation of the interim unaudited condensed consolidated financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that can significantly affect the amounts recognized in the consolidated financial statements. Actual results may differ from these estimates. Where these differ, the impact will be recorded in future periods. Significant judgments and estimates as at June 30, 2024, were consistent with those disclosed in Note 3 of the Corporation's audited consolidated financial statements for the year ended March 31, 2024.

5. FUTURE CHANGES IN ACCOUNTING POLICIES

There were no new standards and amendments to existing standards issued by the International Accounting Standards Board (IASB) during the three-month period that would affect the Corporation in the future other than those disclosed in Note 5 of the Corporation's audited consolidated financial statements for the year ended March 31, 2024.

5.6 Selected Notes to the Interim Unaudited Condensed Consolidated Financial Statements (Cont'd)

6. PROPERTY AND EQUIPMENT

Cost	Land \$	Bridges and roads \$	Vehicles and equipment \$	Buildings \$	Property Improvements \$	Right-of-use Assets \$	Projects in progress \$	Total \$
Balance, April 1, 2023	14,908	273,900	36,781	144,703	36,042	1,537	1,765	509,636
Additions	59	53	627	-	-	-	5,788	6,527
Disposals	-	(2,659)	(93)	-	-	(16)	-	(2,768)
Transfers	-	6,024	224	3	-	-	(6,251)	-
Balance, March 31, 2024	14,967	277,318	37,539	144,706	36,042	1,521	1,302	513,395
Additions	-	-	317	-	-	-	4,038	4,355
Disposals	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	146	-	(146)	-
Balance, June 30, 2024	14,967	277,318	37,856	144,706	36,188	1,521	5,194	517,750

Accumulated depreciation	Land \$	Bridges and Roads \$	Vehicles and Equipment \$	Buildings \$	Property Improvements \$	Right-of-use Assets \$	Projects in Progress \$	Total \$
Balance, April 1, 2023	-	102,114	15,850	40,018	16,069	821	-	174,872
Eliminated on disposal of assets	-	(2,659)	(93)	-	-	-	-	(2,752)
Depreciation	-	8,900	2,532	3,984	1,491	187	-	17,094
Balance, March 31, 2024	-	108,355	18,289	44,002	17,560	1,008	-	189,214
Eliminated on disposal of assets	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-
Depreciation	-	2,238	630	988	373	47	-	4,276
Balance, June 30, 2024	-	110,593	18,919	44,990	17,933	1,055	-	193,490
Net book value, June 30, 2024	14,967	166,725	18,937	99,716	18,255	466	5,194	324,260
Net book value, March 31, 2024	14,967	168,963	19,250	100,704	18,482	513	1,302	324,181

5.6 Selected Notes to the Interim Unaudited Condensed Consolidated Financial Statements (Cont'd)

7. FINANCIAL INSTRUMENTS

Fair Value

The fair values of trade and other receivables, trade and other payables, holdbacks, and the current portion of the loans payable and bonds payable approximate their carrying value due to the short-term nature of these instruments.

Fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and,
- Level 3 inputs are unobservable inputs for the asset or liability.

The carrying values and fair values of the Corporation's remaining financial assets and liabilities are listed in the following table:

As at June 30	2024		
	Value \$	Cost \$	Level
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Financial instruments measured at fair value on a recurring basis			
Investments (fair value through other comprehensive income)	7,594	7,594	Level 2
Financial instruments measured at amortised costs			
Investments - amortised cost	6,172	6,172	Level 2
Loans payable	9,067	9,067	Level 2
Bonds payable	29,042	27,357	Level 2
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As at March 31	2024		
	Value \$	Cost \$	Level
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Financial instruments measured at fair value on a recurring basis			
Investments (fair value through other comprehensive income)	7,586	7,586	Level 2
Financial instruments measured at amortised costs			
Investments - amortized cost	2,171	2,171	Level 2
Loans payable	9,167	9,167	Level 2
Bonds payable	28,627	27,357	Level 2