

# Quarterly Financial Report

2nd Quarter (Q2) – Unaudited

For the six months ended September 30, 2025

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# Introduction

This interim financial report outlines the significant activities and initiatives, risks and financial results of The Federal Bridge Corporation Limited (FBCL) for the six-month period ended September 30, 2025. 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.

## 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.

## 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.

# Corporate Overview

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 twelve international bridges in Ontario. 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 FBCL to manage all bridges as a portfolio, sharing staff, expertise, support infrastructure, and best practices through a common administrative framework for the collective benefit of the four assets.

Bridge operations for the Blue Water Bridge and the Seaway International Bridge are administered directly by FBCL, or through a subsidiary, whereas 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.

## Mandate

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.

## Portfolio Management

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 reinvestment in all portfolio bridges in support of public policy objectives;
- Revenues and expenses are centrally recorded, with each bridge established as its own segment;
- 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.

## Outlook

The Corporation generates revenues to pay for expenses and capital projects, excluding projects funded via parliamentary appropriations, principally through toll revenues and supplemented by lease and interest revenues. 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 capital reserves to ensure the longevity of its bridges and associated infrastructure.

Certain trending political and economic factors directly affect FBCL's operations. With the discussion and implementation of tariffs on cross-border trade and reciprocal policies from Canada, the economic effects are impacting commercial traffic volumes travelling between Canada and the U.S. Further, the value of the Canadian dollar (against its U.S. counterpart) combined with Canadians' individual reactions to the views and policies of the U.S. Government, are having significant negative effects on passenger border traffic volumes.

## Capital Stewardship

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 bridges and bridge plaza assets. With federal funding received in the previous two fiscal years, FBCL had completed substantial rehabilitation works at the Blue Water Bridge and commenced rehabilitation works on the Canadian Bridge at Lansdowne. This year, the works at Lansdowne continue as well as new rehabilitation works at the Seaway International Bridge. The significant construction projects in the quarter included:

- **Cornwall:** Deck rehabilitation works and repaving of the South Channel Bridge and the associated south approach were completed. In the third quarter, additional access points on this structure will be installed.
- **Lansdowne:** Preservation works on the longevity of the suspension cables of the Thousand Islands International Bridge wrapped up for the current fiscal year with the final phase of this project scheduled to be completed next fiscal year.

- **Point Edward:** Work continued to advance the naturalization project on green space around the bridge plaza to curb flooding risks, by using Indigenous plant species.
- **Sault Ste. Marie:** Works continued on preventative maintenance at the crossing.

## Bond Rating

In August, S&P Global Ratings reaffirmed its long-term issuer credit and senior unsecured debt rating at A+, and revised the outlook from stable to positive. This strengthened rating of FBCL continues to be anchored in FBCL's lowering debt load, its revenue generating capacity, its ties with the federal government, and the strength of the corporation's management and governance practices. FBCL's strengths have offset current market macroeconomic pressures and those that are expected in the near future.

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 is maintaining a strong debt service coverage ratio, at the same time.

## Significant Changes

There have been no significant, nor material, changes occurring during the six months ended September 30, 2025, related to operations, personnel and programs of FBCL.

# Risk Management

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 major 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 continued volume of toll exempt passage, declining paying traffic resulting in risk operating sustainability. 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. Expenditures have been limited to basic necessities highly focused on safety and security.

## Financial Risk—Operating

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 ownership. The toll rates at Blue Water Bridge (for U.S.-bound traffic), Sault Ste. Marie International Bridge and the Seaway International Bridge were updated on April 1, 2025, and on March 1, 2025, at the Thousand Islands International Bridge. The Sault Ste. Marie International Bridge toll rates were further updated on October 1, 2025, as rates may be adjusted every six months.

Passenger traffic at all locations has declined substantially since February 2025 with the continued low value of the Canadian dollar (against its U.S. counterpart) combined with Canadians' individual reactions to the views and policies of the U.S. Government.

Commercial traffic is also trending downwards at all locations except for current abnormally high volumes at the Blue Water Bridge location. This increase in commercial volumes at the Blue Water Bridge is a direct correlation to a significant toll increase decision made by a large competitor bridge. However, this positive upward trend is expected to reverse in the short-term with the planned opening of a major new international bridge in proximity, the Gordie Howe International Bridge, in 2026.

On the expenditure front, whereas Canadian bridge owners must comply with various legislative acts to provide the CBSA and CFIA with facilities, similar expenses for the U.S. Customs and Border Protection (CBP) 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 crossing in Cornwall, as the operational burden financed through non-competitive tolling would further threaten the facility's financial sustainability.

## Financial Risk—Capital

Advanced aged infrastructure presents both challenges and opportunities. 70% of the Corporation's bridges exceed 65 years of age and half surpass 85 years. Strategic capital projects must be undertaken to enhance the safety, reliability, and longevity of the bridge crossings.

With lower traffic volumes and depleted capital reserves stemming from pandemic travel restrictions, the Government of Canada provided much-needed capital funding for three years spanning fiscal years 2022-23 to 2024-25.

Currently, FBCL does not have similar capital funding in place, however, the Corporation is working closely with Transport Canada to secure capital funding for the upcoming fiscal years.

## Financial Risk—SIBC

In recent years, SIBC has been facing a major financial risk as paying passenger traffic volumes are sharply down due to an overall bi-national manufacturing decline in the region, the value of the Canadian dollar and limited commercial traffic at that location. SIBC is also facing further volume decreases due to the current socio-political environment and value of the Canadian dollar. 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 and it is no longer operationally sustainable. 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.

Since the onset of COVID, SIBC has received Government funding from both the Canadian Government (4 years) and the U.S. Government (1 year) to compensate for the decrease in revenues. Presently, SIBC does not have any legislatively authorized government funding. SIBC has put in place a substantially reduced operating budget for the current fiscal year and is closely monitoring and adjusting the already minimal expenditures downwards to remain operational. SIBC is working with its owners to find additional sources of revenue to compensate for the limited toll revenues. Without an increase in revenues or funding allocated, the current measures put in place at SIBC cannot be sustained for more than the current fiscal year as it may impact the safety and security of the bridge infrastructure and operations.

## Good Governance and Climate-Related Risks

FBCL is firmly committed in its international bridge operations to minimize its impact on the environment, to ensure a financially resilient future and to respect its employees, stakeholders and host communities. Since fiscal 2023-24 FBCL has formalized an Environmental, Social, and Governance (ESG) Framework. From an Environmental front, FBCL has established its base year for carbon inventory, measured carbon inventory for fiscal years 2023-24 and 2024-25, and outlined metrics. The Corporation continues to advance its environmental impact reduction strategy. Additionally, many aspects of the Social and Governance components are fittingly implemented, FBCL

continues to develop further strategies to strengthen its Social and Governance practices. In June FBCL announced a renaturalization project to occur on the grounds surrounding the Blue Water Bridge, with cooperation from the Aamjiwnaang First Nation, to mitigate efforts against environmental flooding issues by utilizing support in the use of Indigenous plant species. This project's first phase was completed in the second quarter.

## Quarterly Results

### 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			For the six months ending		
	Sept 30 2025 (unaudited)	Sept 30 2024 (unaudited)	Variance	Sept 30, 2025 (unaudited)	Sept 30, 2024 (unaudited)	Variance
Tolls	10,995	10,193	802	21,180	19,419	1,761
Thousand Islands						
International Bridge	2,470	2,639	(169)	4,457	4,695	(238)
Leases and permits	1,071	1,227	(156)	1,834	2,032	(198)
Interest	307	257	50	639	553	86
Gain on investments	64	28	36	49	44	5
Other	479	159	320	567	231	336
<b>Total revenue</b>	<b>15,386</b>	<b>14,503</b>	<b>883</b>	<b>28,726</b>	<b>26,974</b>	<b>1,752</b>
<b>Government funding</b>	<b>1,246</b>	<b>1,086</b>	<b>160</b>	<b>2,492</b>	<b>2,303</b>	<b>189</b>

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

### Traffic volumes

During the second quarter of 2025-26, overall truck volumes have increased by 3% and passenger vehicles have decreased by 19% when compared to the second quarter of 2024-25. Truck volumes, by bridge, varied extensively between a decrease of 26% to an increase of 12%, while passenger cars, per bridge, trended downward with decreases ranging between 16% to 26%.

From a year-to-date perspective, overall trucks have increased by 5% and passenger vehicles have decreased by 22% when compared to the previous year-to-date. Truck volumes, by bridge, varied between a decrease of 21% to an increase of 15%, while passenger cars, per bridge, varied between a decrease of 17% to 29%.

The following factors directly affect FBCL's operations.

**Trending political and economic factors:** The discussion and implementation of tariffs on cross-border trade and reciprocal policies from Canada have added volatility to commercial traffic volumes. Further, the value of the Canadian dollar combined with Canadians' individual reactions to the view and policies of the U.S. federal Government, are having a significant effect on passenger border traffic volumes.

**Other factors:** The Blue Water Bridge location is currently experiencing higher than normal commercial volumes. This is a direct correlation to a significant toll increase decision made by a large competitor bridge. This positive upward trend is expected to be short-lived, with the planned opening of a major new international bridge in proximity, the Gordie Howe International Bridge, in 2026.

**Sault Ste. Marie and Seaway International Bridge:** 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 most significantly impacted by the significantly reduced passenger traffic levels. Worsening the situation at the Seaway International Bridge is the requirement to maintain normal operating levels in support of the more than 80% of toll-exempt travellers that depend on the bridge in order to access the necessities of life. In the second quarter, as compared to the prior year, paid passenger volumes at these locations have decreased by 26% and 24%, respectively (29% and 22% year-to-date, respectively). Commercial volumes for the second quarter, at these locations, also decreased by 16% and 26%, respectively (14% and 21% year-to-date, respectively). A considerable portion of commercial crossings at the operations in Sault Ste. Marie depend on steel and lumber industries, which are impacted by higher tariffs, with a continued downward trend expected at this location. The passenger volumes for the year-to-date, when compared to the pre-pandemic volumes, are 41% and 32% lower, respectively (prior year-to-date —17% and 12%, respectively).

For the Thousand Islands International Bridge, commercial vehicles typically make up about 20% of the crossing's users. In the second quarter, as compared to the prior year, passenger and commercial volumes are down by 16% and 8%, respectively (year-to-

date, down 17% and 8%, respectively). Passenger volumes for the year-to-date, when compared to the pre-pandemic volumes, are 24% lower (prior year-to-date —9%).

The Blue Water Bridge is Canada's busiest commercial border crossing. In the second quarter, as compared to the prior year, commercial volumes increased by 12%. On the passenger side, volumes are down by 17% (year-to-date, up 15% and down 21%, respectively). Passenger volumes for the year-to-date, when compared to pre-pandemic volumes, are 45% lower (prior year-to-date —30%).

#### Canadian vs. U.S. dollar exchange rate

The exchange rate for the second quarter of 2025-26 was US\$1.00: CDN\$1.38 on average (year-to-date US\$1.00: CDN\$1.38), whereas the exchange rate for the second quarter of 2024-25 was US\$1.00: CDN\$1.36 (year-to-date US\$1.00: CDN\$1.37). FBCL portfolio bridge locations review the currency parity of their cash toll rates, and may periodically adjust the rates in order to minimize the effects of any foreign exchange differences for customers.

#### Changes in toll rates

The latest update of toll rates, by crossing, occurred at:

- Thousand Islands International Bridge: March 1, 2025;
- Sault Ste. Marie International Bridge: April 1, 2025 (further updated on October 1, 2025);
- Seaway International Bridge: April 1, 2025; and,
- Blue Water Bridge (for U.S.-bound traffic): April 1, 2025.

**Leases and permits:** The majority of these revenues are contingent on sales volumes. With the decline in passenger volumes, there is also a decline in leases and permits revenue.

**Interest, Gain on investments, and Other:** The most significant reason for the variance in other revenue is due to foreign exchange fluctuations.

**Government funding:** The government funding recognized consists of amortization of deferred capital funding in the amount of \$1.2 million for each quarter in 2025-26 (\$1.0 million for each quarter in 2024-25) and nil for 2025-26 relating to the operating

expenses of the Seaway International Bridge (\$0.2 million for 2024-25). There is currently no approved Government funding for operations for fiscal 2025-26. Refer to the Reporting on Use of Parliamentary Appropriations section below for more information.

**Operating and interest expense ('000s)**

	For the three months ending			For the six month ending		
	Sept 30 2025 (unaudited)	Sept 30 2024 (unaudited)	Variance	Sept 30, 2025 (unaudited)	Sept 30, 2024 (unaudited)	Variance
Operations	2,806	2,538	268	5,456	5,110	346
Thousand Islands						
International Bridge	1,723	1,917	(194)	3,531	3,734	(203)
Maintenance	3,945	3,723	222	7,604	7,349	255
CBSA & CFIA operations	2,107	2,025	82	4,218	4,111	107
Administration	1,579	1,633	(54)	3,396	3,422	(26)
Additional funding of SIBC operations	-	20	(20)	-	113	(113)
<b>Total expenses</b>	<b>12,160</b>	<b>11,856</b>	<b>304</b>	<b>24,205</b>	<b>23,839</b>	<b>366</b>
<b>Interest expense</b>	<b>342</b>	<b>468</b>	<b>(126)</b>	<b>742</b>	<b>989</b>	<b>(247)</b>

Historically, the FBCL recognizes 50% of revenues and expenses of the Seaway International Bridge in accordance with international agreements. In 2024-25 the remaining 50% of the deficit was funded by the Government of Canada and was 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. The functions are defined as follows:

- **Operations:** Operations expense relates to the collection of toll revenue, security and traffic management.
- **Thousand Islands International Bridge expenses:** This represents the Corporation's share of expenses as a result of the international agreement pertaining to the crossing at the Thousand Islands.

- **Maintenance:** Maintenance expenses relate to the maintenance, upkeep and repairs of the Corporation's assets.
- **CBSA & CFIA:** The Corporation is required per legislation to provide facilities and the majority of the maintenance of these facilities at some of its crossings to the CBSA and the CFIA, for which there is no related revenue.
- **Administration:** Administration expenses relate to the management and oversight of the operations of the individual crossings and the Corporation.

Similar to the start of the pandemic, FBCL continues to monitor its expenses by only incurring necessary costs to operate and maintain the bridge portfolio on a 24/7 basis. There were no significant variances in the first quarter and small variances in the second quarter when compared to the prior year:

- Operations: The increase is due to higher toll collection system costs and salaries.
- Thousand Islands International Bridge expense: The decrease is due to lower amortization expense.
- Maintenance: The increase is due to additional maintenance work being conducted this fiscal year. In fiscal years 2023-24 and 2024-25, BWB conducted two major rehabilitation projects on both bridge spans thus limiting the ability to conduct maintenance work on the spans.

## Statement of Financial Position

<b>Consolidated Statement of Financial Position (\$000's)</b>			
	September 30 2025 (Unaudited)	March 31 2025 (Audited)	Variance
<b>Assets</b>			
Financial assets	42,493	35,945	6,548
Non-financial assets	334,710	343,022	(8,312)
<b>Total assets</b>	<b>377,203</b>	<b>378,967</b>	<b>(1,764)</b>
<b>Liabilities</b>			
Current liabilities	17,889	19,190	(1,301)
Non-current liabilities	129,528	136,202	(6,674)
<b>Total liabilities</b>	<b>147,417</b>	<b>155,392</b>	<b>(7,975)</b>
<b>Total equity</b>	<b>229,786</b>	<b>223,575</b>	<b>6,211</b>

**Financial Assets:** Financial assets consist of cash and cash equivalents, investments, and receivables. Cash flow from operations is \$12.2 million before considering changes in working capital. The change in working capital reduced cash by \$0.5 million. Of this amount \$4.1 million and \$0.7 million was used to pay debt obligations and purchase capital assets, respectively.

**Non-financial Assets:** Non-financial assets consist primarily of property and equipment, investment properties, prepaid expenses, intangible assets and lessor inducement. Capital asset purchases are \$0.7 million while depreciation of \$8.6 million has been recorded.

**Current Liabilities:** Current liabilities have decreased due to the timing of payments.

**Non-current Liabilities:** Deferred government funding has decreased by \$2.5 million related to government funding amortized to revenue and by \$4.2 million related to repayment of long-term debt.

## Financial Performance against Corporate Plan

The 2025-26 to 2029-30 Corporate Plan has been authorized and its summary tabled in Parliament. The following is a summary of actual revenues and expenses as compared to the full 12 months of the 2025-26 plan.

### **Revenue and government funding ('000s)**

	September 30 2025 (6 months)	Corporate Plan (12 months)	Percentage
Tolls	21,180	34,749	61%
Thousand Islands International Bridge	4,457	9,155	49%
Leases and permits	1,834	3,932	47%
Interest	639	561	114%
Other	616	445	138%
<b>Total revenue</b>	<b>28,726</b>	<b>48,842</b>	<b>59%</b>
 Government funding	 2,492	 5,641	 44%

### **Operating and interest expense ('000s)**

	September 30, 2025 (6 months)	Corporate Plan (12 months)	Percentage
Operations	3,626	8,680	42%
Thousand Islands International Bridge	3,151	7,597	41%
Maintenance	3,643	7,992	46%
CBSA & CFIA	2,158	4,261	51%
Administration	2,998	7,323	41%
Additional funding of SIBC operations	-	500	0%
Depreciation	8,629	17,733	49%
<b>Total expense</b>	<b>24,205</b>	<b>54,086</b>	<b>45%</b>
 Interest expense	 742	 1,352	 55%

## Reporting on Use of Appropriations

At the present time, there are no approved appropriations which have passed as legislation for FBCL.

In the prior year, 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 FBCL under vote 1. Of this amount, FBCL had claimed \$0.2 million in appropriations for operating expenses, and \$12.4 million for capital spending.

# FBCL Interim Unaudited Condensed Consolidated Financial Statements

For the six months ended September 30, 2025

*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.*

## Statement of Management Responsibility

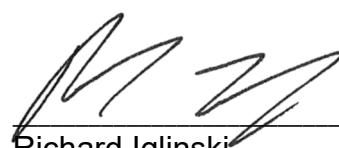
Management of FBCL is responsible for the preparation and fair presentation of these interim unaudited condensed consolidated financial statements in accordance with the Treasury Board of Canada *Standard on Quarterly Financial Reports for Crown Corporations* and International Financial Reporting Standard 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.

FBCL 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 FBCL relies on unaudited financial information provided by its wholly owned subsidiary, SIBC, 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  
November 27, 2025

# Interim Unaudited Condensed Consolidated Statement of Financial Position

as at September 30, 2025

(in thousands of Canadian dollars)

	Notes	September 30, 2025 unaudited	March 31, 2025
		\$	\$
<b>Assets</b>			
Current Assets			
Cash and cash equivalents		21,214	11,629
Investments		16,834	19,572
Trade and other receivables		1,445	1,744
Prepays		1,300	1,663
<b>Total Current Assets</b>		<b>40,793</b>	<b>34,608</b>
Non-Current Assets			
Property and equipment	6	317,611	325,202
Investment properties		15,620	15,962
Intangible assets		25	30
Lessor inducement		154	165
Investments		3,000	3,000
<b>Total Non-Current Assets</b>		<b>336,410</b>	<b>344,359</b>
<b>Total assets</b>		<b>377,203</b>	<b>378,967</b>

# Interim Unaudited Condensed Consolidated Statement of Financial Position (Cont'd)

as at September 30, 2025  
(in thousands of Canadian dollars)

	Notes	September 30, 2025 unaudited	March 31, 2025
		\$	\$
<b>Liabilities</b>			
Current Liabilities			
Trade and other payables		1,312	2,424
Employee benefits		984	1,440
Holdbacks		192	188
Deferred revenue		1,875	1,864
Loans payable		400	400
Bonds payable		7,929	7,675
Lease liability		236	211
Deferred government funding		4,961	4,988
<b>Total Current Liabilities</b>		<b>17,889</b>	<b>19,190</b>
Non-Current Liabilities			
Deferred revenue		534	609
Loans payable		8,167	8,367
Bonds payable		8,463	12,491
Lease liability		43	193
Deferred capital funding		104,793	107,258
Employee benefits		7,528	7,284
<b>Total Non-Current Liabilities</b>		<b>129,528</b>	<b>136,202</b>
<b>Equity</b>			
Share capital - 2 shares @ no par value		-	-
Retained earnings		229,711	223,440
Accumulated other comprehensive income		75	135
<b>Total Equity</b>		<b>229,786</b>	<b>223,575</b>
<b>Total Equity and Liabilities</b>		<b>377,203</b>	<b>378,967</b>

# Interim Unaudited Condensed Consolidated Statement of Comprehensive Income

for the three and six month periods ended September 30, 2025

(in thousands of Canadian dollars)

	For the three months ended September 30, 2025 (unaudited)		For the six months ended September 30, 2025 (unaudited)	
	\$	\$	\$	\$
<b>Revenue</b>				
Tolls and services	<b>10,995</b>	10,193	<b>21,180</b>	19,419
Thousand Islands International Bridge revenue	<b>2,470</b>	2,639	<b>4,457</b>	4,695
Leases and permits	<b>1,071</b>	1,227	<b>1,834</b>	2,032
Interest	<b>307</b>	257	<b>639</b>	553
Gain on investments	<b>64</b>	28	<b>49</b>	44
Other	<b>479</b>	159	<b>567</b>	231
<b>Total Revenue</b>	<b>15,386</b>	14,503	<b>28,726</b>	26,974
<b>Expenses</b>				
Operations	<b>2,806</b>	2,538	<b>5,456</b>	5,110
Thousand Islands International Bridge expenses	<b>1,723</b>	1,917	<b>3,531</b>	3,734
Maintenance	<b>3,945</b>	3,723	<b>7,604</b>	7,349
Canada Border Security Agency & Canadian Food Inspection Agency operations	<b>2,107</b>	2,025	<b>4,218</b>	4,111
Administration	<b>1,579</b>	1,633	<b>3,396</b>	3,422
Additional funding of SIBC operations	-	20	-	113
<b>Total Expenses</b>	<b>12,160</b>	11,856	<b>24,205</b>	23,839
<b>Operating Gain Before Government Funding</b>	<b>3,226</b>	2,647	<b>4,521</b>	3,135
<b>Government Funding</b>				
Amortization of deferred capital funding	<b>1,246</b>	1,044	<b>2,492</b>	2,077
Funding with respect to operating expense	-	42	-	226
<b>Total Government Funding</b>	<b>1,246</b>	1,086	<b>2,492</b>	2,303
<b>Non-Operating Items</b>				
Interest expense	<b>(342)</b>	(468)	<b>(742)</b>	(989)
<b>Total Non-Operating Items</b>	<b>(342)</b>	(468)	<b>(742)</b>	(989)
<b>Net Income</b>	<b>4,130</b>	3,265	<b>6,271</b>	4,449
<b>Other Comprehensive Income</b>				
Items that may be reclassified subsequently to statement of income (loss)				
Investments revaluation gain (loss) on available-for-sale investments	<b>63</b>	62	<b>(11)</b>	107
Cumulative gain reclassified to income on sale of available-for- sale investments	<b>(64)</b>	(28)	<b>(49)</b>	(44)
<b>Total Other Comprehensive Income</b>	<b>(1)</b>	34	<b>(60)</b>	63
<b>Total Comprehensive Income for the Period</b>	<b>4,129</b>	3,299	<b>6,211</b>	4,512

\* To provide more relevant information about the Corporation's functional expenses, the comparative figures relating to operations, maintenance, CBSA/CFIA, and administration have been updated. The change in classification reflects a more accurate and useful representation of how staff participate in the various functions of the organization.

# Interim Unaudited Condensed Consolidated Statement of Changes in Equity

for the six month period ended September 30, 2025  
(in thousands of Canadian dollars)

	Retained Earnings (unaudited)	Other Comprehensive Income (unaudited)	Accumulated Total (unaudited)
	\$	\$	\$
<b>Balance, April 1, 2024</b>	216,900	(37)	216,863
<i>Total Comprehensive Income:</i>			
Net Income	4,449	-	4,449
<i>Other Comprehensive Income:</i>			
Revaluation gain on fair value through other comprehensive income investments	-	107	107
Cumulative gain reclassified to income on sale of fair value through other comprehensive income investments	-	(44)	(44)
Other Comprehensive Income total	-	63	63
<b>Total Comprehensive Income</b>	<b>4,449</b>	<b>63</b>	<b>4,512</b>
<b>Balance at September 30, 2024</b>	<b>221,349</b>	<b>26</b>	<b>221,375</b>
<b>Balance, April 1, 2025</b>	<b>223,440</b>	<b>135</b>	<b>223,575</b>
<i>Total Comprehensive Income:</i>			
Net income	6,271	-	6,271
<i>Other Comprehensive Income:</i>			
Revaluation loss on fair value through other comprehensive income investments	-	(11)	(11)
Cumulative gain reclassified to income on sale of fair value through other comprehensive income investments	-	(49)	(49)
Other Comprehensive Income total	-	(60)	(60)
<b>Total Comprehensive Income</b>	<b>6,271</b>	<b>(60)</b>	<b>6,211</b>
<b>Balance at September 30, 2025</b>	<b>229,711</b>	<b>75</b>	<b>229,786</b>

# Interim Unaudited Condensed Consolidated Statement of Cash Flows

for the three and six month periods ended September 30, 2025

(in thousands of Canadian dollars)

	<i>For the three months ended</i> <b>September 30, 2025</b>		<i>For the six months ended</i> <b>September 30, 2025</b>	
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
	<b>\$</b>			
<b>Cash Flows from Operating Activities</b>				
Net income	4,130	3,265	6,271	4,449
Adjustments for:				
Amortization of deferred capital funding	(1,246)	(1,044)	(2,492)	(2,077)
Depreciation of property and equipment	4,139	4,286	8,282	8,562
Depreciation of intangible assets	2	2	5	3
Depreciation of investment properties	173	169	342	338
Gain on disposal of investments	(64)	(28)	(49)	(44)
Change in employee benefits	159	333	(212)	(4)
	7,293	6,983	12,147	11,227
Changes in Non-cash Working Capital:				
Trade and other receivable	(465)	(213)	299	(309)
Lessor inducement	5	(19)	11	(16)
Prepays	162	365	363	367
Trade and other payables	(824)	45	(1,112)	2,582
Holdbacks	3	329	4	411
Deferred revenue	(57)	46	(64)	(46)
	(1,176)	553	(499)	2,989
Net Cash Generated by Operating Activities	6,117	7,536	11,648	14,216
<b>Cash Flows from Investing Activities</b>				
Payments for property and equipment	(502)	(8,117)	(691)	(12,472)
Payments for investment properties	-	(37)	-	(37)
Payments for intangible assets	1	-	-	-
Government funding related to acquisitions of property and equipment	-	8,461	-	12,413
Proceeds from disposal of property and equipment	-	-	-	-
Proceeds on sale of investments	3,887	3,742	4,989	3,810
Purchase of investments	(1,021)	(22)	(2,262)	(4,054)
Net Cash Generated by (Used for) Investing Activities	2,365	4,027	2,036	(340)
<b>Cash Flows from Financing Activities</b>				
Repayment of loans payable	(100)	(100)	(200)	(200)
Repayment of bonds payable	(3,774)	(3,535)	(3,774)	(3,535)
Repayment of lease liability	(83)	(62)	(125)	(101)
Net Cash Used for Financing Activities	(3,957)	(3,697)	(4,099)	(3,836)
Net increase in cash and cash equivalents	4,525	7,866	9,585	10,040
Cash and cash equivalents, beginning of period	16,689	13,571	11,629	11,397
<b>Cash and Cash Equivalents, end of period</b>	<b>21,214</b>	<b>21,437</b>	<b>21,214</b>	<b>21,437</b>

# Selected Notes to the Interim Unaudited Condensed Consolidated Financial Statements

## 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

## **1. Authority and Activities (Cont'd)**

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 Material 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, 2025. 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, 2025.

### **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 September 30, 2025, were consistent with those disclosed in Note 3 of the Corporation's audited consolidated financial statements for the year ended March 31, 2025.

## **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 4 of the Corporation's audited consolidated financial statements for the year ended March 31, 2025.

## 6. Property and Equipment

Cost	Bridges and roads		Vehicles and equipment		Buildings		Right-of-use Assets	Property Improvements	Projects in progress	Total
	Land	\$	\$	\$	\$	\$	\$	\$	\$	
Balance, April 1, 2024	14,967	277,318	37,539	144,706	1,521	36,042	1,302	513,395		
Additions	115	1,071	2,537	255	5	249	14,283	18,515		
Disposals	-	(3,718)	(328)	(210)	-	-	-	(4,256)		
Transfers	24	14,297	-	(24)	-	146	(14,443)	-		
Balance, March 31, 2025	15,106	288,968	39,748	144,727	1,526	36,437	1,142	527,654		
Additions	2	26	81	23	1	9	549	691		
Disposals	-	-	-	-	-	-	-	-		
Transfers	-	-	-	-	-	-	-	-		
Balance, September 30, 2025	15,108	288,994	39,829	144,750	1,527	36,446	1,691	528,345		
Accumulated depreciation	Bridges and roads		Vehicles and equipment		Buildings		Right-of-use Assets	Property Improvements	Projects in progress	Total
	Land	\$	\$	\$	\$	\$	\$	\$	\$	
Balance, April 1, 2024	-	108,355	18,289	44,002	1,008	17,560	-	189,214		
Eliminated on disposal of assets	-	(3,334)	(328)	(210)	-	-	-	(3,872)		
Depreciation	-	8,915	2,612	3,895	189	1,499	-	17,110		
Balance, March 31, 2025	-	113,936	20,573	47,687	1,197	19,059	-	202,452		
Eliminated on disposal of assets	-	-	-	-	-	-	-	-		
Depreciation	-	4,132	1,357	1,940	95	758	-	8,282		
Balance, September 30, 2025	-	118,068	21,930	49,627	1,292	19,817	-	210,734		
Net book value, September 30, 2025	15,108	170,926	17,899	95,123	235	16,629	1,691	317,611		
Net book value, March 31, 2025	15,106	175,032	19,175	97,040	329	17,378	1,142	325,202		

## 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.

## 7. Financial Instruments (Cont'd)

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

**As at September 30, 2025**

	Fair Value \$	Carrying Cost \$	Level
Financial instruments measured at fair value on a recurring basis			
Investments (fair value through other comprehensive income)	15,834	15,834	Level 2
Financial instruments measured at amortised costs			
Investments - amortised cost	4,000	4,000	Level 2
Loans payable	8,567	8,567	Level 2
Bonds payable	17,257	16,392	Level 2

**As at March 31, 2025**

	Fair Value \$	Carrying Cost \$	Level
Financial instruments measured at fair value on a recurring basis			
Investments (fair value through other comprehensive income)	18,199	18,199	Level 2
Financial instruments measured at amortised costs			
Investments - amortised cost	4,373	4,373	Level 2
Loans payable	8,767	8,767	Level 2
Bonds payable	21,392	20,166	Level 2