

Quarterly Financial Report

3rd Quarter (Q3) – Unaudited

For the nine months ended December 31, 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 nine-month period ended December 31, 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:

- Revenues and expenses are centrally managed, with each bridge operating as a distinct financial segment in respect of international agreements;
- Operations and maintenance for each bridge follow shared best practices;
- Surplus operating funds from each financial segment are reinvested into capital projects across the portfolio of bridges to support public policy goals;
- Long-term, integrated capital plans guide investment priorities and inform capital budgeting; and,
- Expertise and knowledge are shared across the portfolio to enhance efficiency and effectiveness.

This management structure provides a unique binational opportunity to align strategies, apply best practices consistently and explore strategic opportunities across the entire portfolio.

Outlook

The Corporation generates revenues to support operations and capital projects—excluding those funded through parliamentary appropriations—primarily through tolls, supplemented by lease income and interest revenues. By closely monitoring the traffic drivers at each crossing, FBCL continues to assess the impact of sustained lower-than-normal volumes on its strategy to rebuild capital reserves and ensure long-term infrastructure integrity.

Political and economic conditions also continue to influence FBCL's operations. The upcoming CUSMA review may materially affect cross-border commercial traffic volumes, and fluctuations in the Canadian dollar, combined with Canadians' reactions to U.S. policies, are contributing to ongoing declines in passenger traffic.

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 its bridge structures at the Thousand Islands International Bridge. The significant construction projects this year included:

- **Cornwall:** Deck rehabilitation works and repaving of the South Channel Bridge, and the associated south approach, were completed in the first two quarters. Furthermore, additional bridge maintenance access points on the South Channel Bridge were installed in the third quarter.
- **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:** The first phase of a naturalization project of green space around the bridge plaza was completed for this fiscal year. The use of Indigenous plants will assist to curb flooding risks at this location.
- **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 nine months ended December 31, 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. To address the risks within the FBCL's corporate risk profile, effective risk mitigation strategies and action plans are developed, with clear accountabilities, to reduce the risk exposure to an acceptable and manageable level.

The implementation of mitigation strategies is closely monitored under the Enterprise Risk Management framework with regular reporting to the Board of Directors. FBCL's most significant risk remains the high financial sustainability risk of the Seaway International Bridge Corporation (SIBC), driven by the continued high volume of toll-exempt crossings and declining paid traffic, which challenge long-term operations. FBCL remains engaged in continuous discussions with Transport Canada regarding potential funding solutions. Although the Government of Canada authorized \$1 million in operating support for SIBC at the end of Q3 for 2025-26, no funding mechanism has yet been identified for future years. Without additional and timely support, expenditures will be curtailed to basic necessities, with a strict focus on safety and security.

Across the broader portfolio, declining toll and leasing revenues remain a significant risk, as they directly affect FBCL's ability to maintain aging infrastructure and meet its strategic objectives. Discussions with Transport Canada are also underway to identify potential funding sources to support major infrastructure initiatives.

Financial Risk—Operating

While 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) and the Seaway International Bridge were updated on April 1, 2025, on March 1, 2025, at the Thousand Islands International Bridge, and on April 1, 2025, and October 1, 2025, at the Sault Ste. Marie International Bridge.

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. A rebound to this socio-political reaction is not expected to occur in the short-term and may very well decline further.

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 will reverse in early 2026 with the planned opening of a major new international bridge in proximity, the Gordie Howe International Bridge. This will affect revenues for FBCL by up to \$8 million per year.

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.

Seventy per cent 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 establish a source of 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 Federal Government (five years) and the U.S. federal Government (one year) to compensate for the decrease in revenues. SIBC does not receive any provincial/state or municipal funding support from either side of the border. Funding from the Government of Canada for the current fiscal year was just authorized in December 2025. Up to this point, SIBC had put in place a substantially reduced operating budget for the current fiscal year, closely monitoring and adjusting the already minimal expenditures downwards to remain operational. However, this funding support will expire March 31, 2026. Therefore, until the end of this fiscal year, SIBC will utilize the funding for essential expenditures that have been previously delayed due to limited available funding sources. 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, SIBC will need to significantly reduce next fiscal's budget which may impact the mandate 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 this fiscal year.

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.

With regards to its expenses, 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 nine months ending		
	Dec 31, 2025 (unaudited)	Dec 31, 2024 (unaudited)	Variance	Dec 31, 2025 (unaudited)	Dec 31, 2024 (unaudited)	Variance
Tolls	9,716	9,332	384	30,896	28,751	2,145
Thousand Islands						
International Bridge	1,685	1,868	(183)	6,142	6,563	(421)
Leases and permits	863	1,243	(380)	2,697	3,275	(578)
Interest	348	415	(67)	987	968	19
Gain on investments	103	(9)	112	152	35	117
Other	122	292	(170)	689	523	166
Total revenue	12,837	13,141	(304)	41,563	40,115	1,448
Government funding	1,313	1,296	17	3,805	3,599	206

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 third quarter of 2025-26, overall truck volumes decreased by 1% and passenger vehicles decreased by 22% when compared to the third quarter of 2024-25. Truck volumes, by bridge, varied between a decrease of 13% to an increase of 5%, while passenger cars, per bridge, continued to mimic trends seen across all travel categories with decreases ranging between 19% to 25%.

From a year-to-date perspective, overall truck volumes have increased by 3% and passenger vehicle volumes have decreased by 22% when compared to the previous year-to-date. Truck volumes, by bridge, varied between a decrease of 20% to an

increase of 12%, while passenger car volumes, per bridge, varied between a decrease of 18% to 28%.

The following factors directly affect FBCL's operations.

Trending political and economic factors: The effects of tariffs are being felt on both sides of the international border and have resulted in decreased commercial traffic volumes. The impending CUSMA review will be an important point in time for industries on both sides of the border and may add a degree of volatility to the commercial goods crossing the international border. Further, the value of the Canadian dollar combined with Canadians' individual reactions to the view and policies of the U.S. Federal Government, continue to have 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 will be short-lived, with the planned opening of a major new international bridge in proximity, the Gordie Howe International Bridge, in early 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 to access the necessities of life. In the third quarter, as compared to the prior year, paid passenger volumes at these locations have decreased by 25% and 23%, respectively (28% and 22% year-to-date, respectively). Commercial volumes for the third quarter, at these locations, also decreased by 13% and 15%, respectively (14% and 20% 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. Year-to-date passenger volumes, when compared to the pre-pandemic volumes, are 40% and 32% lower, respectively (prior year-to-date — 17% and 22%, respectively).

For the Thousand Islands International Bridge, commercial vehicles typically make up about 20% of the crossing's users. In the third quarter, as compared to the prior year, passenger and commercial traffic volumes are down by 19% and 12%, respectively (year-to-date, down 18% and 10%, respectively). Passenger volumes for the year-to-date, when compared to the pre-pandemic volumes, are 24% lower (prior year-to-date, down 7%). Year-to-date commercial volumes are 9% down, as compared to the pre-pandemic year (prior year-to-date, an increase of 1%).

The Blue Water Bridge is Canada's busiest commercial border crossing. In the third quarter, as compared to the prior year, commercial volumes increased by 5%. On the passenger side, volumes were down by 24% (year-to-date, up 12% and down 22%, respectively). Passenger and commercial volumes for the year-to-date, when compared to pre-pandemic volumes, are 45% lower and 28% higher, respectively (prior year-to-date — 29% down and an increase of 15%, respectively).

Canadian vs. U.S. dollar exchange rate

The exchange rate for the third quarter of 2025-26 was US\$1.00: CDN\$1.39 on average (year-to-date US\$1.00: CDN\$1.39), whereas the exchange rate for the third quarter of 2024-25 was US\$1.00: CDN\$1.40 (year-to-date US\$1.00: CDN\$1.38). 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, and 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 0.1 million for 2025-26 relating to the operating expenses of the Seaway International Bridge (\$0.5 million for 2024-25). 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 nine month ending		
	Dec 31, 2025 (unaudited)	Dec 31, 2024 (unaudited)	Variance	Dec 31, 2025 (unaudited)	Dec 31, 2024 (unaudited)	Variance
Operations Thousand Islands	2,760	2,615	145	8,216	7,725	491
International Bridge	1,629	1,764	(135)	5,160	5,498	(338)
Maintenance	3,838	3,583	255	11,442	10,932	510
CBSA & CFIA operations	2,045	2,123	(78)	6,263	6,234	29
Administration	1,904	1,826	78	5,300	5,248	52
Additional funding of SIBC operations	33	122	(89)	33	235	(202)
Total expenses	12,209	12,033	176	36,414	35,872	542
Interest expense	333	462	(129)	1,075	1,451	(376)

Historically, FBCL recognizes 50% of revenues and expenses of the Seaway International Bridge in accordance with international agreements. In both fiscal years, 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. 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 and 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.

As a matter of regular conduct, FBCL monitors its expenses by only incurring necessary costs to operate and maintain the bridge portfolio on a 24/7 basis. There were few significant variances in the first two quarters of the year, and those that occurred in the third quarter are consistent with earlier in the year:

- **Operations:** The overall increase is attributed to increased costs related to the toll collection system and the increased commercial traffic at the BWB, driving higher processing expenses.
- **Thousand Islands International Bridge expense:** The decrease is due to lower amortization expense.
- **Maintenance:** The increase is due to comparatively more 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

Consolidated Statement of Financial Position (\$000's)			
	December 31,	March 31,	
	2025	2025	
	(Unaudited)	(Audited)	Variance
Assets			
Financial assets	45,248	35,945	9,303
Non-financial assets	331,955	343,022	(11,067)
Total assets	377,203	378,967	(1,764)
Liabilities			
Current liabilities	17,764	19,190	(1,426)
Non-current liabilities	128,254	136,202	(7,948)
Total liabilities	146,018	155,392	(9,374)
Total equity	231,185	223,575	7,610

Financial Assets: Financial assets consist of cash and cash equivalents, investments, and receivables. Cash flow from operations is \$16.7 million before considering changes in working capital. The change in working capital increased cash by \$0.2 million. Of this amount \$4.2 million and \$2.8 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 were \$2.8 million while depreciation of \$12.9 million has been recorded. Prepaid expenses have decreased by \$0.9 million

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

Non-current Liabilities: Deferred government funding has decreased by \$3.7 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)

	December 31, 2025 (9 months)	Corporate Plan (12 months)	Percentage
Tolls	30,896	34,749	89%
Thousand Islands International Bridge	6,142	9,155	67%
Leases and permits	2,697	3,932	69%
Interest	987	561	176%
Other	841	445	189%
Total revenue	41,563	48,842	85%
Government funding	3,805	5,641	67%

Operating and interest expense ('000s)

	December 31, 2025 (9 months)	Corporate Plan (12 months)	Percentage
Operations	5,480	8,680	63%
Thousand Islands International Bridge	4,590	7,597	60%
Maintenance	5,499	7,992	69%
CBSA & CFIA	3,174	4,261	74%
Administration	4,704	7,323	64%
Additional funding of SIBC operations	33	500	7%
Depreciation	12,934	17,733	73%
Total expense	36,414	54,086	67%
Interest expense	1,075	1,352	80%

Reporting on Use of Appropriations

As part of the *Appropriation Act - Supplementary B, 2025-26*, which passed as legislation by the House of Commons on December 9, 2025, \$1.0 million was granted to FBCL under vote 1 to cover operating expenses of SIBC. Of this amount, FBCL has claimed \$0.1 million in appropriations for operating expenses.

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 nine months ended December 31, 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

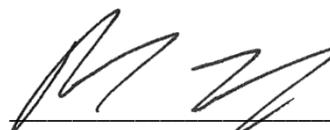
Management of FBCL is responsible for the preparation and fair presentation of these interim unaudited condensed consolidated financial statements in accordance with the Treasury Board of Canada *Standard on Quarterly Financial Reports for Crown Corporations* and International Financial Reporting Standard 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
January 27, 2026

Interim Unaudited Condensed Consolidated Statement of Financial Position

as at December 31, 2025

(in thousands of Canadian dollars)

	Notes	December 31, 2025	March 31, 2025
		unaudited	
		\$	\$
Assets			
Current Assets			
Cash and cash equivalents		16,913	11,629
Investments		24,962	19,572
Trade and other receivables		1,373	1,744
Prepays		719	1,663
Total Current Assets		43,967	34,608
Non-Current Assets			
Property and equipment	6	315,614	325,202
Investment properties		15,451	15,962
Intangible assets		22	30
Lessor inducement		149	165
Investments		2,000	3,000
Total Non-Current Assets		333,236	344,359
Total assets		377,203	378,967

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

as at December 31, 2025

(in thousands of Canadian dollars)

	Notes	December 31, 2025	March 31, 2025
		unaudited	
		\$	\$
Liabilities			
Current Liabilities			
Trade and other payables		1,429	2,424
Employee benefits		820	1,440
Holdbacks		64	188
Deferred revenue		1,927	1,864
Loans payable		400	400
Bonds payable		7,929	7,675
Lease liability		251	211
Deferred government funding		4,944	4,988
Total Current Liabilities		17,764	19,190
Non-Current Liabilities			
Deferred revenue		496	609
Loans payable		8,067	8,367
Bonds payable		8,463	12,491
Lease liability		14	193
Deferred capital funding		103,563	107,258
Employee benefits		7,651	7,284
Total Non-Current Liabilities		128,254	136,202
Equity			
Share capital - 2 shares @ no par value		-	-
Retained earnings		231,319	223,440
Accumulated other comprehensive (loss) income		(134)	135
Total Equity		231,185	223,575
Total Equity and Liabilities		377,203	378,967

Interim Unaudited Condensed Consolidated Statement of Comprehensive Income

for the three and nine month periods ended December 31, 2025

(in thousands of Canadian dollars)

	For the three months		For the nine months	
	December 30, 2025 (unaudited)	December 30, 2024 (unaudited) *	December 30, 2025 (unaudited)	December 30, 2024 (unaudited) *
	\$	\$	\$	\$
Revenue				
Tolls and services	9,716	9,332	30,896	28,751
Thousand Islands International Bridge revenue	1,685	1,868	6,142	6,563
Leases and permits	863	1,243	2,697	3,275
Interest	348	415	987	968
Gain on investments	103	(9)	152	35
Other	122	292	689	523
Total Revenue	12,837	13,141	41,563	40,115
Expenses				
Operations	2,760	2,615	8,216	7,725
Thousand Islands International Bridge expenses	1,629	1,764	5,160	5,498
Maintenance	3,838	3,583	11,442	10,932
Canada Border Security Agency & Canadian Food Inspection Agency operations	2,045	2,123	6,263	6,234
Administration	1,904	1,826	5,300	5,248
Additional funding of SIBC operations	33	122	33	235
Total Expenses	12,209	12,033	36,414	35,872
Operating Gain Before Government Funding	628	1,108	5,149	4,243
Government Funding				
Amortization of deferred capital funding	1,247	1,052	3,739	3,129
Funding with respect to operating expense	66	244	66	470
Total Government Funding	1,313	1,296	3,805	3,599
Non-Operating Items				
Interest expense	(333)	(462)	(1,075)	(1,451)
Total Non-Operating Items	(333)	(462)	(1,075)	(1,451)
Net Income	1,608	1,942	7,879	6,391
Other Comprehensive Income				
Items that may be reclassified subsequently to statement of income (loss)				
Investments revaluation (loss) gain on available-for- sale investments	(106)	6	(117)	113
Cumulative (gain) loss reclassified to income on sale of available-for- sale investments	(103)	9	(152)	(35)
Total Other Comprehensive (Loss) Income	(209)	15	(269)	78
Total Comprehensive Income for the Period	1,399	1,957	7,610	6,469

* 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 nine month period ended December 31, 2025

(in thousands of Canadian dollars)

	Retained Earnings (unaudited)	Accumulated Other Comprehensive (Loss) Income (unaudited)	Total (unaudited)
	\$	\$	\$
Balance, April 1, 2024	216,900	(37)	216,863
<i>Total Comprehensive Income:</i>			
Net Income	6,391	-	6,391
<i>Other Comprehensive Income:</i>			
Revaluation gain on fair value through other comprehensive income investments	-	113	113
Cumulative gain reclassified to income on sale of fair value through other comprehensive income investments	-	(35)	(35)
Other Comprehensive Income total	-	78	78
Total Comprehensive Income	6,391	78	6,469
Balance at December 31, 2024	223,291	41	223,332
Balance, April 1, 2025	223,440	135	223,575
<i>Total Comprehensive Income:</i>			
Net income	7,879	-	7,879
<i>Other Comprehensive Income:</i>			
Revaluation loss on fair value through other comprehensive income investments	-	(117)	(117)
Cumulative gain reclassified to income on sale of fair value through other comprehensive income investments	-	(152)	(152)
Other Comprehensive Loss total	-	(269)	(269)
Total Comprehensive Income	7,879	(269)	7,610
Balance at December 31, 2025	231,319	(134)	231,185

Interim Unaudited Condensed Consolidated Statement of Cash Flows

for the three and nine month periods ended December 31, 2025

(in thousands of Canadian dollars)

	<i>For the three months</i>		<i>For the nine months</i>	
	December 30, 2025	December 30, 2024	December 30, 2025	December 30, 2024
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
				\$
Cash Flows from Operating Activities				
Net income	1,608	1,942	7,879	6,391
Adjustments for:				
Amortization of deferred capital funding	(1,247)	(1,052)	(3,739)	(3,129)
Depreciation of property and equipment	4,133	4,212	12,415	12,774
Depreciation of intangible assets	3	2	8	5
Depreciation of investment properties	169	170	511	508
Gain on disposal of investments	(103)	9	(152)	(35)
Change in employee benefits	(41)	9	(253)	5
	4,522	5,292	16,669	16,519
Changes in Non-cash Working Capital:				
Trade and other receivable	72	294	371	(15)
Lessor inducement	5	5	16	(11)
Prepays	581	551	944	918
Trade and other payables	117	(2,380)	(995)	202
Holdbacks	(128)	(114)	(124)	297
Deferred revenue	14	33	(50)	(13)
	661	(1,611)	162	1,378
Net Cash Generated by Operating Activities	5,183	3,681	16,831	17,897
Cash Flows from Investing Activities				
Payments for property and equipment	(2,136)	(3,727)	(2,827)	(16,199)
Payments for investment properties	-	-	-	(37)
Government funding related to acquisitions of property and equipment	-	2,796	-	15,209
Proceeds on sale of investments	985	6,097	5,974	9,907
Purchase of investments	(8,219)	(8,799)	(10,481)	(12,853)
Net Cash Used for Investing Activities	(9,370)	(3,633)	(7,334)	(3,973)
Cash Flows from Financing Activities				
Repayment of loans payable	(100)	(100)	(300)	(300)
Repayment of bonds payable	-	-	(3,774)	(3,535)
Repayment of lease liability	(14)	(60)	(139)	(161)
Net Cash Used for Financing Activities	(114)	(160)	(4,213)	(3,996)
Net (decrease) increase in cash and cash equivalents	(4,301)	(112)	5,284	9,928
Cash and cash equivalents, beginning of period	21,214	21,437	11,629	11,397
Cash and Cash Equivalents, end of period	16,913	21,325	16,913	21,325

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 December 31, 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	Land	Bridges and roads	Vehicles and equipment	Buildings	Right-of-use Assets	Property Improvements	Projects in progress	Total
	\$	\$	\$	\$	\$	\$	\$	\$
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	202	24	38	14	2,521	2,827
Disposals	-	-	(181)	-	-	-	-	(181)
Transfers	-	2,570	-	-	-	-	(2,570)	-
Balance, December 31, 2025	15,108	291,564	39,769	144,751	1,564	36,451	1,093	530,300
Accumulated depreciation								
	\$	\$	\$	\$	\$	\$	\$	\$
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	-	-	(181)	-	-	-	-	(181)
Depreciation	-	6,198	2,026	2,909	145	1,137	-	12,415
Balance, December 31, 2025	-	120,134	22,418	50,596	1,342	20,196	-	214,686
Net book value, December 31, 2025	15,108	171,430	17,351	94,155	222	16,255	1,093	315,614
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 December 31, 2025

	Fair Value \$	Carrying Cost \$	Level
Financial instruments measured at fair value on a recurring basis			
Investments (fair value through other comprehensive income)	23,962	23,962	Level 2
Financial instruments measured at amortised costs			
Investments - amortised cost	3,000	3,000	Level 2
Loans payable	8,467	8,467	Level 2
Bonds payable	17,387	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