Quarterly Financial Report

1st Quarter (Q1) – Unaudited

For the three months ended June 30, 2026

Table of Contents

Introduction

This interim financial report outlines the significant activities and initiatives, risks and financial results of The Federal Bridge Corporation Limited (FBCL) for the three-month period ended June 30, 2026. 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. These forward-looking statements contain information that is generally stated to be anticipated, expected or projected by FBCL. They involve known and unknown risks, uncertainties and other factors, which may cause the actual results and performance of the corporation 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 this 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 FBCL’s stakeholders.

Corporate Overview

FBCL is a parent Crown corporation headquartered in Ottawa, responsible for Canada's federal interests at four of Ontario's thirteen international bridges. It manages the crossings as a unified portfolio—sharing staff, expertise, and infrastructure—to support efficient operations, trade, tourism, and binational relations. FBCL directly administers the Blue Water Bridge (BWB) and the Seaway International Bridge (SIB) – through a subsidiary (Seaway International Bridge Corporation, Ltd (SIBC)) – and provides liaison oversight for the Sault Ste. Marie (SSMIB) and Thousand Islands (TIIB) international bridges. It owns the Canadian bridge assets and oversees operations, including international agreements, engineering and inspection programs, and capital investment projects.

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

FBCL has adopted a portfolio management approach to deliver its mandate. Key aspects of the portfolio management approach include:

- Revenues and expenses are consolidated at the corporate level, with each bridge classified as a distinct reporting segment, and operational and maintenance expenditures are executed in accordance with standardized, portfolio-wide best-practice methodologies to ensure consistency, comparability, and optimized resource allocation;
- Surpluses generated beyond operational requirements are allocated to portfolio-wide capital reinvestment to advance public policy objectives and are guided by integrated long-term capital plans that serve as the foundational framework for capital prioritization and annual budgeting; and
- Customer service is enhanced through consistent practices that ensure efficient, reliable, and user-focused operations.

The establishment of this model provides a unique opportunity to identify strategic efficiencies across the portfolio, adopt best practices, and leverage a consistent and comprehensive methodology in both planning and operations. It enables the corporation to consider broader system-level opportunities while maintaining rigorous stewardship of individual assets.

Significant Changes

During the first quarter of 2026–27, the term of the Chairperson of the Board of Directors concluded. The Vice-Chair is currently taking on some of the roles and responsibilities of the Chair, including chairing of Board meetings, in an interim capacity, pending the Government of Canada's appointment of a new Chairperson.

Following an operational review, FBCL made the decision to permanently transition custodial services at BWB to an external service model in June 2026. This change supports FBCL's focus on its core mandate, including the operation, maintenance, and stewardship of international bridge infrastructure, while ensuring reliable and continuous service delivery at this active border crossing.

Management Discussion and Analysis

FBCL is committed to strengthening Canada–U.S. trade through infrastructure excellence (Reliability), guided by a responsible strategic portfolio approach (Sustainability) and ESG framework (Stewardship) that ensures the longevity of its bridge operations.

Reliability: Maintain Serviceability of Bridge Infrastructure and Extend Aging Asset Lifespan to Preserve Critical Canada-U.S. Transportation Links

In executing its mandate, FBCL's international bridge portfolio faces aging pressures. Approximately 70% of its major structures have surpassed, or are approaching, their intended 75-year design life. Proactive maintenance and repairs are the primary tools that enable the preservation and longevity of these assets. With the start of the fiscal year also representing the starting of spring and the maintenance and construction season, all bridge locations have commenced their regular preventive maintenance program as well as addressing the bridge inspection reports' recommendations.

From a capital infrastructure perspective, the following works occurred in the first quarter:

- **Cornwall (SIB)**: The design phase related to an electrical system modernization program is underway. This includes addressing needs along the whole crossing.
- **Lansdowne (TIIB)**: Preservation works on the longevity of the suspension cables of the Thousand Islands International Bridge continue. It is expected that works will continue on a dehumidification system over the next two to three years.
- **Point Edward (BWB)**: There were no major construction works in the first quarter. However, a Computerized Maintenance Management System (CMMS) has been operational since April. This system streamlines maintenance activities, enhances scheduling and work-order management, and reinforces data-driven decision-making. Integrated with other systems, long-term infrastructure forecasting and analysis are enhanced.
- **Sault Ste. Marie (SSMIB)**: As no major construction works occurred in the first quarter, regular infrastructure maintenance continued.

FBCL is accountable for enabling the efficient flow of goods and people by maintaining its bridges and supporting infrastructure in a safe and reliable condition. The corporation places strong emphasis on safety, security, and emergency readiness, conducting regular exercises to ensure resilience and protect employees and bridge users.

Sustainability: Sustain and Strategically Scale Bridge Portfolio Operations Through Innovation and Financial Prudence to Deliver Enduring Public Value

The protection and extension of its international bridges' lifespan is based on a long-term, multi-decade approach to asset management. As revenue is mostly generated one toll at a time, the corporation must forecast over a long-term horizon to ensure today's maintenance and investment decisions deliver the greatest impact on the bridges' longevity. This disciplined approach reinforces the corporation's commitment to financial prudence and responsible operational decisions, ensuring that every dollar invested is optimized for safety, reliability, and long-term sustainability.

Quarterly Results

FBCL bridge traffic is seasonal, with higher transits and toll revenues typically occurring from May to October. Lower activity from November to April reflects reduced leisure travel and less favourable weather.

Economic conditions in Canada and the United States also influence international vehicular traffic, particularly commercial traffic volume, which generate higher toll revenues and are driven more by business conditions than seasonality.

FBCL also incurs significant maintenance and rehabilitation costs during the construction season, generally the first three quarters of the fiscal year. Timing may vary with weather, while operations and administration expenses are not materially seasonal.

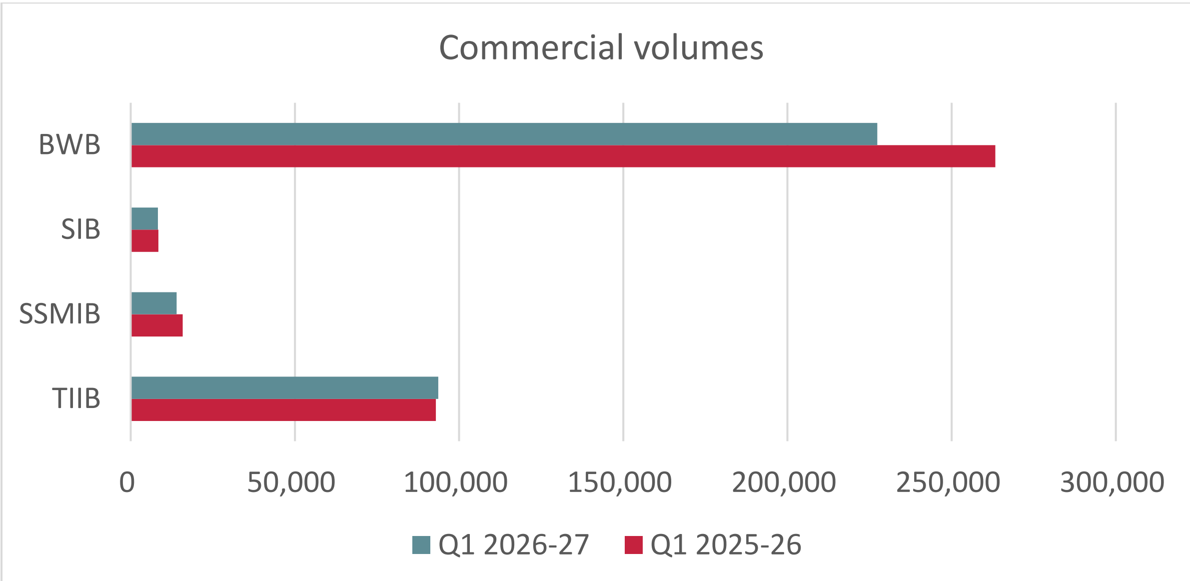
	Q1 2026-27	Q1 2025-26	Variance
Revenues	12,915	13,340	(425)
Government funding for operations	46	-	46
Expenses[1]	12,969	12,045	(924)
Cash flow from operations	5,794	5,531	263
Debt reduction	170	142	N/A

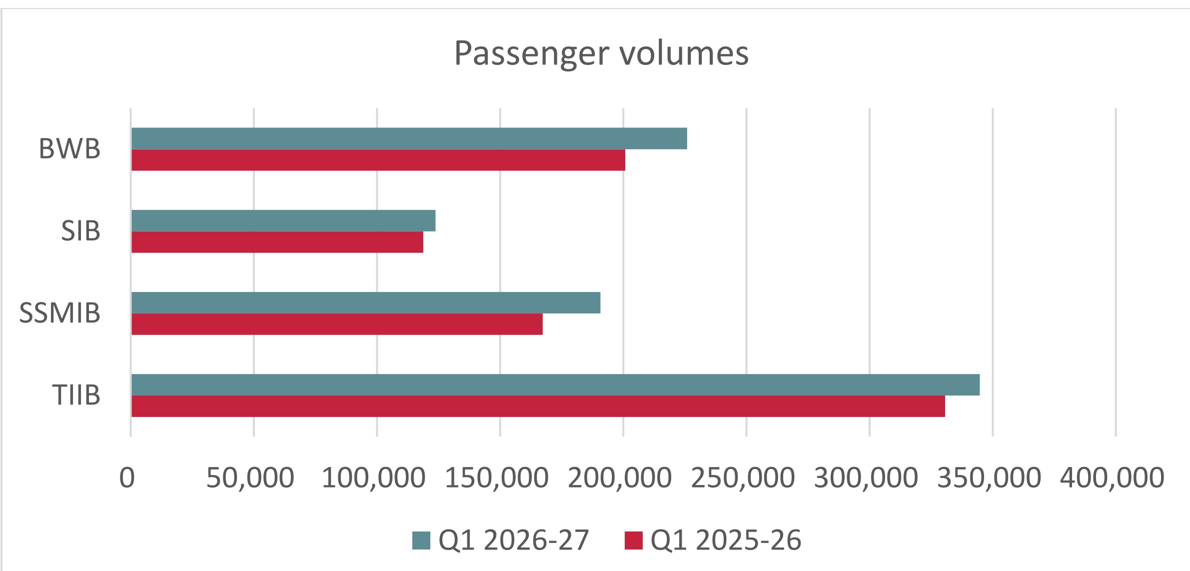
Revenues

Toll revenues account for approximately 90% of FBCL's total revenues and are influenced by volumes, traffic mix, toll rates, the CAD–USD exchange rate and other factors (such as political, economic, and regional). Leases and permits form the second-largest revenue source. Since these depend on sales activity, declines in passenger traffic have reduced related revenues.

[1] Includes depreciation but excludes interest expense and other comprehensive income

Traffic volumes: During the first quarter of 2026-27, overall commercial traffic volume has decreased by 10% and passenger traffic volume has increased by 8% when compared to the first quarter of 2025-26.





BWB: From November 2024 to April 2026, BWB was Canada's busiest commercial crossing. Its strong highway links and strategic location support national trade routes. An aggressive toll rate strategy by a competitor in the Windsor area, linked to pre-empting the effect of the new Gordie Howe International Bridge, had the effect of taking some commercial traffic away from BWB. Passenger vehicle travel in the region has declined more sharply than in other parts of Canada due to the demographics of the area but has rebounded by over 12% in the first quarter of this year compared to the prior year.

SIB: SIB enables two million toll-free Indigenous crossings annually. Limited highway access and loss of regional manufacturers keep commercial traffic volume low. Both passenger and commercial traffic volumes in the current quarter have been consistent with the prior year.

SSMIB: As the only road link between Ontario and Michigan within 1,000 km, SSMIB is vital for local communities and northern-Ontario trade. It connects directly to major Canadian and U.S. highway corridors. A small decline in commercial vehicle traffic, compared to the prior year, has been offset by a considerable increase in passenger vehicle traffic in Q1.

TIIB: TIIB is Eastern Ontario's strongest commercial crossing, supported by excellent highway connectivity and modern customs facilities. Passenger traffic volume draws from local residents, tourism, and seasonal snowbird travel. The first quarter saw gains over the prior year for both commercial and passenger vehicle traffic volumes.

Changes in toll rates: Toll rates were updated on April 1, 2025, at the Blue Water Bridge and Seaway International Bridge; on January 1, 2026, at the Thousand Islands International Bridge for the Canadian dollar equivalent toll; and, on October 1, 2025, and April 1, 2026, at the Sault Ste. Marie International Bridge.

Canadian vs. US dollar exchange rate: The exchange rate for both this year and the prior year's first quarter was US$1.00: CDN$1.38 on average and closed at 1.42 in June 2026. Over the past three years this conversion has remained consistently elevated, the highest in over 20 years, which detracts Canadians from making regular trips across the border.

Trending political and economic factors: Over the past few years, tariffs on both sides of the border reduced commercial volumes (except at BWB), and the uncertainty has been caused over the future of CUSMA. Passenger traffic continues to be affected by the weakened Canadian dollar and Canadians' responses to U.S. political conditions.

Government Funding for Operations

As part of the *Appropriation Act No. 3, 2026-27*, which was passed as legislation by the House of Commons on June 8, 2026, $1.0 million was granted to FBCL under vote 1 to cover the operating expenses of SIBC. Of this amount, FBCL has claimed $0.05 million in appropriations for the first quarter. In the prior year, as part of the *Appropriation Act No. 3, 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. Appropriations were not utilized until the third quarter in the prior fiscal year.

Expenses

The Consolidated Statement of Comprehensive Income presents operating expenses by function. The following provides a brief explanation of the functions and the variances between the first quarter of 2026–27 and 2025-26.

Operations: Operations expenses relate to the collection of toll revenue, security and traffic management. Expenses are consistent with the prior year with a $0.1 million increase.

Thousand Islands International Bridge expenses: This represents the corporation's share of expenses per the international agreement pertaining to the crossing at the Thousand Islands. Expenses are consistent with the prior year with a $0.1 million increase.

Maintenance: Maintenance expenses relate to the maintenance, upkeep and repair of the corporation's assets. Expenses have increased by $0.7 million due to higher depreciation relating to an adjustment to the useful lives of certain assets, more maintenance work at SIB, and a one-time reorganizational cost which will be offset by savings starting in the second quarter.

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. Expenses are consistent with the prior year with a $0.1 million increase.

Administration: Administration expenses relate to the management and oversight of the operations of the individual crossings and the corporation. Expenses are consistent with the prior year.

Additional funding of SIBC operations: The consistent decreased traffic volume at this location has resulted in non-sustainable operations at this crossing that is deemed unrecoverable. Funding from the Government of Canada had been obtained to sustain SIBC's operations.

Cash Flow and Liquidity

The corporation monitors expenditures closely to ensure that sufficient cash remains available to respond to unforeseen events. As of June 30, 2026, cash and investments totalled $47.1 million. While reserves have increased in recent years, they are expected to be significantly tested in the coming years due to anticipated decreases in toll volumes (driven by the current economic and socio-political environment and the July 2026 opening of the Gordie Howe International Bridge - GHIB) and required reinvestments in capital infrastructure. Over the next five years, FBCL expects to invest $79 million in essential capital projects. Subject to the identification of a funding source, the corporation anticipates an additional $100 million or more in capital requirements.

Debt Reduction and Bond Rating

In August 2026, S&P Global Ratings reaffirmed its long-term issuer credit and senior unsecured debt rating at A+, with a positive outlook. This strong rating of FBCL continues to be anchored in FBCL's lowering debt load, 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 and competitive pressures.

The overall level of FBCL's debt is forecasted to decline as balances are repaid at regular intervals. 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. FBCL is maintaining a strong debt service coverage ratio, at the same time.

The bonds were issued in 2002 to re-finance debt related to the construction of the second BWB span and major rehabilitation of the first span. These bonds will be fully repaid by July 2027. Payments are made in second and fourth quarters of the year.

In fiscal 2021–22, FBCL also secured a $10 million loan to support cash flow during the pandemic recovery period. The loan is being repaid at a rate of $0.1 million per quarter.

The corporation leases its head office at 55 Metcalfe, in Ottawa, ON. In April 2026, FBCL entered into a new lease agreement to extend the lease from December 31, 2026, to December 31, 2036. Consequently, in April 2026, FBCL recognized an increase to the right of use of asset and liability in the amount of $1.94 million. Additionally, since the lease component does not include the operating costs associated with the right of use asset, there is an additional commitment of $1.11 million.

Financial Performance against Corporate Plan

The 2026-27 to 2030-31 Corporate Plan has been authorized and its summary tabled in Parliament. The following is a summary of actual key measures as compared to the full 12 months of the 2026-27 plan.

($000's)	Q1 2026-27	Budget	Percentage
Revenues	12,915	45,110	29%
Government funding for operations	46	1,000	5%
Expenses[2]	12,949	54,679	24%
Cash flow from operations	5,794	9,705	60%
Debt reduction	170	8,847	2%

Revenues are expected to decrease starting in the second quarter as the Gordie Howe International Bridge (GHIB) opened July 27, 2026. Government funding was approved in June and will therefore be utilized in future quarters. FBCL continues to monitor expenses to ensure cash flow from operations meet the yearly target. Debt reduction is

[2] Includes depreciation but excludes interest expense and other comprehensive income

always low in the first quarter as annual bond payments are made in the second and fourth quarters.

Stewardship: Uphold Responsible Governance, Workforce health and Engagement, and Public Responsibility to Foster a Resilient Future

Governance

FBCL considers governance to be the cornerstone of its integrity, security, and accountability, providing the foundation to operate transparently, ethically, and with sound risk management that safeguards long-term value. This robust governance framework is supported by a comprehensive enterprise risk management system, strong internal controls, and a secure IT and cybersecurity environment.

Financial Risk—Operating: In addition to lower passenger and fluctuating commercial volumes, toll revenues are further impacted by FBCL's limited control over toll rates as most international bridges are governed jointly with U.S. partners which limits unilateral revenue actions. FBCL also faces cost pressures that U.S. bridge owners do not, including required CBSA and CFIA facilities and maintenance. Commercial traffic at BWB will be further impeded with the opening of the GHIB in July 2026, reducing FBCL revenues by up to $8 million annually.

Financial Risk—Capital: Strategic capital projects must be undertaken to enhance the safety, reliability, and longevity of the bridge crossings. Current capital reserves are insufficient to cover capital projects over the next decade. The corporation is working closely with Transport Canada to establish a source of funding.

Financial Risk—SIBC: SIBC faces major financial risk from sharply reduced paying passenger traffic, limited commercial volumes, the Canadian dollar, and the current socio-political environment. At the same time, Crown-mandated toll-free Indigenous crossings remain at record levels, while operational requirements remain unchanged. These pressures have made SIBC operations financially unsustainable, and the corporation continues to engage partners and stakeholders on a long-term strategy that supports SIBC and its host communities. Since fiscal 2020-21 SIBC has relied on federal funding from Canada and the U.S. to offset revenue losses.

Strong internal controls: During the first quarter, FBCL awarded a new three-year contract to support the delivery of a series of internal audits under its Three-Year Risk-Based Internal Audit Plan. All significant issues identified during the previous three-year cycle have been addressed by FBCL. The new cycle, commencing in July 2026, will continue to focus on assessing the adequacy and effectiveness of internal controls.

Secure IT and cybersecurity environment: In the first quarter, FBCL continued to advance its Data Loss Prevention program focusing on employee awareness and full deployment of controls.

Workforce

Canadians rightfully expect that FBCL prioritizes the well-being of its employees, stakeholders, and host communities. Internally, FBCL fosters a high-performing, inclusive, and respectful workplace grounded in the core values of respect for people, respect for democracy, integrity, stewardship, and excellence. In June 2026, FCBL recognized these accomplishments during its annual Employee Appreciation celebration.

Reconciliation

FBCL also supports the federal government's commitment to reconciliation with Indigenous Peoples, guided by the principles of the *United Nations Declaration on the Rights of Indigenous Peoples* (UNDRIP). In June, SIB alongside its host communities celebrated Indigenous Day. In the first quarter, FBCL began the second phase of its renaturalization project at the BWB, with cooperation from the Aamjiwnaang First Nation, to mitigate efforts against environmental flooding issues by utilizing support in the use of Indigenous plant species.

Environment

FBCL actively works to reduce its environmental footprint. In alignment with the Government of Canada's *Greening Government Strategy*, it is pursuing significant carbon reductions by 2030 and aspires to achieve net-zero emissions by 2050. As part of its 2025-26 Annual Report, FBCL has completed the establishment of metrics and targets to align with the reduction of GHG emissions with this year's focus on developing strategies to meet these targets.

FBCL Interim Unaudited Condensed Consolidated Financial Statements

For the three months ended June 30, 2026

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
August 20, 2026

Interim Unaudited Condensed Consolidated Statement of Financial Position

as at June 30, 2026
(in thousands of Canadian dollars)

	Notes	**June 30, 2026**	March 31, 2026
		unaudited	audited
		$	$
Assets			
Current Assets			
Cash and cash equivalents		**19,697**	16,736
Investments		**25,374**	22,776
Trade and other receivables		**1,076**	1,369
Prepaids		**1,604**	1,756
Total Current Assets		**47,751**	42,637
Non-Current Assets			
Property and equipment	**6**	**309,810**	311,949
Investment properties		**15,116**	15,282
Intangible assets		**17**	19
Lessor inducement		**139**	144
Investments		**2,000**	2,000
Total Non-Current Assets		**327,082**	329,394
Total Assets		**374,833**	372,031

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

as at June 30, 2026
(in thousands of Canadian dollars)

	Notes	**June 30, 2026**	March 31, 2026
		unaudited	audited
		$	$
Liabilities			
Current Liabilities			
Trade and other payables		**3,278**	1,961
Employee benefits		**1,000**	1,179
Holdbacks		**-**	-
Deferred revenue		**1,875**	1,849
Loans payable		**400**	400
Bonds payable		**8,192**	8,192
Lease liability		**140**	188
Deferred government funding		**4,917**	4,922
Total Current Liabilities		**19,802**	18,691
Non-Current Liabilities			
Deferred revenue		**420**	458
Loans payable		**7,867**	7,967
Bonds payable		**4,299**	4,299
Lease liability		**1,930**	10
Deferred government funding		**101,110**	102,338
Employee benefits		**7,325**	7,205
Total Non-Current Liabilities		**122,951**	122,277
Equity			
Share capital - 2 shares @ no par value		**-**	-
Retained earnings		**232,118**	231,178
Accumulated other comprehensive loss		**(38)**	(115)
Total Equity		**232,080**	231,063
Total Equity and Liabilities		**374,833**	372,031

Interim Unaudited Condensed Consolidated Statement of Comprehensive Income

for the three-month period ended June 30, 2026
(in thousands of Canadian dollars)

	June 30, 2026	June 30, 2025
	unaudited	unaudited
	$	$
Revenue		
Tolls and services	**9,495**	10,185
Thousand Islands International Bridge revenue	**2,108**	1,987
Leases and permits	**715**	763
Interest	**347**	332
(Loss) Gain on investments	**24**	(15)
Other	**226**	88
Total Revenue	**12,915**	**13,340**
Expenses		
Operations	**2,762**	2,650
Thousand Islands International Bridge expenses	**1,919**	1,808
Maintenance	**4,313**	3,659
Canada Border Security Agency & Canadian Food Inspection Agency operations	**2,174**	2,111
Administration	**1,778**	1,817
Additional funding of SIBC operations	**23**	-
Total Expenses	**12,969**	12,045
Operating Income Before Government Funding	**(54)**	1,295

Interim Unaudited Condensed Consolidated Statement of Comprehensive Income (Cont'd)

for the three-month period ended June 30, 2026
(in thousands of Canadian dollars)

	June 30, 2026	June 30, 2025
	unaudited	unaudited
	$	$
Government Funding		
Amortization of deferred capital funding	**1,233**	1,246
Funding with respect to operating expense	**46**	-
Total Government Funding	**1,279**	1,246
Non-Operating Items		
Interest expense	**(285)**	(400)
Total Non-Operating Income	**(285)**	(400)
Net Income	**940**	2,141
Other Comprehensive Income (Loss)		
Items that may be reclassified subsequently to net income		
Revaluation gain (loss) on fair value through other comprehensive income investments	**101**	(74)
Cumulative (gain) loss reclassified to income on sale of fair value through other comprehensive income investments	**(24)**	15
Total Other Comprehensive Income (Loss)	**77**	(59)
Total Comprehensive Income for the Period	**1,017**	2,082

Interim Unaudited Condensed Consolidated Statement of Changes in Equity

for the three-month period ended June 30, 2026
(in thousands of Canadian dollars)

	Retained Earnings unaudited $	Accumulated Other Comprehensive Income unaudited $	Total unaudited $
Balance, April 1, 2025	223,440	135	223,575
Total Comprehesive Income:			
Net Income	2,141	-	2,141
Other Comprehesive Income:			
Revaluation loss on fair value through other comprehensive income investments	-	(74)	(74)
Cumulative loss reclassified to income on sale of fair value through other comprehensive income investments	-	15	15
Other Comprehensive Income total	-	(59)	(59)
Total Comprehensive Income	2,141	(59)	2,082
Balance at June 30, 2025	225,581	76	225,657
Balance, March 31, 2026	231,178	(115)	231,063
Total Comprehesive Income:			
Net income	940	-	940
Other Comprehesive Income:			
Revaluation gain on fair value through other comprehensive income investments	-	101	101
Cumulative gain reclassified to income on sale of fair value through other comprehensive income investments	-	(24)	(24)
Other Comprehensive Loss total	-	77	77
Total Comprehensive Income	940	77	1,017
Balance at June 30, 2026	**232,118**	**(38)**	**232,080**

Interim Unaudited Condensed Consolidated Statement of Cash Flows

for the three-month period ended June 30, 2026
(in thousands of Canadian dollars)

	June 30, 2026	June 30, 2025
	unaudited	unaudited
	$	$
Cash Flows from Operating Activities		
Net income	**940**	2,141
Adjustments for:		
Amortization of deferred capital funding	**(1,233)**	(1,246)
Depreciation of property and equipment	**4,247**	4,143
Depreciation of intangible assets	**2**	3
Depreciation of investment properties	**166**	169
Gain on sale of investments	**(24)**	15
Change in employee benefits	**(59)**	(371)
	4,039	4,854
Changes in Non-cash Working Capital:		
Trade and other receivable	**293**	764
Lessor inducement	**5**	6
Prepaids	**152**	201
Trade and other payables	**1,317**	(288)
Holdbacks	**-**	1
Deferred revenue	**(12)**	(7)
	1,755	677
Net cash generated by Operating Activities	**5,794**	5,531
Cash Flows from Investing Activities		
Payments for property and equipment	**(166)**	(189)
Payments for intangible assets	**-**	(1)
Proceeds on sale of investments	**1,391**	1,102
Purchase of investments	**(3,888)**	(1,241)
Net cash used for Investing Activities	**(2,663)**	(329)
Cash Flows from Financing Activities		
Repayment of loans payable	**(100)**	(100)
Payment of lease liability	**(70)**	(42)
Net cash used for Financing Activities	**(170)**	(142)
Net increase in cash and cash equivalents	**2,961**	5,060
Cash and cash equivalents, beginning of period	**16,736**	11,629
Cash and cash equivalents, end of period	**19,697**	16,689

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 the Crown, 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 realised 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 (as described in note 5) per agreement between the Corporation as Canadian owner and The Great Lakes St. Lawrence Seaway Development Corporation (GLS) 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 regard to the Sault Ste. Marie International Bridge, this agreement is with the U.S. owner, the Michigan Department of Transportation (MDOT). The bridge oversight is through a joint international entity, Sault Ste. Marie Bridge Administration (SSMBA), and its operation is done by the International Bridge Authority (IBA), an entity of MDOT. The agreement applicable to the operations of the Thousand Islands International Bridge is also with the U.S. owner, the Thousand Islands Bridge Authority (TIBA), an entity of Jefferson County, State of New York. At the Blue Water Bridge 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* and other Acts with similar references, requires the Corporation to provide, equip and maintain, free of charge, adequate buildings, accommodations or other facilities for customs and the Canada Border Services Agency (CBSA). Similar provisions in the *Plant Protection Act* and the *Health of Animals Act* mandate similar support for the Canadian Food Inspection Agency (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 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, 2026. 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, 2026.

3. Seasonality

FBCL bridge traffic is seasonal, with higher transits and toll revenues typically occurring from May to October. Lower activity from November to April reflects reduced leisure travel and less favourable weather.

Economic conditions in Canada and the United States also influence international vehicle traffic, particularly commercial truck volumes, which generate higher toll revenues and are driven more by business conditions than seasonality.

FBCL also incurs significant maintenance and rehabilitation costs during the construction season, generally the first three quarters of the fiscal year. Timing may vary with weather, while operations and administration expenses are not materially seasonal.

4. Use of Judgments and Estimates

The preparation of the interim unaudited condensed consolidated financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that can significantly affect the amounts recognized in the consolidated financial statements. Actual results may differ from these estimates. Where these differ, the impact will be recorded in future periods. Significant judgments and estimates as at June 30, 2026, were consistent with those disclosed in Note 3 of the Corporation’s audited consolidated financial statements for the year ended March 31, 2026.

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, 2026.

6. Property and Equipment

Cost	Land	Bridges and roads	Vehicles and equip-ment	Build-ings	Right-of-use Assets	Property Improve-ments	Projects in pro-gress	Total
	$	$	$	$	$	$	$	$
Balance, April 1, 2025	15,106	288,968	39,748	144,727	1,526	36,437	1,142	527,654
Additions	4	26	141	103	42	14	3,613	3,943
Disposals	-	(74)	(451)	-	-	(363)	-	(888)
Transfers	-	2,976	-	-	-	107	(3,083)	-
Balance, March 31, 2026	15,110	291,896	39,438	144,830	1,568	36,195	1,672	530,709
Additions	1	-	65	47	1,942	-	53	2,108
Disposals	-	-	(62)	-	-	-	-	(62)
Transfers	10	-	62	-	-	-	(72)	-
Balance, June 30, 2026	**15,121**	**291,896**	**39,503**	**144,877**	**3,510**	**36,195**	**1,653**	**532,755**

Accumulated depreciation	Land	Bridges and roads	Vehicles and equip-ment	Build-ings	Right-of-use Assets	Property Improve-ments	Projects in pro-gress	Total
	$	$	$	$	$	$	$	$
Balance, April 1, 2025	-	113,936	20,573	47,687	1,197	19,059	-	202,452
Eliminated on disposal of assets	-	(74)	(451)	-	-	(363)	-	(888)
Depreciation	-	8,930	2,655	3,885	199	1,527	-	17,196
Balance, March 31, 2026	-	122,792	22,777	51,572	1,396	20,223	-	218,760
Eliminated on disposal of assets	-	-	(62)	-	-	-	-	(62)
Transfers	-	-	-	-	-	-	-	-
Depreciation	-	2,249	638	951	53	356	-	4,247
Balance, June 30, 2026	**-**	**125,041**	**23,353**	**52,523**	**1,449**	**20,579**	**-**	**222,945**
Net book value, June 30, 2026	**15,121**	**166,855**	**16,150**	**92,354**	**2,061**	**15,616**	**1,653**	**309,810**
Net book value, March 31, 2026	15,110	169,104	16,661	93,258	172	15,972	1,672	311,949

7. Financial Instruments

Fair Value

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

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

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

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

As at June 30, 2026

	Fair Value $	**Carrying Cost $**	Level
Financial instruments measured at fair value on a recurring basis			
Investments (fair value through other comprehensive income)	**24,374**	**24,374**	Level 2
Financial instruments measured at amortised costs			
Investments - amortised cost	**3,000**	**3,000**	Level 2
Loans payable	**8,267**	**8,267**	Level 2
Bonds payable	**13,457**	**12,491**	Level 2

As at March 31, 2026

	Fair Value $	Carrying Cost $	Level
Financial instruments measured at fair value on a recurring basis			
Investments (fair value through other comprehensive income)	21,776	21,776	Level 2
Financial instruments measured at amortised costs			
Investments - amortised cost	3,000	3,000	Level 2
Loans payable	8,367	8,367	Level 2
Bonds payable	13,026	12,491	Level 2