



FEDERAL BRIDGE CORPORATION
SOCIÉTÉ DES PONTS FÉDÉRAUX

QUARTERLY FINANCIAL REPORT

3rd QUARTER (Q3) – UNAUDITED

For the nine months ended December 31, 2024

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1.0 INTRODUCTION

This interim financial report outlines the significant activities and initiatives, risks and financial results of The Federal Bridge Corporation Limited (FBCL) for the nine-month period ended December 31, 2024. This interim financial report has been prepared in accordance with the requirements of the *Financial Administration Act* and the Standard on Quarterly Financial Reports for Crown Corporations issued by the Treasury Board Secretariat and with International Financial Reporting Standards (IFRS) 34, *Interim Financial Reporting*. It should be read in conjunction with the interim unaudited condensed consolidated financial statements and related notes, included herein. Unless otherwise indicated, all amounts are expressed in Canadian dollars.

1.1 Forward-Looking Statements

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

1.2 Materiality

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

2.0 CORPORATE OVERVIEW

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

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

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

2.1 Mandate

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

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

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

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

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

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

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

2.2 Outlook

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

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

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

While passenger traffic volumes have approached a plateau across most international bridges, the corporation remains current with current political, economic, and other factors that may affect traffic volumes. Many of these factors also affect commercial traffic across the portfolio, with the addition of competitive elements at other bridge crossing locations that are a source of traffic variability. Through prudent understanding of the drivers of traffic at each crossing, the FBCL continues to monitor and assess the impact of traffic variances as it works to rebuild its capital reserves in order to ensure the longevity of its bridges and associated infrastructure.

As stewards of four of Canada's international bridge crossings, it is necessary to invest prudently in the maintenance, rehabilitation and, at times, complete replacement of bridge and bridge plaza assets. In the current year, the FBCL is receiving parliamentary appropriations, in whole or in part, for paving and repair of the Blue Water Bridge, cable protection wrapping and approach paving to the Lansdowne Canadian bridge, various capital equipment, and infrastructure projects at multiple locations. The significant construction projects included:

- a) **Cornwall:** Multiple repairs to the building infrastructure is occurring this fiscal year. Additionally, overhead lights on the North Channel Bridge pedestrian sidewalk are being installed with the work commenced in the current quarter and will be completed next fiscal year. Major upcoming works are being planned to ensure the

longevity of the South Channel Bridge. Studies into requirements to maintain major components and the approaches to the bridge continue.

- b) **Lansdowne:** Works on ensuring the longevity of the suspension cables of the Thousand Islands International Bridge began in Q2, in addition to replacing pivotal bridge components. Much of the work was conducted in the second and third quarters. The completion date of this project will be next fiscal year.
- c) **Point Edward:** Rehabilitation work on the second span of the Blue Water Bridge occurred over the first two quarters and was completed at the start of the third quarter.
- d) **Sault Ste. Marie:** There were no major construction works in the first three quarters.

2.3 Significant Changes

In December 2024, Her Excellency the Governor General in Council, on her recommendation of the Minister of Transport, approved the appointment of Mr. Richard Talvitie, of Sault Ste. Marie, Ontario, as a director of FBCL. Mr. Talvitie will fill the final remaining Board of Directors seat, which has been vacant since December 2021. Mr. Talvitie was previously a member of the FBCL Board of Directors and predecessor organizations, and his addition to complete the compliment of Board members at FBCL is very welcomed by the organization.

In June 2024, Her Excellency the Governor General in Council, on her recommendation of the Minister of Transport and the Treasury Board transferred the administration of certain federal real property from the Minister of Transport to the Corporation, without consideration. These lands relate to the location of the SIBC toll facilities and North Channel Bridge. These lands were previously utilized for operations via a Memorandum of Understanding between Transport Canada and the Corporation.

There have been no other significant and material changes occurring during the nine months ended December 31, 2024, related to operations, personnel and programs of FBCL.

3.0 RISK MANAGEMENT

CORPORATE RISK

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

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

FINANCIAL RISK

Throughout the past 4+ years, traffic volumes have been measurably lower than pre-pandemic volumes, with no commensurate decrease in expenses. This meant that previous cash reserves have been used to finance operations. To partially compensate for this, the Corporation has received a mix of limited capital and operating funding in recent years. Management continues to closely monitor its cash position by only incurring essential operating expenses and crucial

capital works. Currently there is no approved funding after March 31, 2025, however, the Corporation anticipates requesting additional appropriations as part of the upcoming Corporate Plan cycle.

In recent years, SIBC has been facing a major financial risk as paying passenger traffic volumes are sharply down due to an overall regional bi-national manufacturing decline, the value of the Canadian dollar and limited commercial traffic at that location. Operational efforts, however, remain the same as Crown-mandated toll-free passage traffic crossing the bi-national region is at an all-time high. The combination of these factors has strained SIBC financial resources for some time. Without financial support, SIBC will need to drastically cut its operations to a minimum level in the short-term while options are pursued collectively through each owner. The Corporation continues to proactively engage partners and stakeholders in anticipation of establishing a long-term strategy for SIBC that is mutually beneficial to SIBC and its hosting communities.

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

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

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

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 organization are not the responsibility of the American bridge owners/operators. In addition, given the Crown agreements providing toll-free passage for members of the indigenous community, this section of the *Customs Act* is not applied at the bridge in Cornwall, as the operational burden financed through non-competitive tolling would further threaten the facility's financial sustainability.

ESG AND CLIMATE-RELATED RISKS

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

4.0 QUARTERLY RESULTS

4.1 Results of Operations

SEASONAL TRENDS

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

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

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

STATEMENT OF COMPREHENSIVE INCOME

Revenue and government funding ('000s)						
	For the three months ending			For the nine months ending		
	Dec 31 2024 (unaudited)	Dec 31 2023 (unaudited)	Variance	Dec 31, 2024 (unaudited)	Dec 31, 2023 (unaudited)	Variance
Tolls	9,332	8,015	1,317	28,751	24,777	3,974
Thousand Islands International Bridge	1,868	1,730	138	6,563	6,372	191
Leases and permits	1,243	1,119	124	3,275	2,851	424
Interest	415	254	161	968	636	332
Gain on investments	(9)	33	(42)	35	142	(107)
Other	292	83	209	523	328	195
Total revenue	13,141	11,234	1,907	40,115	35,106	5,009
Government funding	1,296	1,324	(28)	3,599	3,441	158

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 2024-25, overall passenger volumes have increased by 6% and commercial volumes have increased by 18% when compared to the third quarter of 2023-24. Truck volumes, by bridge, varied between a decrease of 5% to an increase of 28%, while passenger cars, per bridge, varied between an increase of 2% to 12%. From a year-to-date perspective, overall truck volumes have increased by 14% and passenger car volumes have increased by 7%.

Given that the commercial traffic bases at the Sault Ste. Marie and Seaway International bridges normally constitute only 5% of traffic loads, these operations continue to be impacted by a slower-than-expected return of passenger volumes to these locations. Worsening the situation at the Seaway International Bridge is the requirement to maintain normal

operating levels in support of the more than 75% of toll-exempt travelers that depend on the bridge in order to access the necessities of life. In the third quarter, as compared to the prior year, paid passenger volumes at these locations have increased by 10% and 12%, respectively (year-to-date up 13% and 8%, respectively), and commercial volumes at these locations have increased by 5% and decreased by 5%, respectively (year-to-date an increase of 2% and a decrease of 4%, respectively). Passenger volumes, when compared to the pre-pandemic volumes, continue to be 17% and 10% lower, respectively (prior year-to-date – 27% and 17%, 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 volumes are up by 4% (year-to-date 4%) and commercial volumes are also up by 4% (year-to-date 2%).

The Blue Water Bridge has traditionally been Canada's second busiest commercial bridge crossing. However, during the fiscal year, this location has been making great strides to becoming the busiest commercial bridge crossing. In fact, the month of November 2024 proved to be the first time (apart from February 2022 which was affected by blockades at a competitor crossing) that Blue Water Bridge had the highest commercial bridge crossings in the country. In the third quarter, as compared to the prior year, commercial volumes are up by 28% (year-to-date up 22%). On the passenger side, volumes are up by 2% (year-to-date up 6%), however, they are still only 71% of pre-pandemic volumes (prior year-to-date – 66%).

Canadian vs. U.S. dollar exchange rate

The exchange rate for the third quarter of 2024-25 was US\$1.00 : CDN\$1.40, on average, whereas the exchange rate for the third quarter of 2023-24 was US\$1.00 : CDN\$1.36. The FBCL reviews the currency parity of the toll rates at its bridge locations to ensure that the rates are fair in both currencies and may adjust the rates in order to minimize any foreign currency loss on toll revenues.

Changes in toll rates

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

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

Interest, Gain on investments, and Other: With an increase in investments, there is a resultant increase in interest income. Additionally, currency exchange translation on the Statement of Financial Position entries accounted for in USD supplied a \$0.2 million gain (included in other income). This resulted from the the exchange rate difference at December 31, 2024, as compared to March 31, 2024.

Government funding: The government funding recognized in revenues consists of amortization of deferred capital funding in the amount of \$1.0 million for the third quarter of 2024-25 (\$1.0 million for the third quarter of 2023-24) and \$0.2 million for the third quarter of 2024-25, relating to the operating expenses of the Seaway International Bridge Corporation (\$0.3 million for the third quarter of 2023-24). From a year-to-date perspective, amortization of deferred capital funding and government funding for operations is \$3.1 million and \$0.5 million, respectively (\$2.9 million and \$0.5 million, respectively, in 2023-24). Refer to the Reporting on Use of Parliamentary Appropriations section below for more information.

Operating and interest expense ('000s)

	For the three months ending			For the nine month ending		
	Dec 31, 2024 (unaudited)	Dec 31, 2023 (unaudited)	Variance	Dec 31, 2024 (unaudited)	Dec 31, 2023 (unaudited)	Variance
Operations	2,522	2,489	33	7,446	7,231	215
Thousand Islands International Bridge	1,764	1,567	197	5,498	5,023	475
Maintenance	3,538	3,702	(164)	10,797	10,790	7
CBSA & CFIA operations	2,113	2,121	(8)	6,204	5,973	231
Administration	1,974	1,926	48	5,692	5,462	230
Additional funding of SIBC operations	122	150	(28)	235	253	(18)
Total expenses	12,033	11,955	78	35,872	34,732	1,140
Interest expense	462	581	(119)	1,451	1,803	(352)

Historically, the FBCL recognizes 50% of revenues and expenses of the Seaway International Bridge Corporation in accordance with the international agreements. Since the 2020-21 fiscal year, there have been operating deficits at this location. In 2023-24 and 2024-25 the entirety of the deficit, including the partner's remaining 50% of the deficit, is being funded by the Government of Canada. Therefore, the partner's proportion of the deficit is recorded as an expense.

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

Operations: Operations expense relates to the collection of toll revenue, security and traffic management. There is no significant variance in the third quarter. From a year-to-date perspective, the increase is caused by increased salaries and benefits in part due to operational needs, bank charges for collecting electronic sources of toll revenue, and maintenance fees for the new toll systems.

Thousand Islands International Bridge: The expenses represent the FBCL's share of expenses as a result of the international agreement pertaining to the crossing at the Thousand Islands. Changes in the relative value of the Canadian dollar vs. the US dollar, and a larger maintenance crew enabled to achieve further works has resulted in a higher expense in the current year.

Maintenance: Maintenance expenses relate to the maintenance, upkeep and repair of the FBCL's assets. For the third quarter, depreciation is lower by \$0.2 million due to a revision to useful lives. From a year-to-date perspective, depreciation is lower by \$0.4 million and has been offset by a multitude of increased maintenance costs, particularly at the Seaway International Bridge Corporation which has increased its maintenance crew.

CBSA/CFIA: The FBCL is required to provide facilities and certain maintenance of these facilities at some of its crossings to the CBSA and the CFIA, for which there is no related revenue. There is no significant variance in the third quarter. From a year-to-date perspective, there is an increase in expenses to maintain the facilities, as well as increases in staffing requirements to do so, resulting in the increased spending.

Administration: Administration expenses relate to the management and oversight of the operations of the individual crossings and the Corporation. There is no significant variance in the third quarter. From a year-to-date perspective, the prior year's turnover of administrative positions represent the bulk of the increase.

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

STATEMENT OF FINANCIAL POSITION

Consolidated Statement of Financial Position (\$000's)			
	Dec 31,	Mar 31,	
	2024	2024	
	(Unaudited)	(Audited)	Variance
Assets			
Financial assets	37,028	24,026	13,002
Non-financial assets	344,571	342,529	2,042
Total assets	381,599	366,555	15,044
Liabilities			
Current liabilities	17,956	16,854	1,102
Non-current liabilities	140,311	132,838	7,473
Total liabilities	158,267	149,692	8,575
Total equity	223,332	216,863	6,469

Financial Assets: Financial assets consist of cash and cash equivalents, investments, and receivables. Cash flow from operations is \$16.5 million before considering changes in working capital. The change in working capital generates an additional \$1.4 million. Of this amount, \$4.0 million has been used to pay the principal portion of debt obligations. Capital reserves are being re-established in order to fund major upcoming repairs and rehabilitation on FBCL's aging infrastructure.

Non-financial Assets: Non-financial assets consist primarily of property and equipment and investment properties and also include prepaid expenses, intangible assets and lessor inducement. Capital asset purchases are \$16.2 million while depreciation of \$13.3 million has been recorded.

Current Liabilities: The current portion of the bonds payable has increased by \$0.2 million as principal payments continue. Additionally, the current portion of deferred capital funding has increased by \$0.6 million as funded capital projects at the Blue Water Bridge were completed in the current year and put into service.

Non-current Liabilities: Deferred government funding has increased by \$11.5 million which is composed of the net of new funding offset by funding amortized to revenue. Bonds and loans payable have decreased by \$4.0 million as principal payments have been made. Current service costs relating to post-employment employee benefits resulted in an increase of \$0.3 million to the employee benefits liability.

4.2 Financial Performance against Corporate Plan

The 2024-25 to 2028-29 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 2024-25 plan.

Revenue and government funding ('000s)

	Dec 31, 2024 (9 months)	Corporate Plan (12 months)	Percentage
Tolls	28,751	31,153	92%
Thousand Islands International Bridge	6,653	8,226	81%
Leases and permits	3,275	3,902	84%
Interest	968	407	238%
Other	558	640	87%
Total revenue	40,205	44,328	91%
Government funding	3,599	5,417	66%

Operating and interest expense ('000s)

	Dec 31, 2024 (9 months)	Corporate Plan (12 months)	Percentage
Operations	4,760	7,691	62%
Thousand Islands International Bridge	4,339	6,756	64%
Maintenance	5,045	7,362	69%
CBSA & CFIA	3,110	4,318	72%
Administration	5,096	7,972	64%
Additional funding of SIBC operations	235	510	46%
Depreciation	13,287	18,793	71%
Total expense	35,872	53,402	67%
Interest expense	1,451	1,962	74%

The corporation monitors its expenditures very closely in order to ensure that cash remains available should unforeseen events occur. Expenses across departments are currently between 46% and 72% of the full Corporate Plan budget. Additional funding of SIBC operations is lower than budgeted as traffic volumes are traditionally higher in the first six months of the fiscal year.

Fiscal year 2024-25 has represented a solid year for the BWB location with commercial volumes being abnormally higher than usual. This is a temporary direct correlation to a large pricing decision made by a large competitor bridge. However, this positive upward trend is likely short-lived.

4.3 Reporting on Use of Appropriations

As part of the *Appropriations Act No. 2, 2024-25*, which passed as legislation by the House of Commons on June 13, 2024, \$17.9 million was granted to the FBCL under vote 1. Of this amount, the FBCL has claimed \$0.5 million in appropriations for operating expenses in the first three quarters and \$15.2 million for capital. Capital funding is expected to be fully utilized in the fiscal year and operating appropriations will be used to compensate the Seaway International Bridge Corporation's deficit.

In the prior year, as part of the *Appropriations Act No. 2, 2023-24*, which passed as legislation by the House of Commons on June 22, 2023, \$7.4 million was granted to the FBCL under vote 1. Of this amount, the FBCL had claimed \$0.5 million in appropriations for operating expenses in the first three quarters of the prior year and 5.6 million for capital.

5.0 FBCL INTERIM UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended December 31, 2024

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

5.1 Statement of Management Responsibility


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

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

Based on our knowledge, these unaudited condensed consolidated financial statements present fairly, in all material respects, the financial position, results of operations and cash flows of the corporation, as at the date of and for the periods presented in the interim unaudited condensed consolidated financial statements.



Natalie Kinloch
Chief Executive Officer



Richard Iglinski
Chief Financial Officer

Ottawa, Canada
January 23, 2025

5.2 Interim Unaudited Condensed Consolidated Statement of Financial Position

as at December 31, 2024

(in thousands of Canadian dollars)

	Notes	December 31, 2024	March 31, 2024
		unaudited \$	\$
Assets			
Current Assets			
Cash and cash equivalents		21,325	11,397
Investments		10,816	9,757
Trade and other receivables		2,887	2,872
Prepays		661	1,579
Total Current Assets		35,689	25,605
Non-Current Assets			
Property and equipment	6	327,606	324,181
Investment properties		16,124	16,595
Intangible assets		10	15
Lessor inducement		170	159
Investments		2,000	-
Total Non-Current Assets		345,910	340,950
Total assets		381,599	366,555
Liabilities			
Current Liabilities			
Trade and other payables		1,928	1,726
Employee benefits		990	1,319
Holdbacks		297	-
Deferred revenue		2,005	1,905
Loans payable		400	400
Bonds payable		7,429	7,191
Lease liability		228	203
Deferred government funding		4,679	4,110
Total Current Liabilities		17,956	16,854
Non-Current Liabilities			
Deferred revenue		647	760
Loans payable		8,467	8,767
Bonds payable		16,393	20,166
Lease liability		234	420
Deferred capital funding		107,615	96,104
Employee benefits		6,955	6,621
Total Non-Current Liabilities		140,311	132,838
Equity			
Share capital - 2 shares @ no par value		-	-
Retained earnings		223,291	216,900
Accumulated other comprehensive income		41	(37)
Total Equity		223,332	216,863
Total Equity and Liabilities		381,599	366,555

5.3 Interim Unaudited Condensed Consolidated Statement of Comprehensive Income

for the three and nine month periods ended December 31, 2024

(in thousands of Canadian dollars)

Notes	For the three months ended		For the nine months ended	
	December 31, 2024 (unaudited)	December 31, 2023 (unaudited)	December 31, 2024 (unaudited)	December 31, 2023 (unaudited)
	\$	\$	\$	\$
Revenue				
Tolls and services	9,332	8,015	28,751	24,777
Thousand Islands International Bridge revenue	1,868	1,730	6,563	6,372
Leases and permits	1,243	1,119	3,275	2,851
Interest	415	254	968	636
Gain on investments	(9)	33	35	142
Other	292	83	523	328
Total Revenue	13,141	11,234	40,115	35,106
Expenses				
Operations	2,522	2,489	7,446	7,231
Thousand Islands International Bridge expenses	1,764	1,567	5,498	5,023
Maintenance	3,538	3,702	10,797	10,790
Canada Border Security Agency & Canadian Food Inspection Agency operations	2,113	2,121	6,204	5,973
Administration	1,974	1,926	5,692	5,462
Additional funding of SIBC operations	122	150	235	253
Total Expenses	12,033	11,955	35,872	34,732
Operating Gain (Loss) Before Government Funding	1,108	(721)	4,243	374
Government Funding				
Amortization of deferred capital funding	1,052	1,024	3,129	2,935
Funding with respect to operating expense	244	300	470	506
Total Government Funding	1,296	1,324	3,599	3,441
Non-Operating Items				
Interest expense	(462)	(581)	(1,451)	(1,803)
Total Non-Operating Items	(462)	(581)	(1,451)	(1,803)
Net Income	1,942	22	6,391	2,012
Other Comprehensive Income				
Items that may be reclassified subsequently to statement of income (loss)				
Investments revaluation gain on available-for-sale investments	6	78	113	111
Cumulative loss (gain) reclassified to income on sale of available-for- sale investments	9	(33)	(35)	(142)
Total Other Comprehensive Income	15	45	78	(31)
Total Comprehensive Income for the Period	1,957	67	6,469	1,981

5.4 Interim Unaudited Condensed Consolidated Statement of Changes in Equity

for the nine month period ended December 31, 2024

(in thousands of Canadian dollars)

	Retained Earnings (unaudited)	Accumulated Other Comprehensive Income (unaudited)	Total (unaudited)
	\$	\$	\$
Balance, April 1, 2023	213,672	(9)	213,663
<i>Total Comprehensive Income:</i>			
Net Income	2,012	-	2,012
<i>Other Comprehensive Income:</i>			
Revaluation gain on fair value through other comprehensive income investments	-	111	111
Cumulative gain reclassified to income on sale of fair value through other comprehensive income investments	-	(142)	(142)
Other Comprehensive Income total	-	(31)	(31)
Total Comprehensive Income	2,012	(31)	1,981
Balance a December 31, 2023	215,684	(40)	215,644
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

5.5 Interim Unaudited Condensed Consolidated Statement of Cash Flows

for the three and nine month periods ended December 31, 2024

(in thousands of Canadian dollars)

	<i>For the three months ended</i>		<i>For the nine months ended</i>	
	December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
			\$	
Cash Flows from Operating Activities				
Net income (loss)	1,942	22	6,391	2,012
Adjustments for:				
Amortization of deferred capital funding	(1,052)	(1,024)	(3,129)	(2,935)
Depreciation of property and equipment	4,212	4,432	12,774	13,250
Depreciation of intangible assets	2	6	5	17
Depreciation of investment properties	170	168	508	523
(Gain) loss on disposal of investments	9	(33)	(35)	(142)
Change in employee benefits	9	195	5	225
	5,292	3,766	16,519	12,950
Changes in Non-cash Working Capital:				
Trade and other receivable	294	1,472	(15)	(1,265)
Lessor inducement	5	3	(11)	8
Prepays	551	442	918	925
Trade and other payables	(2,380)	(1,934)	202	756
Holdbacks	(114)	(100)	297	(98)
Deferred revenue	33	10	(13)	(34)
	(1,611)	(107)	1,378	292
Net Cash Generated by Operating Activities	3,681	3,659	17,897	13,242
Cash Flows from Investing Activities				
Payments for property and equipment	(3,727)	(542)	(16,199)	(6,137)
Payments for investment properties	-	-	(37)	-
Payments for intangible assets	-	-	-	-
Government funding related to acquisitions of property and equipment	2,796	371	15,209	5,623
Proceeds from disposal of property and equipment	-	-	-	-
Proceeds on sale of investments	6,097	2,052	9,907	4,409
Purchase of investments	(8,799)	(3,141)	(12,853)	(7,388)
Net Cash Used for Investing Activities	(3,633)	(1,260)	(3,973)	(3,493)
Cash Flows from Financing Activities				
Repayment of loans payable	(100)	(100)	(300)	(300)
Repayment of bonds payable	-	-	(3,535)	(3,313)
Repayment of lease liability	(60)	(58)	(161)	(187)
Net Cash Used for Financing Activities	(160)	(158)	(3,996)	(3,800)
Net increase (decrease) in cash and cash equivalents	(112)	2,241	9,928	5,949
Cash and cash equivalents, beginning of period	21,437	11,216	11,397	7,508
Cash and Cash Equivalents, end of period	21,325	13,457	21,325	13,457

1. AUTHORITY AND ACTIVITIES

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

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

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

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

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

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

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

3. SEASONALITY

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

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

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

4. USE OF JUDGMENTS AND ESTIMATES

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

5. FUTURE CHANGES IN ACCOUNTING POLICIES

There are new standards and amendments to existing standards issued by the International Accounting Standards Board (IASB) during the nine-month period that could affect the Corporation in the future other than those disclosed in Note 5 of the Corporation's audited consolidated financial statements for the year ended March 31, 2024.

IFRS 18, Presentation and Disclosure in Financial Statements

This new standard sets out the requirements for the presentation and disclosure of information in the general-purpose financial statements (financial statements) to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses. The key requirements in IFRS 18 include the presentation of new defined subtotals in the statement of profit or loss; required disclosures in the notes to the financial statements of management-defined performance measures; and enhanced principles on the aggregation and disaggregation of information which apply to the financial and notes to the financial statements. IFRS 18 replaces IAS 1 *Presentation of Financial Statements*. The new standard is effective for annual periods beginning on or after January 1, 2027, with earlier application permitted.

Amendments to IFRS 9 and IFRS 7 relating to the Classification and Measurement of Financial Instruments

IFRS 9 *Financial Instruments* and IFRS 7 *Financial Instruments: Disclosures* have been revised to clarify the classification of financial assets with environmental, social and corporate governance and similar features, and address concerns raised regarding the settlement of liabilities through electronic payment systems. The amendments are effective for annual reporting periods beginning on or after January 1, 2026. Early application is permitted.

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

6. PROPERTY AND EQUIPMENT

Cost	Land \$	Bridges and roads \$	Vehicles and equipment \$	Buildings \$	Property Improvements \$	Right-of-use Assets \$	Projects in progress \$	Total \$
Balance, April 1, 2023	14,908	273,900	36,781	144,703	36,042	1,537	1,765	509,636
Additions	59	53	627	-	-	-	5,788	6,527
Disposals	-	(2,659)	(93)	-	-	(16)	-	(2,768)
Transfers	-	6,024	224	3	-	-	(6,251)	-
Balance, March 31, 2024	14,967	277,318	37,539	144,706	36,042	1,521	1,302	513,395
Additions	21	-	945	-	38	-	15,195	16,199
Disposals	-	-	(301)	-	-	-	-	(301)
Transfers	-	-	-	-	146	-	(146)	-
Balance, December 31, 2024	14,988	277,318	38,183	144,706	36,226	1,521	16,351	529,293

Accumulated depreciation	Land \$	Bridges and Roads \$	Vehicles and Equipment \$	Buildings \$	Property Improvements \$	Right-of-use Assets \$	Projects in Progress \$	Total \$
Balance, April 1, 2023	-	102,114	15,850	40,018	16,069	821	-	174,872
Eliminated on disposal of assets	-	(2,659)	(93)	-	-	-	-	(2,752)
Depreciation	-	8,900	2,532	3,984	1,491	187	-	17,094
Balance, March 31, 2024	-	108,355	18,289	44,002	17,560	1,008	-	189,214
Eliminated on disposal of assets	-	-	(301)	-	-	-	-	(301)
Transfers	-	-	-	-	-	-	-	-
Depreciation	-	6,658	1,909	2,945	1,122	140	-	12,774
Balance, December 31, 2024	-	115,013	19,897	46,947	18,682	1,148	-	201,687
Net book value, December 31, 2024	14,988	162,305	18,286	97,759	17,544	373	16,351	327,606
Net book value, March 31, 2024	14,967	168,963	19,250	100,704	18,482	513	1,302	324,181

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

7. FINANCIAL INSTRUMENTS

Fair Value

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

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

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

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

As at Dec 31	2024		
	Value	Cost	Level
	\$	\$	
Financial instruments measured at fair value on a recurring basis			
Investments (fair value through other comprehensive income)	5,443	5,443	Level 2
Financial instruments measured at amortised costs			
Investments - amortised cost	7,373	7,373	Level 2
Loans payable	8,867	8,867	Level 2
Bonds payable	25,502	23,822	Level 2
As at March 31	2024		
	Value	Cost	Level
	\$	\$	
Financial instruments measured at fair value on a recurring basis			
Investments (fair value through other comprehensive income)	7,586	7,586	Level 2
Financial instruments measured at amortised costs			
Investments - amortized cost	2,171	2,171	Level 2
Loans payable	9,167	9,167	Level 2
Bonds payable	28,627	27,357	Level 2