Canada Enterprise Emergency Funding Corporation

A wholly-owned subsidiary of Canada Development Investment Corporation, a federal Crown corporation.

Third Quarter Report - September 30, 2025

Quarterly Financial Report – including MD&A

Contents

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Management Responsibility For Financial Statements

The accompanying unaudited interim condensed financial statements of Canada Enterprise Emergency Funding Corporation ("CEEFC" or the "Corporation") are the responsibility of management and were authorized for issue by the Board of Directors on November 12, 2025. The financial statements have been prepared by the Corporation in accordance with the Public Sector Accounting Standards. Where alternative accounting methods exist, the Corporation has chosen those it deems most appropriate in the circumstances.

CEEFC maintains systems of internal accounting and administrative controls designed to provide reasonable assurance that the financial records are reliable and form a proper basis for the preparation of the financial statements, and that its assets are properly accounted for and adequately safeguarded.

The Board of Directors carries out its responsibilities for the financial statements in this report principally through its Audit Committee. The Audit Committee reviews CEEFC's financial statements and reports its findings to the Board for its consideration and approval. The Audit Committee also meets with the Corporation's joint auditors to discuss auditing matters and financial reporting issues.

As President and Chief Executive Officer and Chief Financial Officer of CEEFC, we have reviewed the Corporation's financial statements, and based upon our knowledge, having exercised due diligence, we believe they fairly present, in all material respects, the Corporation's financial position as at September 30, 2025, and its financial performance and cash flows for the three and nine months ended September 30, 2025.

Bruno Lemay, CFA
President and Chief Executive Officer
CEEFC

Michael Woodward, CPA, CA, CFA
Chief Financial Officer
CEEFC

November 12, 2025

Mandate and Corporate Governance Practices

Canada Enterprise Emergency Funding Corporation ("CEEFC" or the "Corporation") was incorporated on May 11, 2020 and is wholly-owned by Canada Development Investment Corporation ("CDEV"), a federal Crown corporation. CEEFC is a non-agent Crown corporation and is not subject to the provisions of the *Income Tax Act.*

In early 2020, the Canadian economy was facing substantial challenges due to the global drop in demand for goods and services caused by the coronavirus ("COVID-19") pandemic. Companies' abilities to access credit were also constrained due to uncertainties in the financial markets. Without continued access to credit, Canadian businesses faced retrenchment, which could slow prospects for longer-term economic growth. CEEFC was mandated to assist the Government of Canada ("Government of Canada" or the "government") as part of Canada's COVID-19 Economic Response Plan through the implementation of the Large Employer Emergency Financing Facility ("LEEFF") with Innovation Science and Economic Development Canada ("ISED") and the Department of Finance.

LEEFF Loans

The LEEFF program is managed in accordance with terms and conditions approved by the Minister of Finance ("the Minister") and was intended to provide bridge financing to Canada's largest employers, whose needs during the COVID-19 pandemic were not being met through conventional financing. The objective of LEEFF was to help protect Canadian jobs, help Canadian businesses weather the economic downturn, and avoid bankruptcies of otherwise viable companies, where possible. LEEFF was not intended to be used to resolve insolvencies or restructure firms, nor to provide financing to companies that otherwise had the capacity to manage through the crisis. Instead, the additional liquidity made available through LEEFF provided emergency funding support for large Canadian enterprises facing financial challenges due to the economic impact of the COVID-19 pandemic, allowing these businesses and their suppliers to remain active during this difficult time and positioning them for a rapid economic recovery. The program was open to large Canadian employers who:

- (a) had a significant impact on Canada's economy, as demonstrated by having significant operations in Canada or supporting a significant workforce in Canada;
- (b) could generally demonstrate approximately $300 million or more in annual revenues; and
- (c) required a minimum loan size of about $60 million.

Companies that received financing through LEEFF were required to agree to sustain their domestic operations, make reasonable commercial efforts to minimize the loss of jobs and demonstrate a clear plan to return to financial stability. They also agreed to place restrictions on executive compensation, dividends, and share buybacks and publish annual climate-related disclosure reports indicating how their future operations will support environmental sustainability and Canada's climate goals. Standard LEEFF loans were funded on an 80% unsecured basis, with the remaining 20% funded on a secured basis on terms identical to those of the borrowers' existing secured lenders. Fees were charged based on the loan commitment and other loan fees are payable upon repayment. Interest rates escalate through the term of the five-year unsecured loan.

In April 2021, the government provided two additional financial support programs to be made available to Canadian airlines under the LEEFF program. One was available to the largest Canadian airlines and the other was a voucher refund facility program available to all Canadian airlines.

As of July 2022, as directed by the Minister of Finance, CEEFC no longer accepts or processes LEEFF loan applications from new applicants.

Financial Support to the Canadian Airline Industry

Loans and Equity Investments

To qualify for financial support under the Large Airline LEEFF program, airline companies must have met the following requirements:

(a) be incorporated or otherwise formed under the federal laws of Canada or a Canadian provincial or territorial jurisdiction,
(b) have a minimum of $4 billion in 2019 annual revenue,
(c) not be involved in active insolvency proceedings, and
(d) have significant operations or workforce in Canada.

The financial support could take the form of secured and unsecured loan facilities, or an equity investment with secured and unsecured loan facilities. In the case of an equity investment, the Corporation's investment in the common voting shares of an airline could not exceed 20% of the total principal amount of the secured and unsecured loan facilities. Air Canada was the only airline to have a facility approved under these terms, and in November 2021 Air Canada canceled this facility without ever having drawn on it. The Large Airline LEEFF program is no longer operational.

Airline voucher refund loan facilities

The voucher loan facilities were provided to Canadian airlines to refund the cancelled travel owing to the COVID-19 pandemic. In order to be eligible for financial assistance for voucher refunds, the airline must have been a customer-facing airline and must have met the following requirements:

(a) be incorporated or otherwise formed under the federal laws of Canada or a Canadian provincial or territorial jurisdiction;
(b) have a minimum of $300 million in annual pre-COVID-19 revenue; and
(c) not be involved in active insolvency proceedings.

The voucher facility is a non-revolving term loan. The aggregate amount of the voucher facility could not exceed the airline's maximum refund liability. The cap applicable to a particular airline was between 80% and 100% of the airline's estimate of the maximum refund liability. The maximum amount that an airline could borrow under this program was $2 billion. The interest rate is fixed through the seven-year term. There is no availability remaining for any voucher refund loan.

Airline loan amendments

In March of 2022 changes were made to the original LEEFF loans to the existing borrowers in the Canadian airline industry that faced challenges due to the COVID-19 Omicron variant and related travel restrictions. These changes included: deferring the start of the increase in interest rates on LEEFF unsecured loans until December 31, 2023; extending until December 31, 2024 the time that an airline has the option to pay interest in kind (PIK) by adding it to the principal of its unsecured loan; and extending to December 31, 2023 the period that an airline has to repay its unsecured LEEFF loan in order to cancel half of the warrants a public company issued in respect of its LEEFF loan or not incur the additional 6.25 % loan fee that a borrower that is not a public company was required to pay under the LEEFF loan program.

Large Enterprise Tariff Loan (LETL) facility

In March 2025, CEEFC was mandated by the Government of Canada to establish and administer the Large Enterprise Tariff Loan (LETL) facility. The LETL facility is a program aimed at providing liquidity assistance in the form of interest-bearing term loans to large Canadian enterprises who have been (or expect to be) affected by new tariffs and countermeasures. In September 2025 LETL was further modified to allow for the participation of smaller companies and provide more flexible financial support.

The intent of the LETL facility is to provide financing to cover an eligible applicant's 36-month liquidity shortfall, after considering all other sources of capital, helping these enterprises preserve employment and operations until they can access more traditional market financing.

The objective of this support is to help protect Canadian jobs, business operations, and investment activities in the face of actual and potential tariffs and countermeasures. This will be accomplished by providing otherwise viable large Canadian businesses with access to short-term liquidity until they can return to more traditional market financing. This support will not be used to resolve insolvencies or restructure firms. The additional liquidity provided through LETL will allow Canada's largest businesses and their suppliers to remain active during this difficult time, and position them for a rapid economic recovery.

In July 2025, the Government of Canada announced that the LETL facility would be updated to expand eligibility and provide lower cost financing to firms in the steel industry and further announced in September 2025 that such changes would apply to all industries.

These changes included:
1. reducing the minimum annual revenue requirement from $300 million to $150 million,
2. reducing the minimum loan size from $60 million to $30 million,
3. extending the loan maturity from 5 to 7 years,
4. reducing the initial interest rate; and
5. requiring companies to prioritize worker retention.

On September 29, 2025, CEEFC announced the first loan under the Large Enterprise Tariff Loan (LETL) facility to protect Canadian jobs and strengthen strategic industries. This inaugural loan will provide the borrower with access to $400 million in liquidity. The Government of Ontario is contributing an additional $100 million under similar terms for a total support of $500 million. The objective of this transaction is to help stabilize a major Canadian player in the competitive global steel industry, amid current tensions in the global steel trade. Definitive agreements for this loan are expected to be signed in November, with a first draw of $33.2 million expected to be disbursed on or before November 30.

As of September 30, 2025, no loans have been committed or are outstanding under the LETL facility.

On October 27, 2025, the Corporation issued 100,000 Preferred Shares to the Government of Canada at $1,000 per share, amounting to $100 million.

CEEFC Responsibilities and Governance Practices

At the outset of LEEFF, CEEFC was responsible for receiving applications, performing financial analysis and due diligence, assessing the requests against the eligibility criteria and terms approved by the Minister of Finance, and entering into and funding transactions in accordance with such terms. Currently, CEEFC is responsible for monitoring and managing its portfolio of LEEFF loans and related assets. CEEFC was funded through preference shares issued to the Government of Canada in accordance with a funding agreement.

Since the outset of LETL, CEEFC is responsible for receiving applications, performing financial analysis and due diligence, assessing the requests against the eligibility criteria and terms approved by the Minister of Finance, and entering into and funding transactions in accordance with such terms. CEEFC will be funding LETL through preference shares issued to the Government of Canada in accordance with a funding agreement.

As part of the Government of Canada's strategy to combat climate change, CEEFC has developed its own reporting for climate-related financial risks within a consolidated CDEV report comprising all its subsidiaries. The inaugural report was published in July 2023 for the year 2022, using the standards of the Task Force on Climate-related Financial Disclosures. The report for 2024 was published in July 2025. For further details refer https://cdev.gc.ca/esg/

The Board of CEEFC was appointed by CDEV and is responsible for the overall strategy and operation of the Corporation. The Board has engaged a President and Chief Executive Officer with the responsibility of managing the Corporation in accordance with the mandate received from the Minister of Finance. CEEFC has a management team that works closely with external consultants, contractor specialists, and the Board to ensure the effective functioning of the Corporation. CEEFC's parent, CDEV, provides support functions and the expertise of some of its executive team to the Corporation, in exchange for a management fee, through a services agreement.

The public communications of CEEFC, including this quarterly report, may include forward-looking statements that reflect management's expectations regarding CEEFC's objectives, strategies, outlooks, plans, anticipations, estimates, and intentions. By their very nature, forward-looking statements involve numerous factors and assumptions, and they are subject to inherent risks and uncertainties, both general and specific. In particular, predictions, forecasts, projections, or other elements of forward-looking statements may not be achieved.

A number of risks, uncertainties, and other factors could also cause actual results to differ materially from what is currently expected. Specifically, CEEFC's interest income on loans is calculated using the effective interest rate method ("EIRM") which includes a number of assumptions concerning the timing of expected loan draws and loan repayments. These assumptions may change based on updated information and could give rise to gains or losses over the term of the loans. Such gains or losses are recognized in the Statement of Operations in the period in which assumptions are updated. CEEFC also owns warrants and preferred shares that are subject to market risk that will affect the future financial results when sales are made.

Corporate Performance

As part of its mandate, CEEFC funds loans in accordance with its existing agreements and monitors and manages its portfolio of loans and other assets. CEEFC is required to receive loan applications and assess the requests against the eligibility criteria and terms approved by the Minister of Finance.

CEEFC developed processes and procedures to implement both the LETL and the LEEFF program. CEEFC also engaged financial and legal advisors to assist in evaluating loan applications and executing loan documents. Detailed below are the outstanding loans that CEEFC has issued, which the Corporation is now monitoring and managing.

Loans issued and outstanding

Borrower	Amortized Cost Loan Outstanding(1)	Principal Outstanding(2)	Undrawn Commitment	Total Committed(2)
Unsecured	$ 323 million	$ 622 million	$ 20 million	$ 642 million
Secured	$0	$0	$0	$0
Voucher	$ 1,375 million	$ 1,383 million	$0	$ 1,383 million
	$ 1,698 million	$ 2,005 million	$ 20 million	$ 2,025 million

1. Includes balances accrued by paying in kind (“PIK”), EIR adjustments and any provisions, net of transaction fees.
2. Includes balances accrued by paying in kind (“PIK”). Excludes any balances accrued on the balance sheet under the EIR method.

Loan Issuance

On September 26 a new $40 million loan facility was issued. $20 million was drawn by September 30, 2025

Repayment or Restructuring of Loans

For the three months ended September 2025, as part of its previously announced restructuring, a borrower repaid the entirety of its secured loan of $41.4 million (September 30, 2024 - $0).

On June 5, 2025, it was announced that a borrower had reached an agreement in principle with CEEFC for the restructuring of the indebtedness incurred by the borrower under the Large Enterprise Emergency Funding Facility (LEEFF) program. The agreement dealt with the entire indebtedness of the Corporation with CEEFC, and resulted in such indebtedness, in a principal amount of approximately $772 million in the aggregate as at March 31, 2025, being restructured as follows:

- Repayment of $41.4 million in cash to CEEFC.
- Credit facilities reduced to a single credit facility of $175 million.
- Issuance to CEEFC of a $158.7 million debenture maturing in 10 years.
- Issuance to CEEFC of $16.3 million of preferred shares convertible into Class B Voting Shares representing 19.9% of the issued and outstanding voting shares based on the 5-day VWAP on the date hereof.

This deal was executed as of July 10, 2025, with the borrower repaying the entire secured loan of $41.4 million in cash to CEEFC. The preferred shares were issued at a price of $2.8343.

Redemption of Borrower's Preferred Shares

On August 14, 2025 the Corporation redeemed 6,243,026 or 63% of the borrower's preferred shares issued related to the restructuring described above. These shares were redeemed at a price of $2.6053, compared to the redemption price of $1.6400. The Corporation plans to retain the remaining preferred shares for investment purposes.

Analysis of External Business Environment

The management of CEEFC's loan portfolio will depend on overall market and economic conditions as well as factors specific to CEEFC's borrowers. All of CEEFC's airline borrowers were severely impacted by domestic and international travel restrictions and other economic impacts from COVID-19 on their operations. LEEFF borrowers are required to produce an annual climate-related financial disclosure report which follows the recommendations of the Financial Stability Board's Taskforce on Climate-Related Financial Disclosures. Reports are required to be produced in June of each year.

Risks

A substantial amount of credit risk is associated with LEEFF and LETL loans based on the terms and eligibility criteria of the programs. The financial performance of CEEFC is highly dependent on economic conditions, industry dynamics and specific borrower attributes. Given CEEFC's mandate to help Canadian businesses weather the economic downturn caused either by the COVID-19 pandemic under LEEFF or by new tariffs and countermeasures under the LETL program, and avoid bankruptcies of otherwise viable firms, it is possible that there could be potential losses in the portfolio. CEEFC's main role was to lend based on conditions set by the government in the LEEFF term sheet and not on an assessment of the borrower's creditworthiness.

CEEFC has a high tolerance for macro-economic risks and for potential financial losses within the terms of the LEEFF and LETL programs. However, CEEFC monitors the activities of companies in its loan portfolio.

Provisions arise when there is some uncertainty in the timing or amount of a loss in the future. In the 2nd and 3rd quarters of 2025, the Corporation performed a comprehensive assessment of its loan portfolio which resulted in recognizing an incremental provision for losses on loans $20 million for the three months ended September 30, 2025 and $215 million for the nine months ended September 30, 2025. These provisions are reflected in the loan balances and the Statement of operations. The Company will continue to assess the potential impact of borrowers' developments on its financial position as further information becomes available. The outcome remains uncertain at this time and the ultimate assessment may cause the Company to alter its provision for loan losses

The unaudited interim condensed financial statements for the three and nine months ended September 30, 2025, have been prepared in accordance with Public Sector Accounting Standards ("PSAS"). Although CEEFC is wholly owned by CDEV, CDEV does not consolidate the financial results of CEEFC under CDEV's International Financial Reporting Standards ("IFRS") accounting framework.

Total revenue for the three and nine months ended September 30, 2025, was $25 million and $87 million compared to $29 million and $88 million for the same period in 2024. The decrease in revenue in the third quarter of 2025 compared to 2024 is mainly due to the restructuring of certain loans. This restructuring led to a reduction of the unsecured loan balance, which led to reduced interest income for the three months ended September 30, 2025 as compared with the prior year. Revenue on a year-to-date basis has been similarly impacted.

Total expenses excluding provision for the three and nine-month periods ending September 30, 2025, were comparable to same periods ended September 30, 2024.

A provision for losses on loans was booked $20 million for the three months and $215 million for the nine months ended September 30, 2025. There was no provision for losses for the comparable period last year.

There was no government contribution or redemption of shares for the year-to-date September 30, 2025. The Corporation redeemed 330,000 preference shares for $330 million in the first quarter of 2024.

Cash as of September 30, 2025, amounted to $364 million compared to $251 million as at December 31, 2024. The increase in Q3 2025 cash balance is mainly due to the repayment of secured loans of $84 million, plus approximately $44 million of interest payments, fees and reimbursable costs, as well as redemption of both debenture and preferred shares totaling $30 million. These were offset by a loan disbursement of $50 million.

Loans to borrowers totaled $1,698 million as of September 30, 2025, compared to $1,955 million as of December 31, 2024. The decrease is primarily due to a provision of $215 million as well as the repayment of secured loans.

The fair value of the borrower's warrants as at September 30, 2025, was $15 million compared to $8 million on December 31, 2024.

No dividends were paid to the common or preference shareholders during the three or nine months ended September 30, 2025 or September 30, 2024.

Interim Financial Statements of

CANADA ENTERPRISE EMERGENCY FUNDING CORPORATION

Three and nine months ended September 30, 2025

(Unaudited)

CANADA ENTERPRISE EMERGENCY FUNDING CORPORATION
Interim Statement of Financial Position
(Unaudited)
(Thousands of Canadian Dollars)

		September 30, 2025		December 31, 2024
Financial Assets				
Cash	$	364,051	$	250,915
Interest and other receivables		533		1,346
Loans to borrowers (Note 3)		1,698,268		1,955,153
Warrants (Note 4)		14,611		7,861
Preferred shares (Note 4)		9,377		–
		2,086,840		2,215,275
Financial Liabilities				
Trade payables		480		643
Due to shareholder (Note 5)		309		290
		789		933
Net Financial Assets and Accumulated Surplus (Note 6)				
		2,086,051		2,214,342
Accumulated surplus is comprised of:				
Accumulated operating surplus		2,106,000		2,235,811
Accumulated remeasurement losses		(19,949)		(21,469)
	$	2,086,051	$	2,214,342

The accompanying notes are an integral part of these financial statements.

Sandra Rosch

On behalf of the Board: ________________Director_______________ Director

CANADA ENTERPRISE EMERGENCY FUNDING CORPORATION
Interim Statement of Operations
(Unaudited)
(Thousands of Canadian Dollars)

	Three months ended September 30			Nine months ended September 30		
		2025	2024		2025	2024
	Budget	Actual	Actual	Budget	Actual	Actual
Revenue						
Interest income – loans	$ 13,026	$ 24,210	$ 26,048	$ 39,543	$ 81,708	$ 76,279
Interest income – bank	–	2,332	2,632	–	6,299	11,625
Loss on sale of Financial Instruments	–	(1,430)	–	–	(1,430)	–
	13,026	25,112	28,680	39,543	86,577	87,904
Expenses						
Professional fees	3,750	169	443	11,250	633	818
Management fees (Note 5)	227	226	226	678	678	678
Salaries and benefits	50	62	61	150	176	189
Provision for losses on loans (Note 3)	–	19,900	–	–	214,900	–
Other	170	–	1	510	1	3
	4,197	20,357	731	12,588	216,388	1,688
Surplus before government contribution	**8,829**	**4,755**	**27,949**	**26,955**	**(129,811)**	**86,216**
Government contribution (repayment)	–	–	–	–	–	(330,000)
Surplus(deficit) for the period	8,829	4,755	27,949	26,955	(129,811)	(243,784)
Accumulated surplus from operations, beginning of period	2,658,398	2,101,245	3,163,162	2,640,272	2,235,811	3,434,895
Accumulated surplus from operations, end of period	**$ 2,667,227**	**$ 2,106,000**	**$ 3,191,111**	**$ 2,667,227**	**$ 2,106,000**	**$ 3,191,111**

The accompanying notes are an integral part of these financial statements.

CANADA ENTERPRISE EMERGENCY FUNDING CORPORATION
Interim Statement of Remeasurement Gains and Losses
(Unaudited)
(Thousands of Canadian Dollars)

	Three months ended Sept 30		Nine months ended Sept 30	
	2025	2024	2025	2024
Accumulated remeasurement (losses), beginning of period	$ (16,294)	$ (132,476)	$ (21,469)	$ (104,230)
Remeasurement gains(losses) arising during the period				
Unrealized gains(losses) on equity investments	–	(32,572)	–	(49,613)
Unrealized gains(losses) on warrants	(2,568)	(4,396)	2,607	(15,601)
Unrealized gains(losses) on Preferred shares	(1,087)	–	(1,087)	–
Net remeasurement gains(losses), for the period	(3,655)	(36,968)	1,520	(65,214)
Accumulated remeasurement gains(losses) end of period	**$ (19,949)**	**$ (169,444)**	**$ (19,949)**	**$ (169,444)**

The accompanying notes are an integral part of these financial statements.

CANADA ENTERPRISE EMERGENCY FUNDING CORPORATION
Interim Statement of Change in Net Financial Assets
(Unaudited)
(Thousands of Canadian Dollars)

	Three months ended September 30			Nine months ended September 30		
		2025	2024		2025	2024
	Budget	Actual	Actual	Budget	Actual	Actual
Surplus(deficit) for the period	$ 8,829	$ 4,755	$ 27,949	$ 26,955	$ (129,811)	$ (243,784)
Net remeasurement gains (losses) for the period	–	(3,655)	(36,968)	–	1,520	(65,214)
Increase (decrease) in financial assets	8,829	1,100	(9,019)	26,955	(128,291)	(308,998)
Net financial assets, beginning of period	2,658,398	2,084,951	3,030,686	2,640,272	2,214,342	3,330,665
Net financial assets, end of period	**$ 2,667,227**	**$ 2,086,051**	**$ 3,021,667**	**$ 2,667,227**	**$ 2,086,051**	**$ 3,021,667**

The accompanying notes are an integral part of these financial statements.

CANADA ENTERPRISE EMERGENCY FUNDING CORPORATION
Interim Statement of Cash Flow
(Unaudited)
(Thousands of Canadian Dollars)

	Three months ended Sept 30		Nine months ended Sept 30	
	2025	2024	2025	2024
Operating activities:				
Surplus/(deficit) for the period	$ 4,755	$ 27,949	$ (129,811)	$ (243,784)
Adjustments for non-cash items:				
Interest income – loans (Note 3)	(24,210)	(26,048)	(81,708)	(76,279)
Loss on redemption of Preferred Shares	1,430	–	1,430	–
Provision for losses on loans (Note 3)	19,900	–	214,900	–
Loan interest and fees received in cash (Note 3)	10,428	7,466	43,700	22,232
	12,303	9,367	48,511	(297,831)
Change in non-cash working capital:				
Interest and other receivables	479	(916)	813	1,302
Due to (from) shareholder	(22)	(284)	19	27
Trade payables	(320)	564	(164)	359
	137	(636)	668	1,688
Change in cash provided by (used in) operating activities	12,440	8,731	49,179	(296,143)
Investing activities:				
Redemption of Debenture	13,735	–	13,735	–
Redemption of Pref shares	16,265	–	16,265	–
Loans to borrowers, net of fees	(50,000)	–	(50,000)	–
Loans repaid	41,400	–	83,957	12,351
Change in cash provided by investing activities	21,400	–	63,957	12,351
Cash, beginning of period	330,211	224,978	250,915	517,501
Cash, end of period	**$ 364,051**	**$ 233,709**	**$ 364,051**	**$ 233,709**

The accompanying notes are an integral part of these financial statements.

1. **Reporting entity:**

Canada Enterprise Emergency Funding Corporation ("CEEFC", or the "Corporation") is a wholly-owned subsidiary of Canada Development Investment Corporation ("CDEV"). CDEV is, in turn, wholly-owned by His Majesty in Right of Canada (the "government" or the "Government of Canada"). In compliance with a directive (P.C. 2020-305) given by the Governor in Council, CDEV incorporated CEEFC under the *Canada Business Corporations Act* ("CBCA") on May 11, 2020. The Corporation is a non-agent Crown Corporation and is subject to the *Financial Administration Act* ("FAA") but is not subject to provisions of the *Income Tax Act*. Whilst CEEFC is a wholly-owned subsidiary of CDEV, CEEFC has not been consolidated within CDEV as CDEV is not deemed to have control over CEEFC.

The objective of the Corporation, as established by the directive (P.C. 2020-307) pursuant to section 89 of the FAA, was to administer, approve, and fund transactions in accordance with the terms approved by the Minister of Finance in relation to the Large Employer Emergency Financing Facility program ("LEEFF Program" or the "Financing Program"). The Financing Program was designed to provide bridge financing to Canada's largest employers, whose needs during the coronavirus ("COVID-19") pandemic were not being met through conventional financing. Refer to Note 3 for further details of the Financing Program.

In April 2021, the LEEFF program was expanded to provide financial assistance to Canadian Air Carriers. In addition to the unsecured and secured loan facilities, a LEEFF Air Carrier Voucher Facility was made available under the LEEFF program to Canadian Air Carriers to provide refunds to travelers, for travel cancellations owing to the pandemic. Financial support could also have included an investment by the Corporation, in common voting shares of large airlines. Refer to Note 3 for further details.

As of July 2022, as directed by the Minister of Finance, CEEFC no longer accepts or processes new LEEFF loan applications.

On March 23, 2025, a section 89 directive was issued to CEEFC (P.C. 2025-0455) directing it to administer a new credit support facility for large Canadian companies affected by actual and potential tariffs and countermeasures, in accordance with the terms and conditions approved by the Minister of Finance. On the same day, CDEV was also issued a section 89 directive (P.C. 2025-0456) to take such steps as are necessary to ensure that CEEFC administers this new credit support facility, in accordance with any directive that may be given to CEEFC. Additionally, an order in council (OIC) was issued on March 23, 2025 under paragraph 60.2(2)(a) of the FAA to authorize the Minister of Finance to enter into a contract with CEEFC to purchase up to $10 billion in securities to finance this new credit support facility.

Large Enterprise Tariff Loan Facility ("LETL")

In March 2025, CEEFC was mandated by the Government of Canada to establish and administer the Large Enterprise Tariff Loan (LETL) facility. The LETL facility is a program aimed at providing liquidity assistance in the form of interest-bearing term loans to large Canadian enterprises who have been (or expect to be) affected by new tariffs and countermeasures. In September 2025 LETL was further modified to allow for the participation of smaller companies and provide additional financial support. The intent of the LETL facility is to provide short-term financing to cover an eligible applicant's 36-month liquidity shortfall, after considering all other sources of capital, helping these enterprises preserve employment and operations until they can access more traditional market financing.

1. Reporting entity (Continued):

The objective of this support is to help protect Canadian jobs, business operations, and investment activities in the face of actual and potential tariffs and countermeasures. This will be accomplished by providing otherwise viable large Canadian businesses with access to short-term liquidity until they can return to more traditional market financing. This support will not be used to resolve insolvencies or restructure firms. The additional liquidity provided through LETL will allow Canada's largest businesses and their suppliers to remain active during this difficult time and position them for a rapid economic recovery.

In July 2025, and further in September 2025, the Government of Canada announced that the LETL facility would be updated to expand eligibility and provide lower cost financing to firms in the steel industry and further announced in September 2025 that such changes would then apply to all industries.

These changes include:
1. reducing the minimum annual revenue requirement from $300 million to $150 million,
2. reducing the minimum loan size from $60 million to $30 million,
3. extending the loan maturity from 5 to 7 years,
4. reducing the initial interest rate; and
5. requiring companies to prioritize worker retention.

On September 29, 2025, CEEFC announced the first loan under the Large Enterprise Tariff Loan (LETL) facility to protect Canadian jobs and strengthen strategic industries. This inaugural loan will provide Algoma Steel Inc. (Algoma) with access to $400 million in liquidity. The objective of this transaction is to help stabilize a major Canadian player in the competitive global steel industry, amid current tensions in the global steel trade.

As of September 30, 2025, no loans have been committed or are outstanding under the LETL facility.

2. Significant accounting policies

These financial statements have been prepared in accordance with Canadian Public Sector Accounting Standards ("PSAS") as issued by the Public Sector Accounting Board.

a) Cash:
Cash includes funds deposited in bank accounts at Canadian financial institutions that are readily convertible to known amounts of cash and that are subject to an insignificant risk of change in value. Cash is recorded at cost.

b) Loans to borrowers:
Loans to borrowers include loans advanced under the LEEFF program and are recorded initially at cost, which is the cash or value of other assets given up, or liabilities assumed, and subsequently measured at amortized cost less valuation allowances and write-offs. Under terms of the LEEFF program, if the Corporation provides unsecured loans to Canadian public companies or private subsidiaries of Canadian public companies, it will receive warrants, exercisable for common shares of the borrower. Borrowers without publicly-traded shares are required to provide the Corporation with

2. Significant accounting policies (Continued):

compensation in the form of additional fees based on the amount of the unsecured loan that is payable at the repayment or maturity of the unsecured loan.

The effective interest rate (“EIR”) on a loan is computed based on the cash flows first estimated by the Corporation. Any change to the estimated cash flow or terms that does not constitute a substantial modification or extinguishment results in a modification gain or loss. Such modification gain or loss is computed by discounting the revised estimated cashflows at the original EIR. Where changes in estimated cash flows or loan terms result in a substantial modification or extinguishment, the Corporation derecognizes the amortized cost of the original loan and recognizes a new loan at cost and recognizes a loss or gains on extinguishment for the significant change.

When the amount of a loss is known with sufficient precision, and there is no prospect of recovery, the loan receivable is reduced by the amount of that loss. The write down of the loan receivable should not be reversed subsequently.

Transaction fees are included as part of the initial carrying value of the loan. Transaction fees and loan fees are included in the carrying value of the loan based on the effective interest rate method (“EIRM”). Professional fees incurred relevant to a loan are recovered directly from the borrower upon the issuance of the loan but recognized in income through EIRM.

Incremental fees that meet the definition of a transaction cost and are contingent on the issuance of the loan, such as fees to consultants that are involved in the structuring of the loans, are included in the effective interest rate (EIR) calculation. As these fees are charged to the borrower and are considered integral to the returns, the recovery too will be included in the EIR calculation. The expenditure and recovery are both considered as offsetting cash flows with no impact to the interest calculated on EIRM.

c) Impairment of financial assets:

At each reporting date, the Corporation assesses all financial assets or groups of financial assets to determine whether there is any evidence of impairment. Where there is evidence of impairment, a provision for losses on loans is recorded to reduce the loans and other receivables to their expected net recoverable value. The provision for losses on loans reflects the risk of loss based on past events, current circumstances, and all available information at the date of the preparation of the financial statements. Losses as a result of a provision for losses on loans are recorded in the Statement of Operations.

d) Financial instruments:

Cash, interest and other receivables and trade payables are recorded at cost. Loans to borrowers are financial instruments. Refer to note 2b) for additional information. Warrants and equity investments are initially recorded and subsequently measured at fair value at each reporting period. The unrealized changes in the fair value are recognized in the Statement of Remeasurement Gains and Losses. When the fair value is realized upon sale or execution of the instrument the realized gain or loss will be reversed out of the Statement of Remeasurement Gains and Losses and reported in the Statement of Operations.

2. Significant accounting policies (Continued):

e) Government contribution and repayments:

Government contribution represents the common share issued to CDEV and the preference shares issued to the Government of Canada. Both the common and preference shares are recorded at cost based on the proceeds received at the time the shares were issued.

The Corporation may, upon giving at least 30 days' notice, redeem all or any part of the outstanding preference shares at a price of $1,000 per preference share, together with all declared but unpaid dividends. The aggregate proceeds from preference shares issued to the government are included as an addition to the Government contribution line on the Statement of Operations. When these shares are redeemed by the Corporation, the aggregate redemption amount will be a deduction against the Government repayment line. For further details, see Note 6.

f) Deferred liability:

When the warrants are issued, the unvested warrants at inception are recorded against a deferred liability. Subsequent to inception, the deferred liability is not adjusted for fair value movements and is maintained at the original value until the warrants vest. As the warrants vest the unvested warrants and the deferred liability are de-recognized.

g) Revenue recognition:

Interest revenue on loans to borrowers is recognized on an accrual basis and reported as revenue in the period earned. Interest revenue ceases to be accrued when the collectability of either principal or interest is not reasonably assured. Interest income is recognized in the Statement of Operations in the period it is earned using EIRM, whereby estimated future cash payments or receipts over the expected life of the loan are discounted using the effective interest rate and added to the gross carrying amount of the loan. The effective interest rate is determined based on the Corporation's estimates of future cash flows considering all contractual terms of the loan, but not expected credit losses. The calculation of the effective interest rate also includes any transaction costs not directly recovered from the borrower and transaction and loan fees received or receivable that are an integral part of the effective interest rate. The fair value of the vested warrants at inception also impacts the calculation of effective interest rate. Any interest that is paid in kind by the borrower is added to the carrying amount and principal of the loan.

h) Foreign currency transactions:

Transactions in foreign currencies are translated to Canadian dollars at the exchange rate in existence at the date of the transaction and included in the Statement of Operations. Monetary assets and liabilities denominated in foreign currencies are translated using exchange rates prevailing at the end of each reporting period. Foreign exchange gains or losses are recognized as Other expenses on the Statement of Operations.

i) Measurement uncertainty:

The timely preparation of the financial statements requires management to make judgements, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Actual results may differ from these estimates. In the process of applying its accounting policies, management has made certain assumptions related to the amount and timing of the borrower's ability to meet their loan repayment obligations based on their projected cash flows and financial projections. Management determines the provision for losses on loans, based on credit assessment of the borrower and other factors

2. Significant accounting policies (Continued):

described in Note 7. The provision for losses on loans uses estimates and timing of expected repayments by the borrower. Where actual results differ from these estimates and assumptions, the impact will be recorded in future periods when the difference becomes known.

j) Equity investments:

Equity investments include investment in common shares, preference shares and warrants in Canadian publicly traded companies.

i) Common and preference shares: Investment in publicly traded shares is recorded at fair value. The changes in fair value are reported in the Statement of Remeasurement Gains and Losses. When the change in the fair value is realized upon sale of the shares the realized gain or loss is reversed from the Statement of Remeasurement Gains and Losses and recorded in the Statement of Operations. Earnings from these investments are recognized only to the extent received or receivable.

ii) Warrants: Warrants, received as part of the issuance of loans receivable, will vest in the same proportion and at same time advances are made under the loan facility. The vested warrants at inception are netted against the loan receivable. The unvested warrants at inception are recorded against a deferred liability. Subsequently both vested and unvested warrants are measured at fair value with the change in the fair value being recorded in the Statement of Remeasurement Gains and Losses at the end of the period. The realized fair value upon sale or execution is reversed from the Statement of Remeasurement Gains and Losses and recognized in the Statement of Operations.

The Corporation's Financial Assets and Liabilities are measured as follows:

Financial Statements Components	**Measurement**
Cash	Cost
Interest and other receivables	Amortized Cost
Loans to borrowers	Initial – Cost Subsequent – Amortized cost
Warrants	Fair value
Preferred Shares	Fair value
Trade payables	Amortized Cost
Due to shareholders	Amortized Cost

3. Loans to borrowers:

The Corporation issued loans under the LEEFF Program as described below.

a) Original LEEFF Loans (including Non-Large Airline Companies):

To qualify for a loan, a borrower other than a large airline company must seek financing of $60,000 or more, have significant operations or workforce in Canada, and not be involved in active insolvency proceedings. The loan is provided by way of two loan facilities: (i) an unsecured loan facility equal to 80% of the aggregate loan, and (ii) a secured loan facility equal to 20% of the aggregate loan. The loan is advanced in tranches over 12 months and interest is charged based on the terms and conditions of the loan agreements with the borrower. The duration of the unsecured loan facility is five years. The secured loan facility matches the terms of the borrower's existing secured debt. At the option of the borrower, the principal amount plus accrued and unpaid interest under the loan facilities may be repaid in whole or in part without penalty at any time. Amounts repaid may not be reborrowed. For two years after issuance of the unsecured loan facility, a borrower may elect to make interest 'payments in kind' ("PIK Interest") by adding the interest to the principal of the loan. PIK Interest added to the principal amount bears interest at the applicable interest rate and is treated as part of the principal balance.

The obligations in respect to the secured loan facility of each borrower are secured by a perfected security interest in tangible and intangible assets of the borrower (i) that are currently unencumbered and are satisfactory to the Corporation in its sole discretion, or (ii) that are subject to security interests in favour of first priority senior secured lenders ("Senior Lenders") of the borrower, which security interest shall rank equally with the security interests in favour of the Senior Lenders. Interest accrues daily and the annual rate charged on the drawn portion of the unsecured loan facility is 5%, 8%, 10%, 12%, and 14% in years one to five, respectively. Upon any event of default, the applicable interest rate will be increased by 2% per annum. The interest rate charged on the drawn portion of the secured loan facility is the interest rate applicable on the borrower's existing secured loan agreement.

If the borrower is a Canadian publicly traded company (or the private subsidiary of a Canadian publicly traded company), the Corporation receives warrants with the option to purchase the borrower's (or their parent publicly traded company's) common shares with an aggregate exercise price equal to 18.75% of the total commitment unsecured loan facility. Vested warrants are exercisable in whole or in part, at any time or times after the date vested and during the 10-year term, provided that the number of warrants, together with all warrants previously exercised, do not exceed more than half of the warrants vested within one year from the closing date. If the loan is repaid within a year, half of all vested warrants will be cancelled. Refer to Note 4(b) for additional details on the warrants received by the Corporation.

Private borrowers that are not Canadian publicly traded companies are charged a non-refundable fee equal to 6.25% of the aggregate principal amount advanced of the unsecured loan facility, payable on the maturity date of the unsecured loan facility. If the loan is not repaid in full within one year of loan issuance, an additional 6.25% fee will be payable on the maturity date of the unsecured loan facility.

On the closing date of the loan, the borrower is required to pay a non-refundable transaction fee of 25 basis points ("bps") of the aggregate commitment amount of the loan to the Corporation. The borrower is also required to reimburse the Corporation for legal and financial advisory expenses incurred by the Corporation related to the borrower's loan.

3. Loans to borrowers (continued):

The emergence of the COVID-19 Omicron variant and related travel advisories resulted in the COVID-19 pandemic persisting longer than originally anticipated and correspondingly borrowers in the Airline industry were facing a delayed recovery and longer time to restart operations. Consequently, during the first quarter of 2022 amendments to the current LEEFF terms were made to assist the existing airline borrowers with their financial needs by deferring the start of the increase in interest rates on LEEFF unsecured loans until December 31, 2023, extend the option to PIK Interest until December 31, 2024 and extend to December 31, 2023, the period that an airline has to repay its unsecured LEEFF loan in order to (i) cancel half of the warrants a Canadian public company issued in respect of its LEEFF loan or (ii) not incur the additional 6.25% loan fee that a borrower that is not a Canadian public company is required to pay under LEEFF program.

b) Large Airline Company Facilities:

To qualify for financial support, large airline companies (hereafter known as the “Large Airline”) had to meet the following requirements: (i) be incorporated or otherwise formed under the federal laws of Canada or a Canadian provincial or territorial jurisdiction, (ii) have a minimum of $4,000,000 in 2019 annual revenue, (iii) not be involved in active insolvency proceedings, and (iv) have significant operations or workforce in Canada.

The financial support may take the form of secured and unsecured loan facilities, or an equity investment with secured and unsecured loan facilities. In the case of an equity investment, the Corporation’s investment in the common voting shares of a Large Airline could not exceed 20% of the total principal amount of the secured and unsecured loan facilities.

The loan facilities may be revolving loans or non-revolving term loans and may be divided into one or more tranches. The principal amount of the unsecured loan facility may not exceed 80% of the total principal amount of the secured and unsecured loan facilities. The interest rate on the loan facilities may be fixed or floating and the maturity date of the loan facilities is up to seven years from the closing date. On the closing date of the loan, the borrower was required to pay a non-refundable transaction fee of 25 bps of the aggregate commitment amount of the loan to the Corporation. The borrower was also required to reimburse the Corporation for legal and financial advisory expenses incurred by the Corporation related to the borrower’s loan. If the Large Airline was a Canadian public company, the Corporation would receive warrants exercisable for common voting shares with an aggregate exercise price equal to 10% of the total principal amount of the secured and unsecured loan facilities. One-half of the warrants to vest on the closing date and the balance to vest in the same proportion and at the same time as advances are made under the unsecured loan facilities. Vested warrants are exercisable, in whole or in part, within the 10-year term.

c) Airline Voucher Refund Facilities:

To qualify for a loan under the airline voucher refunds program, an airline had to meet the following requirements: (i) be incorporated or otherwise formed under the federal laws of Canada or a Canadian provincial or territorial jurisdiction, (ii) have a minimum of $300,000 in annual pre-COVID-19 revenue, and (iii) not be involved in active insolvency proceedings. The maximum amount that an airline was able to borrow under this program is $2,000,000 and the amount borrowed had to be in the form of non-revolving term loan.

(All dollar amounts are stated in thousands of Canadian dollars, unless otherwise indicated)

3. Loans to borrowers (continued):

The interest rate on this facility was the Government of Canada seven-year bond rate and the maturity date is up to seven years from the closing date.

The following table provides a breakdown of the loan facilities.

		September 30, 2025		December 31, 2024
Number of borrowers		4		4
Principal Outstanding[(1)]				
Unsecured loan facilities	$	622,070	$	611,391
Secured loan facilities		–		83,957
Airline voucher refund facilities[(3)]		1,382,980		1,736,196
	$	**2,005,050**	$	**2,431,544**
Amortized Cost Loan Outstanding[(2)]				
Unsecured loan facilities	$	322,521	$	369,477
Secured loan facilities		–		83,994
Airline voucher refund facilities[(3)]		1,375,747		1,501,682
	$	**1,698,268**	$	**1,955,153**

[1] Includes drawn commitments and PIK balances.
[2] including accrued interest based on EIRM, PIK, transaction fees, provision for loan losses and legal and financial advisory expenses recovered from borrowers.
[3] Includes the voucher facility in 2024.

As of September 30, 2025, the Loans to borrowers' balance includes accrued but unpaid interest of $40,865 (December 31, 2024 – $73,178) on the unsecured, secured, and airline voucher refund facilities.

For the three and nine months ended September 30, 2025, the amount of interest income recognized in the Statement of Operations using EIR was $24,210 (September 30, 2024 - $26,048) and 81,708 (September 30, 2024 - $76,279). Based on the terms of the loan agreements, the amount of interest and fees collected from borrowers in cash during the same period was $10,428 (September 30, 2024 - $7,466) and $43,700 (September 30, 2024 – $22,232) respectively.

The following table illustrates the loan repayments for the outstanding principal and PIK Interest receivable in the next five years based on contractual maturity dates present as at September 30, 2025.

2025	$	–
2026		20,000
2027		–
2028		1,382,980
2029 and beyond		602,070
	$	2,005,050

(All dollar amounts are stated in thousands of Canadian dollars, unless otherwise indicated)

3. Loans to borrowers (continued):

d) Provision for losses on loans:

As described in Note 2(c), at each reporting date, the Corporation assesses all financial assets or groups of financial assets to determine whether there is any evidence of impairment.

At December 31, 2024, Management assessed the collectability of outstanding loans and recorded a provision for credit losses of $485 million.

In estimating the recoverable amount of the loans, management applies a probability-weighted scenario approach that considered alternative outcomes based on available market data and industry-specific information. The key scenarios considered included:

- A potential market sale transaction, where relevant transaction data and earnings multiples are used to estimate potential recovery values.
- A going concern scenario.
- A liquidation scenario, where benchmark data was used to estimate the liquidation values of the assets.

Given the inherent measurement uncertainty surrounding the valuation of the loans, management exercises judgment in selecting key assumptions based on available data for each situation and each loan impacted. Management considers various factors that may affect the ultimate recoverability of the loans, including:

- The sensitivity of key assumptions to changes in market conditions and financial performance.
- The impact of economic conditions on potential sale or liquidation outcomes.
- The estimated recoverability under a liquidation scenario.

On June 30, 2025, an additional provision for losses on loans of $195 million was recognized. The estimated recoverability for this was based on a liquidation scenario. On September 30, 2025, an additional provision for losses on loans of $19.9 million was recognized.

The assumptions and methodologies used to estimate the recoverable amount of the loans are susceptible to change in the future as conditions change.

The provision for losses on loans is reported in the Statement of Operations and as a reduction of the loans to borrowers in the Statement of Financial Position. The Corporation is closely monitoring its financial exposure to certain loans exhibiting potential indicators of impairment. The Corporation will continue to assess the potential impact of borrowers' developments on its financial position as further information becomes available. The outcome remains uncertain at this time and the ultimate assessment may cause the Corporation to alter its provision for loan losses.

The following table provides the breakdown of loans to borrowers after provision for losses on loans

	September 30, 2025	December 31, 2024
Loans to borrowers before provision	$ 1,913,168	$ 2,440,153
Provision for losses on loans	(214,900)	(485,000)
Loans to borrowers after provision	$ 1,698,268	$ 1,955,153

e) Repayment of loans:

For the three months ended September 30, 2025, the borrower repaid their secured loan of $41,400. Additionally, In March 2025, a borrower repaid the secured loan of $42,557. There were no repayments in the corresponding period of September 30, 2024.

4. Equity investments:

Equity investments include the following:

a) Publicly traded shares:
On April 12, 2021, the Corporation purchased 21,570,942 Class B Voting Shares of Air Canada at a price of $23.1793 per share in actual dollars for an aggregate purchase price of $500,000. In the fourth quarter of 2024 all the outstanding Air Canada shares of 21,570,942 were sold for an average price of $25.2195 per share in actual dollars (The fair value of the shares as at December 31, 2023 – $403,161). A gain of $44,008 was recognized and reclassified from the Statement of Remeasurement Gains and Losses to the Statement of Operations as at December 31, 2024.

b) Warrants:
As indicated in Note 3, if the borrower is a public company instead of a loan fee the Corporation receives warrants exercisable for common voting shares. The warrants vest in proportion to the loans advanced under the unsecured loan facility. The fair value of the warrants as at September 30, 2025 was $14,611 (December 31, 2024 – $7,861).

c) Preferred shares:
On July 10, 2025, the existing loans of a borrower were restructured, as such the voucher loans were converted to debentures and preferred shares. CEEFC received 9.9 million preferred shares, valued at $28.2 million. On August 14th, the borrower announced a mandatory repayment due to a successful sale and leaseback, as such CEEFC redeemed 6.2 million of Preferred Shares amounting to $16.3 million. The balance of the remaining Preferred Shares as at September 30, 2025 is $9.4 million.

The following table summarizes the warrants balances as at September 30, 2025

	Warrants		Warrants vested and outstanding as at 30-Sep-25		31-Dec-24	
Number of warrants (in 000's)	**Exercise price per share (in dollars)**	**Maturity date**	**Number of warrants (in 000's)**	**Amount**	**Number of warrants (in 000's)**	**Amount**
13,000	$4.50	Apr-35	13,000	$ 14,611	13,000	$ 7,861
			13,000	$ 14,611	13,000	$ 7,861

The following table summarizes the Preferred Shares balances as at September 30, 2025

Preferred Shares	**Number of Shares**	**Share Prices**	**Total**
	(000's)		*($000's)*
Issuance	9,935	2.8343	28,159
Redemption	(6,243)	2.6053	(16,265)
Fair Value Remeasurement [(1)]		NA	(2,517)
Balance at September 30, 2025	$ 3,692	$ 2.5398	$ 9,377

[1]Fair value remeasurement include realized loss on redemption of $1.4 million and $1.1 million unrealized loss.

(All dollar amounts are stated in thousands of Canadian dollars, unless otherwise indicated)

5. Transactions with related parties:

Related parties include the parent entity, CDEV and its subsidiaries, all Government of Canada departments, agencies, and Crown corporations, and key management personnel. Key management personnel are comprised of the directors and executive officers of the Corporation that are paid by the Corporation, not including the management fees charged by CDEV to the Corporation.

During the three and nine months ended September 30, 2025, CDEV provided management services to the Corporation, related to executives, administration, banking, financial, and support services, in respect of which it billed $226 (September 30, 2024 - $226) and $678 (September 30, 2024 - $678) respectively. These amounts are reported as Management fees on the Statement of Operations.

The Corporation also agreed to reimburse CDEV for certain expenses CDEV incurred on behalf of the Corporation including (i) professional and advisory fees and expenses, (ii) salaries and employee benefits,
(iii) director fees and expenses, and (iv) insurance and other expenses that may be agreed upon by the parties from time to time.

The following tables summarize the expenses paid by CDEV and reimbursed by CEEFC.

	Three months ended September 30	
	2025	2024
Professional fees	$ 169	$ 443
Salaries and benefits, including director fees and expenses	62	61
Other expenses	–	1
	$ 231	$ 505

	Nine months ended September 30	
	2025	2024
Professional fees	$ 633	$ 818
Salaries and benefits, including director fees and expenses	176	189
Other expenses	1	3
	$ 810	$ 1,010

6. Accumulated surplus:

Accumulated surplus consists of the accumulated surplus at the beginning of the period plus surplus or less (deficit) before government contribution/(repayment) plus any government contribution or less (repayment). The following are additional details about the Corporation’s government contribution/(repayment).

a) Common shares:

The Corporation is authorized to issue an unlimited number of common shares. Holders of these shares are entitled to dividends, as and when declared from time to time, and are entitled to one vote per share at general
meetings of the Corporation. No dividends were declared during the period ended September 30, 2025 (December 31, 2024 – nil).

(All dollar amounts are stated in thousands of Canadian dollars, unless otherwise indicated)

6. Accumulated surplus (continued):

As at September 30, 2025, the Corporation had 1 authorized and fully paid common share (December 31, 2024 – 1) at a price of $1 (December 31, 2024 – $1) issued to CDEV.

b) Preference shares:

LEEFF Program:

On June 18, 2020, a Funding Agreement was entered into between CEEFC and the Minister of Finance representing the Government of Canada regarding the funding of CEEFC, pursuant to paragraphs 60.2(2)(a)(i) and 60.2(2)(a)(iii) of the FAA. The funding is by way of subscription for Class A preference shares ("preference shares") of the Corporation on the terms set forth in the Funding Agreement to provide funding to CEEFC for the administration and implementation of the LEEFF Program.

The holders of the preference shares are not entitled to vote at any meeting of the shareholders of the Corporation, except where the holders of another class or series of shares of the Corporation are entitled to vote separately as a class or series.

The holders of the preference shares, in priority to the holders of the common shares and any other shares ranking junior to the preference shares, are entitled to receive preferential dividends as and when they are declared by the Board of Directors. If, in any fiscal year, the Board of Directors has not declared any dividends on the preference shares, then the holders of such shares shall have no right to any such dividend for that year.

The Corporation may, upon giving at least 30 days' notice, redeem all or any part of the outstanding preference shares at a price of $1,000 per preference share, together with all declared but unpaid dividends.

The aggregate proceeds from preference shares issued to the government are included as an addition to the Government contribution line on the Statement of Operations. When these shares are redeemed by the Corporation, the aggregate redemption amount will be a deduction against this line item.

In 2024, the Corporation redeemed 873,000 preference shares for $873,000 from the Government of Canada.

Changes to the preference shares issued and outstanding are summarized below.

	September 30, 2025		December 31, 2024	
	Number of shares (in 000's)	Amount	Number of shares (in 000's)	Amount
Balance, beginning of period	2,217	$ 2,217,000	3,090	$ 3,090,000
Shares issued	–	–	–	–
Shares redeemed	–	–	(873)	(873,000)
Balance, end of period	2,217	$ 2,217,000	2,217	$ 2,217,000

6. Accumulated surplus (continued):

LETL Program

On March 21, 2025 CEEFC entered into a funding agreement with the Government of Canada under the LETL Program. CEEFC has been directed by P.C. 2025-0455, issued by the Governor in Council under section 89 of the Financial Administration Act (the "FAA"), to administer, approve and fund transactions, in accordance with the terms and conditions approved by the Minister of Finance, in relation to the Program, effective on the day on which it is made. To administer this program, CEEFC has been authorized, pursuant to section 91(3)(a) of the FAA, by P.C. 2020-306 to sell or otherwise dispose of any of its shares.

As a result, the Governor in Council has authorized that a Funding Agreement be entered into pursuant to paragraphs 60.2(2)(a) of the FAA to provide funding to CEEFC for the administration and implementation of the Program; by way of subscription for Class B preference shares of the Corporation, on the terms set forth under the Funding Agreement.

As of September 30, 2025 there were no Class B Preference Shares issued, committed, or outstanding under the LETL Program.

Subsequent to September 30, 2025, the Corporation issued 100,000 Preferred Shares to the Government of Canada at $1,000 per share, amounting to $100 million.

7. Financial risk management:

The nature of the Corporation's operations exposes the Corporation to risks that may have a material effect on cash flows and Statement of Operations. This note provides information about the Corporation's exposure to each of these risks as well as the Corporation's objectives, policies, and processes for measuring and managing them.

a) Credit risk:

Credit risk is the risk of financial loss to the Corporation if counterparties do not fulfill their contractual obligations. The carrying amount of loans to borrowers represents the Corporation's maximum credit exposure.

The Corporation attempts to mitigate this risk by requiring collateralization for its secured loan facilities. Collateralization is the security package provided to a counterparty's secured lenders alongside which the Corporation's secured facility is provided.

The Corporation's unsecured loan facilities have been made to borrowers with limited borrowing alternatives that are facing challenging financial circumstances. The Corporation issues these loans based on compliance with terms provided to the Corporation by the Minister of Finance. The Corporation does not undertake a full credit assessment of the borrower, nor does it lend money based on the borrower's ability to repay the loan. Instead, the Corporation issues these loans based on a number of other criteria, including the borrower's agreement to make efforts to minimize the loss of employment and to sustain its domestic business activities, as well as the borrower's ability to demonstrate a plan to return to financial stability. The Corporation's credit risk is therefore considered very high, and loans are monitored for indicators of impairment.

7. Financial risk management (continued):

At each reporting period, the Corporation performs an assessment to determine loan collectability and risk of loss as required by Public Sector Accounting Standard 3050. As of September 30, 2025, management has identified certain loans within the portfolio that, while they have not experienced default or delinquency in interest or principal payments, exhibit potential indicators of impairment. More detailed discussion can be found in Note 3 (d).

b) Market risk:

Market risk is the risk of financial loss from adverse movements in market prices including interest rates, credit spreads, equity prices, foreign exchange rates, and commodity prices. CEEFC's secured loans are based on floating reference rates plus an applicable margin as determined by a borrower's existing secured lenders. Applicable margins are predetermined at the time of loan origination; however, fluctuations in interest rates which impact floating reference rates will impact CEEFC's interest income. CEEFC's unsecured loans are based on fixed interest rates and therefore not exposed to fluctuations.

The change in equity prices will affect the value of common shares and warrants held by the Corporation. Changes in the market price of warrants will impact the "fair value" of these instruments.

CEEFC's operations do not have any exposure to commodity prices.

CEEFC has no exposure to foreign exchange risk since its loans and revenues are denominated in Canadian dollars.

c) Liquidity risk:

Liquidity risk is the risk of having insufficient cash or collateral to meet financial obligations in a timely and cost-effective manner. Liquidity risk arises from mismatched cash flows related to assets and liabilities and the inability to sell marketable securities to generate liquidity in a timely and cost-effective manner.
CEEFC manages its liquidity by issuing preference shares to the Government of Canada as required in accordance with the funding agreement to provide funding for the administration and implementation of the LEEFF program. CEEFC also holds cash to fund its operations.

d) Fair value of financial instruments:

The Corporation classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy used has the following levels:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(All dollar amounts are stated in thousands of Canadian dollars, unless otherwise indicated)

7. Financial risk management (continued):

Valuation methods and assumptions

a) **Equity securities:**

The fair value of equity investments is based on quoted prices in active markets and has been classified as Level 1.

b) **Warrants:**

The warrants have been classified as a Level 3 due to the lack of traded options in the market, which resulted in using a significant and unobservable input for the warrant valuation – volatility and discount for lack of marketability (DLOM). The valuation model used to calculate the DLOM is the

Finnerty put option pricing model, estimated based on the historical volatility. Historical volatility is considered as a level 3 input in option pricing. The fair value of the warrants is valued based on the historical volatility, which was used as a proxy for the underlying asset's option implied volatility.

c) **Preferred shares:**

The Preferred Shares have been classified as level 2, as they use inputs other than quoted prices in active markets. They are estimated using a probability-weighted scenario-based approach:

1) Redemption scenario: Where a Bond-plus-Call approach has been applied, where the bond component, representing the minimum fixed payoff, is valued using a discounted cash flow approach, and the option value, representing upside value, is determined using the Black-Scholes-Merton model. Therefore, the value of the Preferred Shares under the Redemption Scenario is the sum of the present value of the minimum fixed payoff and the upside value.
2) Conversion Scenario: Under this scenario, the value of the Preferred Shares is based on the price at which shares of the borrower were trading on the exchange as of the Transaction Date.

Transfers between levels of the fair value hierarchy are recognized at the end of the reporting period during which the change has occurred. There were no movements between levels in the fair value hierarchy during the period ended September 30, 2025.

Fair Value Hierarchy for Assets and Liabilities Measured at Fair Value

	30-Sep-25				31-Dec-24			
Assets measured at fair value	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Preferred shares	$ –	$ 9,377	$ –	$ 9,377	$ –	$ –	$ –	$ –
Equity investments	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –
Warrants	$ –	$ –	$ 14,611	$ 14,611	$ –	$ –	$ 7,861	$ 7,861
	$ –	$ 9,377	$ 14,611	$ 23,988	$	$	$ 7,861	$ 7,861

(All dollar amounts are stated in thousands of Canadian dollars, unless otherwise indicated)

7. Financial risk management (continued):

The following tables reconcile changes in fair value of all assets and liabilities measured at fair value using significant Level 3 unobservable inputs for the three and nine months ended September 30, 2025 and September 30, 2024.

Reconciliation of Changes in Fair Value for Level 3 Assets and Liabilities

	Fair value as at July 1, 2025	Total Remeasurement Gains (Losses) arising during the period	Movements: Additions	Movements: Sales/ Cancellations	Transfers: Into Level 3	Transfers: Out of Level 3	Fair value as at September 30, 2025	Change in unrealized gains (losses) on instruments still held
Assets measured at fair value								
Warrants	$ 13,036	$ 1,575	$ –	$ –	$ –	$ –	$ 14,611	$ 1,575
	$ 13,036	$ 1,575	$ –	$ –	$ –	$ –	$ 14,611	$ 1,575

	Fair value as at January 1, 2025	Total Remeasurement Gains (Losses) arising during the period	Movements: Additions	Movements: Sales/ Cancellations	Transfers: Into Level 3	Transfers: Out of Level 3	Fair value as at September 30, 2025	Change in unrealized gains (losses) on instruments still held
Assets measured at fair value								
Warrants	$ 7,861	$ 6,750	$ –	$ –	$ –	$ –	$ 14,611	$ 6,750
	$ 7,861	$ 6,750	$ –	$ –	$ –	$ –	$ 14,611	$ 6,750

	Fair value as at January 1, 2024	Total Remeasurement Gains (Losses) arising during the period	Movements: Additions	Movements: Sales/ Cancellations	Transfers: Into Level 3	Transfers: Out of Level 3	Fair value as at September 30, 2024	Change in unrealized gains (losses) on instruments still held
Assets measured at fair value								
Warrants	$ 21,939	$ (15,601)	$ –	$ –	$ –	$ –	$ 6,338	$ (15,601)
	$ 21,939	$ (15,601)	$ –	$ –	$ –	$ –	$ 6,338	$ (15,601)

There is no movement between the levels, within the periods ended September 30, 2025 and September 30, 2024.

(All dollar amounts are stated in thousands of Canadian dollars, unless otherwise indicated)

7. Financial risk management (continued):

The following table summarizes the potential impact of the unobservable inputs used in the warrant fair value estimation ("Sensitivity Testing"): the volatility and discount for lack of marketability (DLOM). To estimate the DLOM, a Finnerty put option model has been used. The only unobservable input in the DLOM estimation is the underlying assets volatility. Therefore, to conduct the sensitivity testing for the volatilities used in the warrant and DLOM valuation, a shift of +/- 10% has been applied in the unobservable input – the historical volatility of the underlying share.

Sensitivity Analysis of Level 3 Financial Assets and Liabilities

	September 30, 2025		December 31, 2024	
	Increase in fair value	Decrease in fair value	Increase in fair value	Decrease in fair value
Assets measured at fair value				
Warrants	$ 2,679	$ 2,964	$ 1,940	$ 2,071
	$ 2,679	$ 2,964	$ 1,940	$ 2,071

8. Subsequent event:

On September 28, CEEFC signed a term sheet with its first LETL borrower for $400 million, conditional on board approval and diligence. Definitive agreements for this loan are expected to be signed in November, with a first draw of $33.2 million expected to be disbursed on or before November 30.

The second tranche ($20 million) for a $40 million working capital facility is expected to be drawn in November 2025.

On October 27, 2025, the Corporation issued 100,000 Preferred Shares to the Government of Canada at $1,000 per share, amounting to $100 million.