

Connecting Canada, Every Day

ANNUAL REPORT 2025/26



Marine Atlantic
Marine Atlantique



Marine Atlantic respectfully acknowledges that we operate in Mi'kma'ki, the ancestral and unceded territory of the Mi'kmaq Peoples, and on the island of Ktaqmkuk, the unceded, traditional territory of the Beothuk and the Mi'kmaq Peoples.

We also acknowledge Labrador as the traditional and ancestral homelands of the Innu of Nitassinan, the Inuit of Nunatsiavut, and the Inuit of NunatuKavut.

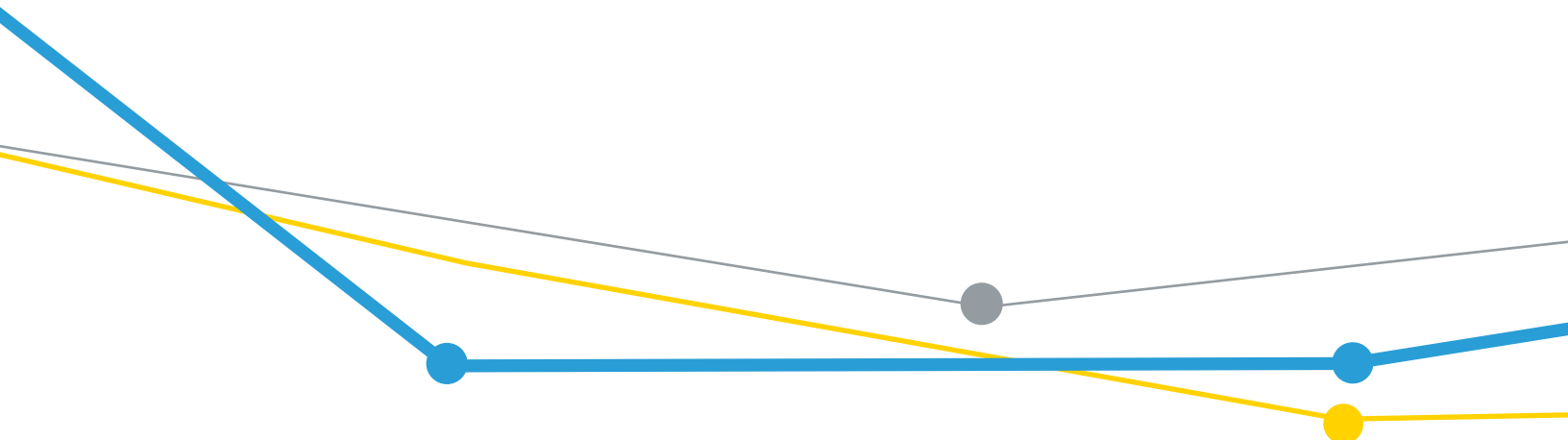
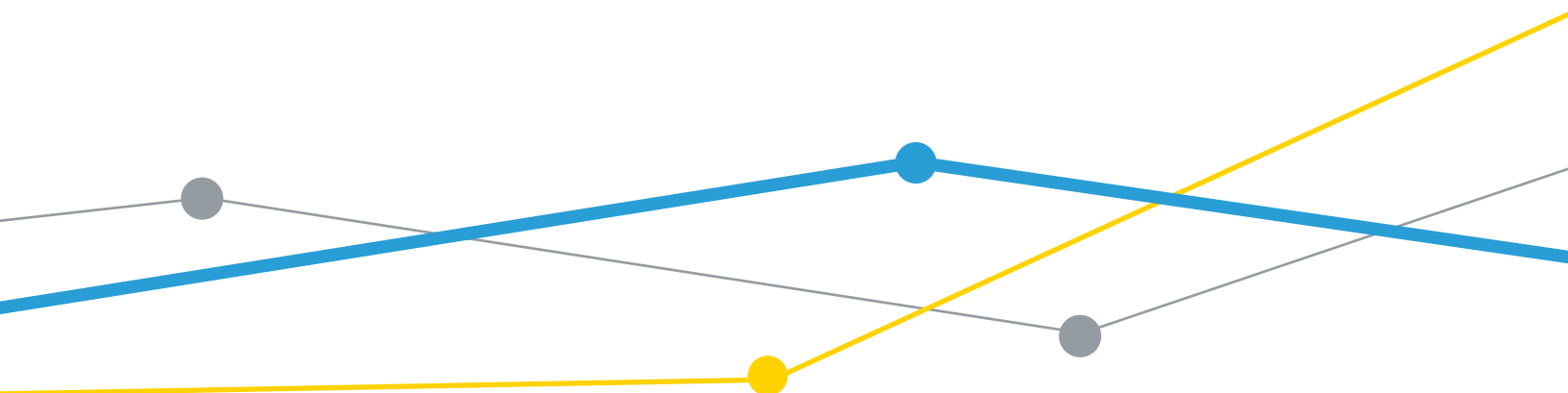


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/ At a glance

Financial overview

Revenues

Revenues excluding gains were \$2.0 million (2%) lower than last year while \$12.9 million higher (12%) than budget. The corporation reduced the passenger and passenger vehicle tariffs by 50% effective August 1st, 2025, resulting in lower overall year over year passenger revenues. The approved budget incorporated this planned reduction. The lower rates increased demand. The Argentia season was extended to the end of September to create additional capacity for customers, contributing to a 6% increase in passenger traffic over the prior year, which also corresponded with a 15% increase in onboard sales. Commercial traffic was 2.3% higher year over year and 11.7% higher than budgeted. Commercial traffic was the biggest contributor to the budget variance.

Revenues 2025/26 (in thousands)

Transportation	\$121,153
Interest income	508
Foreign currency exchange gain	565
Realized gain on derivative financial instruments	4,970

Total Revenue **\$127,196**



Expenses 2025/26 (in thousands)

Wages and benefits	\$127,814
Amortization	54,521
Charter importation taxes	3,223
Fuel	46,559
Materials, supplies and services	41,986
Charter fees	24,393
Repairs and maintenance	9,932
Insurance, rent and utilities	9,764
Employee future benefits	5,504
Loss on disposal and write-downs of tangible capital assets	2,057
Administrative costs	2,328
Travel	1,312
Accretion expense	785

Total Expenses **\$330,178**



Gains

Gains were \$5.5 million higher than budget, as no gains were included in the budget, and \$4.0 million higher than last year. The increase reflects gains on fuel swaps and forward exchange contracts under the corporation's hedging program, primarily due to higher than anticipated fuel prices. The corporation realized significant gains on March 2026 fuel swap contracts following a spike in global fuel prices associated with the conflict in Iran.

Operating expenses

Wages and benefits

Wages and benefit costs were \$1.9 million (1.5%) higher compared to last year while \$3.8 million (2.9%) lower than budget. The year-over-year increase was driven by cost-of-living adjustments partially offset by lower full-time equivalents which was mostly related to the integration of the *Ala'suinu* and delayed start of the *Argentina* service last year. The corporation budgeted higher labour costs related to capacity augmentation initiatives. The actual costs were lower than budgeted. Training costs were also lower than budgeted.

Fuel

Fuel expense was \$1.3 million (2.9%) higher than last year and \$0.9 million (2%) above budget. Consumption was higher this year as the corporation completed more trips, although fuel prices were lower compared to last year. The price of fuel was higher than budgeted this year although consumption was lower as the corporation completed less trips than planned.

Materials, supplies and services

Materials, supplies, and services costs were \$1.3 million (3%) lower than last year while \$0.4 million (1%) over budget. Professional and IT related services costs were lower this year compared to last year. Costs for operational supplies and services were higher than budget partially offset by lower professional services costs.

Repairs and maintenance

The repairs and maintenance costs were \$1.9 million (15.7%) lower than last year and \$3.1 million (23.9%) below budget. Overall fleet maintenance cost and shore-based maintenance were lower compared to last year. Lower cost for the *Leif Ericson* was the largest contributor as the ship was intended to come out of service in the spring of 2026. The corporation had some contingency in the budget due to the age of the fleet and the inflationary pressures in the market that was not required.

Insurance, rent and utilities

Insurance, rent, and utilities were \$0.9 million (9.7%) higher than last year and \$0.9 million (10%) over budget. The actual costs for claims were higher than estimated. This was partially offset by lower insurance premiums compared to last year. The *Atlantic Vision* was insured for part of last year while awaiting return to owner at the expiration of the charter.

Travel

Travel costs were \$0.8 million (36.9%) lower than the previous year and \$1.7 million (56.1%) lower than budget due to savings in training related travel as the corporation reduced the overall spend on non-regulatory training.

Administrative costs

Administrative costs were \$1.4 million (37.3%) lower than last year, and \$1.2 million (34.1%) lower than budget. Last year, the corporation issued compensation vouchers to passengers affected by the schedule changes resulting from the *Ala'suinu* mechanical issues. There were savings in advertising, conference, hospitality and training related costs this year compared to budget.

Charter costs

Charter fees

Charter fees were \$1.9 million (7.2%) lower than last year while \$0.6 million (2.5%) higher than budget. Last year was the first full year of charter for the *Ala'suinu*. The charter of the *Atlantic Vision* expired in May 2024 therefore there was some overlap. The variance to budget was due to the higher actual foreign exchange rates than budgeted.

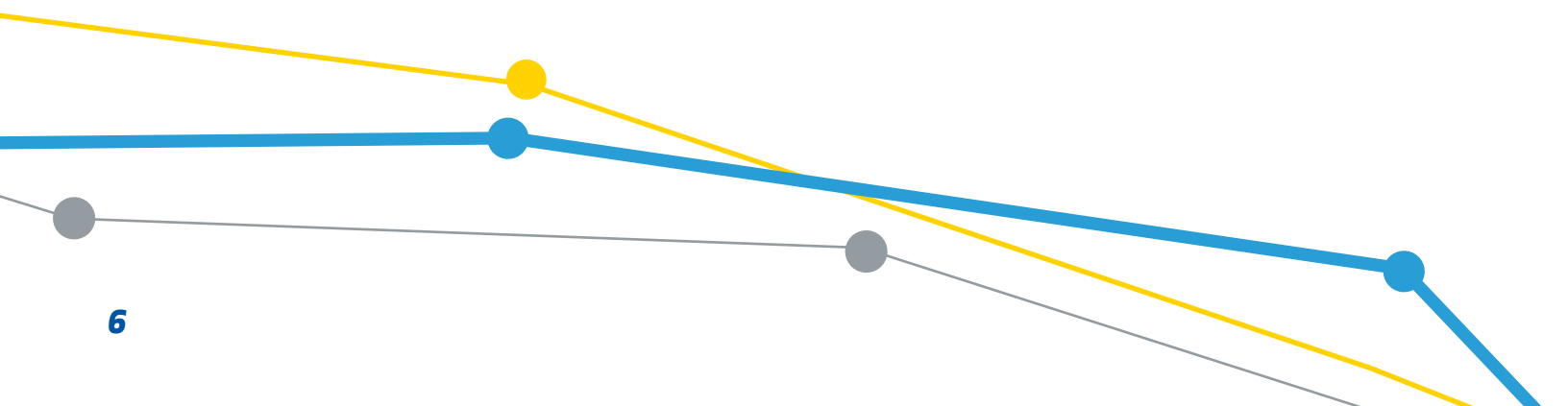
Charter importation taxes

This represents the non-refundable importation taxes paid as part of the reflagging of the *Ala'suinu* in April 2024 amortized over the duration of the charter agreement. The recognized expense for fiscal 2025/26 was \$3.2 million.

Losses

Loss on disposal of tangible capital assets

This year the corporation recognized a loss of \$2.1 million on the disposal and write down of long-lived assets compared to a loss of \$0.5 million last year. The increase was mostly related to fleet-related projects.



Employee future benefits

The corporation retains an independent actuary to assist in the valuation of employee future benefits. This year, the corporation recognized an expense of \$5.5 million compared to a recovery of \$33.6 million last year. The year-over-year change is primarily driven by a \$34 million swing in valuation allowance movements (from a decrease of \$21 million in the prior year to an increase of \$13 million in the current year).

Amortization expense

Amortization was \$1.7 million (3%) lower than last year while \$0.4 million (0.7%) above budget. The decrease was mainly due to changes in the useful lives of vessels and associated projects based on the corporation's revised fleet renewal plans. Differences between budgeted and actual amortization reflect the use of aggregate estimates in budgeting versus asset-level calculation of actual amortization.

Accretion expense

The corporation has recognized an expense of \$0.8 million this year compared to \$1.0 million last year regarding its asset retirement obligations. The accretion expense represents the increase in the obligation due to the passage of time. The decrease reflects the corresponding impact of changes in useful lives described in amortization expense.

Government funding

Government funding revenue recognized was \$23.3 million higher than last year. The \$17.2 million increase in operating funding was mainly due to increased fuel inventory purchases and receipt of less cash from customers due to the tariff rate reductions. Capital funding was \$6.1 million higher mostly due to leasehold improvements relating to the *Île Rouge*.

Tangible capital asset spend

In 2025/26, the corporation spent \$52.8 million in asset renewal compared to \$46.8 million last year. Of this amount, \$42.9 million was spent on fleet-related projects compared to \$31.6 million last year. The fleet capital focused on regular capital upgrades, capital to meet regulatory or class requirements and leasehold improvements for the *Île Rouge*. An additional \$9.9 million was spent replacing and modernizing shore facilities and equipment, upgrading IT requirements, and investing in innovation projects compared to \$15.2 million in fiscal 2024/25.



Traffic and employees

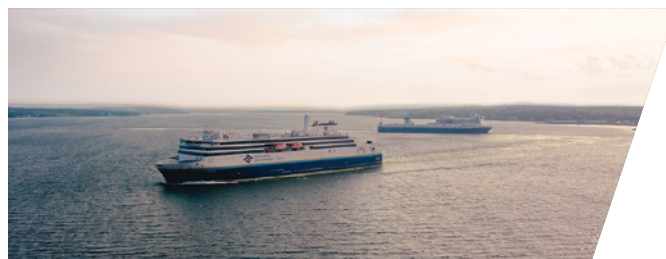
	2025-26	2024-25	2023-24	2022-23	2021-22
Passengers	381,032	359,320	367,786	360,388	231,298
Passenger vehicles	149,154	141,582	145,257	142,645	91,336
Commercial vehicles	99,579	96,349	91,088	92,687	90,222
AEU's*	579,505	556,222	534,321	538,289	468,157
Number of single crossings	1,775	1,692	1,739	1,750	1,642
Employees (peak employment)	1,404	1,421	1,388	1,283	1,140
Employees (full-time equivalent)**	1,127	1,158	1,126	1,082	1,009

* AEU or Auto Equivalent Unit is the length of an average passenger automobile.

**Full-time equivalent (FTE) employees are calculated by dividing actual labour hours by the standard hours in a work year (2,080).

80%

On-time performance
(including weather delays)



1,775

Number of sailings

381,032

Passengers

149,154

Passenger vehicles

99,579

Commercial vehicles

Financial overview table

Year ended March 31 (in thousands)

	2025-26	2024-25	2023-24	2022-23	2021-22
Transportation Revenue	\$121,153	\$122,941	\$121,012	\$119,502	\$96,182
Interest and Other Income	508	704	14,692	421	79
Gains	5,535	1,509	7,729	12,396	8,488
Total Revenues	127,196	125,154	143,433	132,319	104,749
Operating Expenses	\$193,136	\$195,698	\$190,823	\$161,182	\$142,655
Fuel	46,559	45,248	47,634	51,998	27,448
Charter Costs	27,616	29,506	19,111	15,744	15,446
Losses	2,057	474	3,930	1,834	534
Employee Future Benefits	5,504	(33,606)	(26,795)	44,373	194
Amortization/Accretion	55,306	57,163	62,338	57,579	57,794
Total Expenses	330,178	294,483	297,041	332,710	244,071
Deficit Before Government Funding	202,982	169,329	153,608	200,391	139,322
Government Funding					
Operations	164,628	147,349	128,467	90,948	93,598
Capital	52,820	46,761	63,548	40,880	37,905
Operating Surplus (deficit)	\$14,466	\$24,781	\$38,407	\$(68,563)	\$(7,819)





Message from the Board of Directors

Marine Atlantic provides an essential transportation service that connects Newfoundland and Labrador with the rest of Canada and supports communities, businesses, and supply chains. On behalf of the Board of Directors, we are pleased to present the 2025/26 Annual Report, which reflects a year of steady progress, disciplined stewardship, and continued focus on long-term resilience.

At the outset, the Board wishes to recognize and thank Gary O'Brien for his dedicated service as Chair of the Board of Directors, whose term concluded during the fiscal year. Mr. O'Brien's leadership, integrity, and commitment to public service provided valuable guidance during a period of significant operational complexity and transition. His contributions have helped strengthen Marine Atlantic's governance foundation and long-term strategic direction.

As a federal Crown Corporation, Marine Atlantic reports to the Government of Canada, and the Board values the strong and constructive relationship that supports the corporation's mandate. During the year,

the Government of Canada demonstrated its continued commitment to an accessible and affordable ferry service by providing funding that enabled Marine Atlantic to implement significant passenger fare reductions while freezing commercial rates. This important initiative helps remove interprovincial trade barriers through reduced cost pressures for travellers and businesses, supports regional connectivity, and reinforces the ferry service's role in sustaining economic and social well-being.

Throughout the year, the Board remained focused on its responsibility to provide effective oversight and strategic guidance in a demanding and evolving operating environment. Increasing climate volatility, infrastructure pressures, workforce challenges, and global economic uncertainty continue to shape the delivery of marine transportation services. Against this backdrop, Marine Atlantic demonstrated sound risk management, prudent investment decisions, and a continued commitment to its mandate.

Fleet reliability and infrastructure resilience remained central priorities. Investments in vessel maintenance, fleet renewal planning, and terminal upgrades supported safe and dependable operations, while reinforcing Marine Atlantic's role as a critical link in the national transportation network. Progress achieved during the year reflects a long-term strategic approach to sustaining capacity and service reliability.

The Board also acknowledges the importance of environmental stewardship and responsible asset management. Continued advancements in greenhouse gas reporting, participation in industry leading environmental programs, and investments in sustainable infrastructure demonstrate a clear commitment to reducing environmental impact while strengthening our operations.

Most importantly, the Board extends its sincere appreciation to Marine Atlantic's employees. The professionalism, dedication, and adaptability demonstrated across the organization, both at sea and ashore, are fundamental to the safe and reliable delivery of our ferry service. Employees' commitment to safety, customer service, and continuous improvement remains a defining strength of the corporation.



The Board thanks the President and CEO, the management team, employees, the Government of Canada, and Marine Atlantic's customers and partners for their continued support and collaboration. As we look ahead, the Board remains committed to strong governance, responsible stewardship of public resources, and supporting Marine Atlantic in delivering a safe, reliable, and sustainable ferry service for the regions it serves.

Sincerely,

A handwritten signature in black ink, appearing to read 'C. Priddle'.

Craig Priddle

Chair, Audit Committee
on behalf of the Board of Directors



Message from the President and CEO

Marine Atlantic is entrusted with delivering a safe, affordable, environmentally responsible, and quality ferry service that plays a vital role in connecting people and communities, as well as enabling the movement of goods. The 2025–26 fiscal year was one of meaningful progress, marked by operational achievements, continued investment in our people and assets, and important steps toward long-term success.

Before reflecting on the year's accomplishments, I would like to acknowledge and thank Gary O'Brien, whose term as Chair of the Board concluded during the fiscal year. Mr. O'Brien's steady leadership, insight, and thoughtful counsel were invaluable to myself and to the management team. His commitment to Marine Atlantic's mandate and to the people who deliver this essential service helped guide the organization through a period of renewal.

Strengthening fleet reliability and capacity remained a key focus throughout the year. The continued integration of the *Ala'suinu* enhanced service flexibility and customer experience, while extensive planned

maintenance and refit work across the fleet supported safety and operational readiness in a demanding operating environment. At the same time, work advanced on fleet renewal planning, including preparations for the introduction of *Île Rouge*, a chartered vessel.

Shoreside infrastructure received focused attention. Targeted upgrades to terminals and fuel systems improved safety and efficiency, ensuring essential facilities remain fit for purpose as operating conditions become more complex due to climate change and aging assets. A multi-year shore infrastructure improvement program is set to begin in the upcoming fiscal year.

None of this work would be possible without our employees. I want to sincerely thank Marine Atlantic's workforce for their professionalism and dedication throughout the year.

We continued enhancing the customer experience and accessibility of our service through the launch of Marine Atlantic's mobile apps, passenger fare reductions, and extended Argentina – North Sydney seasonal service.

These efforts directly support the Government of Canada's priorities related to affordability, interprovincial connectivity, and supply chain integrity. As the sole year-round ferry service linking Newfoundland and Labrador with the rest of Canada, Marine Atlantic plays a critical role in moving people, supporting communities, and enabling economic activity through the continued movement of essential goods and services. The organization is also proceeding to implement approved expenditure reduction proposals as required towards reducing the overall cost of operations.

Environmental stewardship remained a core priority, with continued advancement of our greenhouse gas inventory, participation in the Green Marine program, and the achievement of LEED Gold certification for the Port aux Basques Administration Building. These efforts reinforce our commitment to sustainability and responsible operations.



I extend my thanks to the Board of Directors for their guidance and support, to the Government of Canada for its continued partnership, and to our customers and community partners for their trust and engagement. As we look ahead, Marine Atlantic remains focused on delivering a safe, reliable, and modern ferry service, one that continues to adapt, improve, and serve those who depend upon it.

Sincerely,

A handwritten signature in black ink, appearing to read 'Murray Hupman'.

Murray Hupman
President and CEO



Corporate profile

Marine Atlantic is a federal Crown Corporation tasked with providing the sole year-round daily ferry service between the Island portion of the Province of Newfoundland and Labrador and the Province of Nova Scotia providing a vital connection for the passengers and goods depending on this transportation link.

The ferry service transports a diverse assortment of traffic including passengers, passenger vehicles, tractor trailers and their drivers, drop trailers (trailers only – no attached truck), and other vehicles such as motorhomes, buses, motorcycles, bicycles, and all-terrain vehicles.

The corporation reports annually to the Government of Canada through the Minister of Transport. The requirement for the ferry service is identified through a constitutional mandate.

As the primary ferry service for passenger vehicle traffic, Marine Atlantic is a valuable transporter of people. During the summer months, the corporation

transports large numbers of travellers, both resident and non-resident, playing an important role in supporting Newfoundland and Labrador's tourism industry.

As part of the national transportation network, Marine Atlantic provides a daily ferry service that enables the movement of goods entering and exiting Newfoundland, via the commercial trucking industry, making it a key element of the regional and national supply chain. Vitally important items including perishable foods, propane, and medical supplies are transported daily via the commercial trucking industry due to the nature of warehousing and just-in-time delivery.

The Marine Atlantic ferry service operates two routes, a year-round 96 nautical mile daily ferry service between Port aux Basques and North Sydney and a seasonal 280 nautical mile ferry service between Argentia and North Sydney.

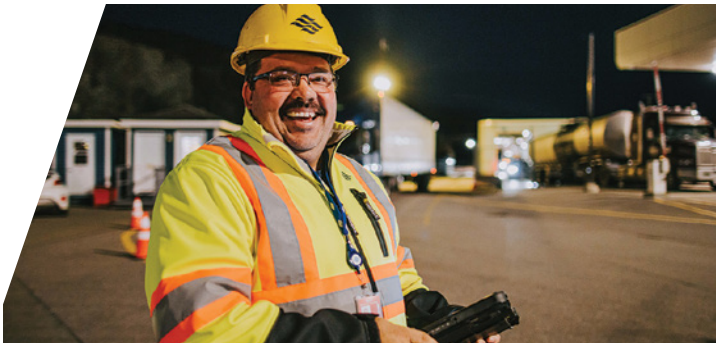
To fulfill the mandate, the corporation operates a fleet of four ice-class ferries (vessels that have additional strengthening and specifications to enable navigation through sea ice), the *Blue Puttees*, *Highlanders*, *Ala'suinu*, and *Leif Ericson*.

Our vision

An essential, progressive transportation system that people trust to deliver.

Our mission

To provide a safe, environmentally responsible and quality ferry service between the Island of Newfoundland and the Province of Nova Scotia in a reliable, courteous, and cost-effective manner.



Our values

/ Safety

Protection of people, property, and the environment is our ultimate priority

/ Teamwork

We work together to achieve the best outcomes for the organization

/ Integrity

We say what we mean and do what we say

/ Diversity

Embracing our differences leads to better performance and helps us achieve our goals

/ Commitment

We are responsible for our performance and delivering on our commitments

/ Excellence

We take pride in delivering the best possible services



When Newfoundland joined Canada in 1949, the ferry service between the Province of Newfoundland and Labrador and the mainland was accorded special constitutional status under Term 32(1) of the Terms of Union (*The Newfoundland Act, 1949*).





Operating environment

Marine Atlantic operates in a complex and demanding marine environment, delivering an essential year round service that connects Newfoundland and Labrador with the rest of Canada. The operations are shaped by the thousands of people who depend upon it due to the geographic realities of Newfoundland being an island. The ferry service plays a critical role in supporting movement of residents, growth of the tourism and other industries based in the province, and enabling the supply chains.

The Gulf of St. Lawrence is prone to high winds, waves, and ice, with climate change contributing to more severe storm events. These conditions adversely impact sailing schedules and are leading to increasingly lengthy recovery times. At the same time, sustained demand places pressure on fleet capacity and terminal infrastructure. Marine Atlantic actively manages these challenges through effective operational planning, ongoing fleet maintenance, infrastructure investments, and close coordination between vessel crews and shore-based teams.

The corporation also continues to navigate the realities of aging vessels and shore-based assets while advancing long-term renewal and modernization planning. Labour market pressures across the marine sector and the importance of maintaining affordable service for passengers and commercial users further underscore the need for prudent investment and operational stability.

Vessel fleet and operations

Marine Atlantic operates four vessels designed to meet the needs of a diverse customer base. From transporting large tractor trailers to passengers travelling with bicycles, the organization is committed to delivering a safe, reliable, and high-quality travel experience for all.

Current vessel fleet



Ala'suinu

Joining Marine Atlantic's fleet in 2024, this vessel is named after the Mi'kmaq word for "Traveller". The *Ala'suinu* incorporates the latest Canadian accessibility standards and offers a variety of amenities to meet our customers' needs such as passenger pods and cabins (including pet-friendly cabins), food service options, seating lounges, a children's play area, and a kennel for pets. It primarily operates on the Argentina – North Sydney service during the summer season and on the Port aux Basques – North Sydney service during the rest of the year.



Blue Puttees

Proudly named after the regiment that represented Newfoundland in World War I, this vessel joined Marine Atlantic's fleet in 2011. At approximately 200 metres in length, this accessible vessel offers a variety of cabins (including pet-friendly cabins), kennels, seating areas, amenities, and food service options to meet customer needs. It primarily operates on the Port aux Basques – North Sydney service.





Highlanders

The *Highlanders* joined Marine Atlantic's fleet in 2011. Named in recognition of the distinguished military service of Nova Scotia's Highland regiment, the 200-metre accessible vessel offers a wide selection of cabins (including pet-friendly cabins), kennels, seating areas, amenities, and food service options to meet customer needs. It primarily operates on the Port aux Basques – North Sydney service.



Leif Ericson

Introduced to Marine Atlantic's fleet in 2001, the *Leif Ericson* is the corporation's primary commercial vessel on the Port aux Basques – North Sydney service. Named to mark the 1,000th anniversary of Norse explorer Leif Ericson's arrival in Newfoundland, this vessel offers a variety of amenities including cabins (including pet-friendly cabins), food services, and seating areas and is primarily assigned to meet the shipping needs of commercial customers.



Safety standards and regulations

Marine Atlantic's vessels are maintained to strict regulatory and safety standards. The vessels must comply with Transport Canada Marine Safety Codes and Regulations and are inspected by Transport Canada Marine Safety and Det Norske Veritas, a world-leading classification society, to ensure compliance. The Safety Management System is audited independently by another classification society, Lloyd's Register, to verify compliance with the requirements of the International Safety Management Code for the Safe Operations of Ships and Pollution Prevention.

The operation of Marine Atlantic vessels is governed by various acts and regulations including the *Canada Labour Code*, *Transportation of Dangerous Goods Act and Regulations*, *International Maritime Dangerous Goods Regulations*, *Marine Liability Act and Regulations*, *Canada Shipping Act and Regulations*, *Financial Administration Act*, *Domestic Ferries Security Regulations (DFSR)*, and *Sulphur Emission Control Areas (SECA) Regulations*.

Fleet renewal and capacity enhancement: A charter vessel for Marine Atlantic

As part of our ongoing commitment to strengthening fleet capacity and service reliability, Marine Atlantic is advancing the integration of another ice class vessel into the operations. The vessel's name, *Île Rouge*, reflects the deep French history of Newfoundland and Labrador and recognizes the Francophone community within the province.

The vessel is being introduced under a five year charter agreement supporting passenger and commercial vehicle capacity. The vessel is equipped with three bow thrusters, a stern thruster and has been designed to perform reliably in ice and severe weather environments. Its onboard accommodations include comfortable cabins (including pet-friendly cabins), kennels, food service areas, and spacious passenger seating aligned with the services of our existing fleet.



Conversion and integration activities

At year end, a comprehensive suite of technical, regulatory, and operational modifications were underway to support its introduction into Marine Atlantic's service. These activities include the design and installation of modified bow and stern ramps to configure with shore-based ramp infrastructure, modifications to internal ramp arrangements, the installation of bollards to utilize dockside auto mooring systems, upgrades to propulsion and thruster systems, conversion of main engines to consume 100% marine diesel oil, enhancements to accessibility features, and modernization of onboard electrical and information technology systems.

Readiness and timeline

Planning is underway for crewing, training, and familiarization activities to support a safe and effective introduction to service. The charter commencement is anticipated in late spring, with the vessel expected to arrive in Canada in June. Following final integration and readiness activities, the vessel will enter service.

- **Île Rouge is a small island just off the southwest coast of Newfoundland and is closely linked to the history of the French cod fishery along Newfoundland's French Shore between 1714 and 1904.**
- **The name was selected after consultation and dialogue with the Francophone Community.**
- **The name recognizes the cultural and historical importance of the Francophone and Acadian community in Newfoundland and Labrador.**



Sustaining a reliable fleet

Marine Atlantic's ferry service continues to operate in a high-demand, year-round environment, making fleet reliability a critical operational priority. Providing a consistent daily connection between two provinces requires vessels to operate thousands of hours annually. To support this level of service, the corporation carefully plans maintenance activities to reduce the risk of mechanical disruption given the high level of demand year-round.

Outside of the peak summer passenger travel season when all vessels are in operation, planned work periods provide essential opportunities to complete preventative maintenance and larger refit projects. These windows allow teams to address regulatory requirements, undertake mechanical overhauls, and invest in long-term reliability across the fleet.

During the year, the *Highlanders* completed an extensive drydocking and planned work period focused on regulatory compliance and critical mechanical systems. Work also included a dockside 72,000-hour overhaul of both main engines, a complete overhaul of both auxiliary engines, upgrades to the main engine control system, enhancements to the hydraulic systems, control systems, communications equipment, and lifesaving appliances.

The *Ala'suinu* entered planned work periods timed strategically around the start of the Argentia service. Maintenance activities focused on addressing identified warranty items and completing work that could not be carried out while the vessel was in operation. Additional preventative maintenance is scheduled to ensure the vessel is prepared for the 2026/27 peak summer season and its demanding operating schedule.

Preventative maintenance activities were completed on the *Blue Puttees* in preparation for its scheduled drydocking, the vessel's 20th year – an extensive drydock milestone. These efforts build on major investments in recent years and support the vessel's continued role as a key asset in the fleet.

As the oldest vessel in the fleet, the *Leif Ericson* underwent a substantial amount of maintenance during a month long planned work period following the conclusion of the 2025/26 Argentia season. Major work included overhauls of the main engines and auxiliary generators, installation of an additional overhauled auxiliary generator, repairs to stabilizer components, and a boiler overhaul and inspection. Extensive ultrasonic thickness measurements of the vessel's hull and superstructure were also completed, a requirement to ensure steel thicknesses meet Class renewal requirements in the spring of 2026/27.

Together, these projects represent a significant investment in fleet safety, reliability, and long-term sustainability. Through a strong preventative maintenance program and the dedication of Marine Atlantic's crews and technical teams, the corporation continues to ensure its vessels are ready to meet customer needs and deliver a safe, dependable ferry service year round.



Marine Atlantic's fleet investments are part of a broader effort to reduce operational risk, improve service reliability, and ensure Marine Atlantic can continue to meet its constitutional mandate in an increasingly complex operating environment.





Infrastructure upgrades at a glance

To support safe and reliable operations, Marine Atlantic completed several targeted infrastructure upgrades across its terminal network during the year. These included replacement of a transformer at the North Sydney terminal site, modernization of heating systems at the Port aux Basques Maintenance and Warehouse Building, and upgrades to fuel system monitoring and fire suppression infrastructure.

Additional enhancements including improved ramp controls at the Argentia terminal and exterior upgrades to the Life Raft Centre, help strengthen operations, reduce risk, and ensure essential facilities remain fit for purpose in a demanding marine environment. Targeted infrastructure upgrades are prioritized based on risk and operational criticality, ensuring that essential facilities remain reliable under challenging environmental and operational conditions.



Looking forward

In the coming year, Marine Atlantic will continue preparing for the introduction of *Île Rouge*, advancing fleet renewal planning, and further strengthen maintenance programs to support capacity, reliability, and long-term sustainability.

Buy Canadian Policy

Marine Atlantic supports the Government of Canada's objective of strengthening the Canadian economy by prioritizing Canadian suppliers and already relies heavily on domestic vendors across its operations.

Marine Atlantic will continue to prioritize Canadian suppliers wherever feasible, while applying approved policy exceptions when necessary to manage cost, schedule, regulatory compliance, and operational risk.

Environmental stewardship

Environmental stewardship remains a core pillar of Marine Atlantic's commitment to providing a safe, reliable, and sustainable ferry service for Canadians.

As climate change continues to influence weather patterns, marine ecosystems, and infrastructure, we are witnessing first-hand the operational impacts of more intense storm events, rising seas, and changing environmental conditions. In response, the corporation continues to take concrete, measurable actions to reduce emissions, protect the marine environment, and strengthen environmental governance across our operations.

Through continued implementation of NetZero by 2050 strategy, enhancements to the Environmental Management System, and active participation in industry leading programs such as Green Marine, Marine Atlantic is embedding sustainability into decision making at every level. From vessel operations and fleet emissions tracking to sustainable infrastructure, community engagement, and biodiversity

protection, current environmental initiatives are designed to support long-term operations while protecting the environment for future generations.



Sustainable operations and governance

Marine Atlantic continues to work collaboratively to integrate environmental performance requirements into procurement activities, capital projects, and service contracts strengthening accountability and supporting sustainable supply chain practices.

The corporation is also continuing with monthly greenhouse gas (GHG) statistics for both vessel and shore operations while advancing a draft corporate Decarbonization and Sustainability Plan. This work supports emissions reduction planning, enhanced reporting, and alignment with Marine



Atlantic's NetZero by 2050 commitments. Marine Atlantic remains an active participant in the Green Marine program, representing the corporation through the North Atlantic Advisory Committee, Landside and Ship Owners Technical Committee, and Ferry Forum. This engagement supports continuous improvement and benchmarking against industry best practices. The corporation also participates in the Crown Corporation Greening Community meetings and initiatives.



Environmental protection and compliance

Significant progress was made this year in strengthening environmental protection and regulatory compliance. The annual Oil Pollution Emergency Plan (OPEP) exercise for Port aux Basques was completed successfully in October, with boom deployment. The exercise concluded that all regulatory requirements were being met. A second boom deployment exercise was also successfully conducted at North Sydney in November, further reinforcing emergency preparedness across the terminals.

Air quality assessments were completed at the Argentia ticket booths and across the vessel fleet, with no issues or concerns identified. In addition, the Tank Management Plan audit was completed with no findings, demonstrating strong compliance with environmental control standards.

Updates were also completed to the Potable Water Program to ensure continued protection of public health and environmental integrity.

Community engagement and biodiversity

Marine Atlantic continues to expand its environment-based community involvement initiatives to promote environmental awareness and education. These efforts help foster understanding of marine stewardship and sustainability among future generations.

The corporation also remains an active contributor to the Marine Mammal Observation Network. Since 2019, vessel crews have proactively reported marine mammal observations, contributing valuable data on species distribution and abundance. This information supports broader scientific research and conservation efforts and reinforces Marine Atlantic's role in protecting marine biodiversity across its operating areas.

Greenhouse gas inventory and climate risk

As part of Marine Atlantic's NetZero by 2050 strategy, the corporation continues to publish a baseline greenhouse gas inventory and NetZero roadmap. This reporting highlights key performance indicators, emissions targets, monitoring initiatives, and a performance dashboard to track progress.

An Environmental Stewardship Committee provides oversight and guidance on environmental performance objectives, regulatory compliance, and impact reduction. Ongoing assessments include vessel fuel usage, light and heavy vehicle fleets and idling times, propane consumption, HVAC systems, fire suppression systems, and electricity usage across all Marine Atlantic properties.

Marine Atlantic's 2025–26 Climate related Risks and Opportunities report is included in Appendix 1 of this Annual Report.

Environmental Management System

Marine Atlantic's Environmental Management System (EMS) provides a structured framework to improve environmental performance and minimize impacts from shore and vessel operations. The EMS outlines environmental policies, objectives, roles and responsibilities, training, inspections, record management, and compliance obligations. It is reviewed and updated annually to ensure relevance and effectiveness.

Key highlights of the Environmental Management Policy include a proactive approach to environmental protection, regulatory compliance, employee training, regular audits, participation in environmental programs, and the promotion of sustainability in energy, materials, and services.



Green Marine program

Marine Atlantic continues its participation in the Green Marine program, which guides the maritime industry toward environmental excellence by promoting actions that exceed regulatory requirements. Under the program, Marine Atlantic's vessels and terminals are evaluated against established performance criteria across multiple environmental categories, supporting continuous improvement and transparency.



A greener future: LEED certified Port aux Basques administration building

Marine Atlantic is proud that its new Port aux Basques Administration Building has achieved LEED Gold certification, a significant milestone that reflects the corporation's commitment to sustainability, employee well-being, and environmental leadership.

The building was designed to support sustainable transportation through improved pedestrian access, bicycle facilities, and electric vehicle charging stations. Inside, low emission materials, enhanced indoor air quality, natural daylighting, and user-controlled lighting

and temperature systems contribute to a healthy, inclusive, and comfortable workplace. All gender washrooms, quiet rooms, and ergonomic furnishings further support accessibility and employee well-being, with Indigenous themes visible throughout.

The surrounding site emphasizes sustainability through open green space, climate appropriate landscaping, reduced water consumption, and energy efficiency measures. With significant reductions in energy and water use, high construction waste diversion, and the integration of renewable energy, this LEED-certified facility stands as a tangible example of Marine Atlantic's environmental values in action.



Looking forward

Work will continue to advance Marine Atlantic's NetZero by 2050 commitments, strengthen climate resilience, and integrate sustainability considerations into operational and capital decision-making.

Protecting people. Strengthening systems. Supporting well-being.

The health, safety, and well-being of our employees, passengers, and partners remain foundational to how we operate. Across the fleet, terminals, and offices, we take a proactive, integrated approach that recognizes safety as both a physical and psychological commitment.

This year, we continued to strengthen systems, leadership, and culture through targeted investments in employee well-being, cybersecurity, disability management, and regulatory compliance. From launching new digital tools that support mental and physical health to advancing cyber protection and enhancing safety leadership at every level, our focus remains on prevention, preparedness, and continuous improvement. Together, these initiatives help ensure a safe, respectful, and resilient workplace—today and into the future.

Health and safety leadership and performance

The organization demonstrated a high level of safety maturity through strong leadership oversight, proactive risk management, and continuous engagement across shore-based and vessel operations. Internal and external audits, completed annually, confirmed the effectiveness of the Safety Management System. Incidents of concern were thoroughly investigated, supported by strengthened root cause analysis tools and the sharing of safety alerts to prevent recurrence.

Safety systems, training, and continuous improvement

Marine Atlantic continued to enhance safety systems and leadership capability through a comprehensive supervisor health and safety training program developed in collaboration with fleet and shore operations. Cross functional working groups advanced key initiatives, including improvements to mooring procedures, confined space





Marine Evacuation System deployment

As part of the regular safety program, crews practice deployment of each of the vessels' Marine Evacuation Systems (MES). These deployments occur on a rotating cycle to ensure compliance with SOLAS requirements and confirm system readiness through hands-on verification.

management, lockout/tagout programs, and the implementation of a formal Management of Change process. These efforts strengthen consistency, accountability, and risk control across diverse operational environments.

Psychological health and safety

Psychological health and safety continue to be a key priority. Through our wellness initiatives, leadership training, and access to professional support resources, we are working to reduce stigma and support employees' mental well-being. Programs such as wellness education, ergonomic initiatives, and early intervention supports help address both psychological and physical risks, recognizing the strong connection between mental health, safety, and overall performance.

Workplace harassment and violence prevention and training

In alignment with legislative requirements, Workplace Harassment and Violence Risk Assessments were completed across the organization during the year. These assessments identified key risk areas, and mitigation strategies are being developed collaboratively with employees, managers, and Occupational Health and Safety Committees. Implementation of these strategies is anticipated in the coming year, reinforcing the organization's commitment to prevention, preparedness, and a respectful workplace. To support psychological safety and strengthen organizational readiness, several targeted training initiatives were delivered.

A Violence and Harassment Refresher eLearning module was made available to employees, with strong participation across the organization. In addition, managers and supervisors participated in externally-facilitated training focused on the intersection of workplace harassment and performance management. Broader capacity building efforts included Mental Health First Aid training for employees and Non-Violent Crisis Intervention training for employees and supervisors, enhancing confidence and capability in responding to challenging or crisis situations. Further training sessions are planned to continue building awareness and skills across the workforce.



Marine Atlantic's Respectful Workplace Policy

Marine Atlantic's Respectful Workplace Policy focuses on three key objectives to achieve a harassment and violence-free workplace:

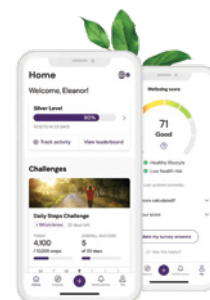
1. Prevention of incidents
2. Effective response if, or when, an incident occurs
3. Supports for employees impacted by harassment and violence

Disability management and workplace accommodation

A new disability management and workplace accommodation platform was introduced during the year modernizing the management of disabilities, occupational health, and workplace accommodation requests. This unified system simplifies reporting, improves workflow visibility, and enhances consistency across the organization. Managers and employees now benefit from clearer processes, automated notifications, mobile accessibility, and improved tracking thereby supporting timely, respectful, and effective accommodations.

Health well-being app

During the year, a new health well-being app was launched providing a comprehensive digital platform designed to support employees' physical, mental, and emotional wellness. The app brings together personalized health insights, activity tracking, expert-curated wellness content, and community-based challenges in one accessible location. The app uses simple tools and friendly challenges to support healthy habits and bring employees together. The program will also be supported by employee well-being ambassadors who help promote engagement and build a culture of wellness throughout the workplace.



Employee Family Assistance Program (EFAP)

The Employee and Family Assistance Program provides employees and their families with 24/7 access to confidential support for mental, physical, social, and financial well-being. The program offers professional counselling, expert advice, self directed resources, and referrals across a wide range of life and work related topics. EFAP remains an important pillar of our commitment to employee well-being and personal independence.

Move Well Work Well Week (September 21-27, 2025)

Move Well Work Well Week is an annual WorkplaceNL initiative focused on preventing musculoskeletal injuries. In collaboration with WorkplaceNL, we supported a series of educational webinars and workplace activities that promoted awareness, practical prevention strategies, and healthier work practices.



**Move Well
Work Well**
with
WorkplaceNL

Security readiness and regulatory compliance

Security remains a critical organizational priority. This year, we advanced regulatory compliance through enhanced terminal screening measures, updated vessel and terminal security plans, and the implementation of a new multi-year security services contract. Ongoing collaboration with internal teams and external agencies, combined with targeted training and emergency exercises, further strengthens organizational readiness.

Protecting cybersecurity

Cybersecurity is increasingly recognized as an operational safety issue within the maritime industry. In response to new international requirements, we successfully completed a major cybersecurity enhancement project, achieving DNV Cyber Secure Essential+ certification. Central to this work is our Cybersecurity Management System, which establishes policies, protections, and continuous improvement plans. In partnership with the Marine Institute, the organization conducted cybersecurity exercises using bridge simulators, reinforcing crew awareness, adaptability, and safe navigation practices during cyber-induced system disruptions. Cybersecurity is treated as an operational safety issue, with enhancements designed to reduce risk, protect critical systems, and ensure continuity of service.

Looking forward

In the coming year, Marine Atlantic will continue to build on the progress achieved in strengthening health, safety, security, and employee well-being across the organization. Efforts will focus on further embedding strong safety leadership, advancing prevention-based systems, and supporting both physical and psychological health through training, digital tools, and accessible supports.

As operational, security, and cyber risks continue to evolve, the corporation will maintain a proactive, integrated approach that treats safety and well-being as foundational to our operations. Guided by continuous improvement, regulatory compliance, and a commitment to a respectful and inclusive workplace, Marine Atlantic will continue to protect its people while strengthening the systems that support safe, reliable service delivery.





Innovation and enhancing the customer experience

Through continued investment in its Innovation Strategy, Marine Atlantic is advancing the modernization of its services, systems, and customer touchpoints.

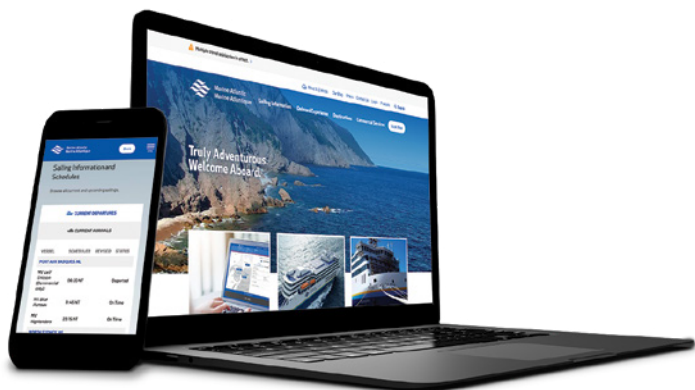
This work supports operational efficiency, strengthens information sharing, and enhances the overall customer journey for both passenger and commercial customers, while maintaining a strong focus on safety, accessibility, and service excellence. These initiatives also align with federal government priorities on modernizing service delivery, improving accessibility, and strengthening public trust through transparent, customer-centred operations.

Together, these initiatives reflect a coordinated approach to innovation, one that strengthens foundational systems, supports employees, and delivers practical, customer-focused improvements across Marine Atlantic's operations. From digital services and data foundations to terminal modernization and responsible governance of emerging technologies, innovation is being applied deliberately to enhance service quality, resilience, and trust.

Innovating to meet evolving customer expectations

Customer expectations continue to evolve, influenced by digital transformation, service personalization, and the demand for timely, accurate information. Guided by its Innovation Strategic Plan, Marine Atlantic is focused on aligning technology, people, and processes to modernize internal operations and improve external customer interactions. Key priorities this year included: automation where appropriate, streamlined workflows, continued digitization of customer-facing services, laying the groundwork for improved digital tools, more informed decision making, and a more seamless travel experience for customers.

A strong emphasis was placed on data management and analytics to support informed decision-making and enable the digitization of additional business processes. From a customer perspective, ongoing enhancements to the corporate website and digital platforms improved access to information for both passenger and commercial users, including the launch of Marine Atlantic's mobile apps.



Website stats

Sessions: **↑ 7.1%** Year-over-year

Engagement rate: **↑ 8.2%** Year-over-year

Conversion rate: **↑ 13.8%** Year-over-year

The launch of Marine Atlantic's mobile apps

A major milestone in Marine Atlantic's innovation journey was the launch of its first-ever mobile applications for passenger and commercial customers. The apps brought together digital service improvements, strengthened data foundations, and customer-centred design into a single, accessible tool. Designed to enhance convenience and accessibility, the apps provide customers with tools to manage their travel more efficiently. Features include booking and trip management, real-time sailing status updates, access to onboard amenities and entertainment, and timely notifications related to travel and check-in.

Offered in both official languages on both Apple and Android devices, the mobile apps assist customers in easily accessing information contributing to an improved experience.

Strengthening data foundations

Marine Atlantic continued work to strengthen its enterprise data foundations by focusing on creating an integrated source of operational, financial, customer, and workforce information, thereby improving access to timely, high-quality insights that will support decision-making throughout the organization.

Preparing for responsible use of artificial intelligence

In alignment with federal priorities for the responsible use of artificial intelligence, Marine Atlantic began work to establish an organizational framework to guide future AI-enabled initiatives. This work focuses on governance, privacy, risk management, and ethical use, ensuring that emerging technologies are considered thoughtfully and applied in ways that support operational efficiency, service quality, and public trust.

Marine Atlantic also explored the use of emerging digital productivity tools to support employees in their day to day work. A pilot initiative evaluated how AI-enabled tools could assist with tasks such as drafting, summarizing information, and managing workloads more efficiently. Insights from this pilot are helping to inform future decisions about technology adoption while ensuring appropriate governance, training, and responsible use.



Modernizing terminal operations

As part of broader modernization efforts, Marine Atlantic continued to explore advanced tools and approaches to better understand and improve terminal operations. This included detailed mapping of current state processes and piloting new ways to assess traffic flow, space utilization, and operational constraints. These initiatives will support more efficient terminal operations and improved customer experience in the face of growing demand and increasingly complex operating conditions.

Our innovation strategy

Corporate pillars

- Operational excellence
- Customer value
- Public trust

Corporate objectives

- Utilize modern and emerging technologies to improve processes and to enhance the customer experience.
- Innovate to provide a modern, sustainable, and effective service.
- Improve information management and analytics.
- Create a culture of engaged and motivated employees.

Innovation pillars

The innovation horizon

Staying ahead of trends in the public sector and transportation sector will help ensure Marine Atlantic is ready to embrace and proactively plan for future innovation opportunities and mitigate potential risks on the horizon.

Building a culture of innovation

Ensuring diverse and innovative thinking occurs and that the grassroots level is valued.

Modernizing the customer journey

Driving efficiencies and process improvements in all aspects of the customer journey/life cycle.

Unleashing the value of information

Maximizing the value from information/data to drive decision-making, enable efficiencies, and break down information silos.

Enabling the modern workplace

Enabling the smart workplace and the mobile employee.

Environmental stewardship

Innovative opportunities that support the climate change and environmental goals of the organization.

/ 93%

customers highly satisfied
with the courtesy of
staff onboard

/ 91%

customers highly satisfied
with the courtesy of staff
at the terminal

/ 94%

customers likely to
recommend Marine Atlantic
to family and friends

/ 91%

customers told us
that their expectations
were met or exceeded

/ 81%

customers highly
satisfied with the
onboard experience

/ 78%

customers positively
assess the reliability of
Marine Atlantic's service

Delivering affordability through historic fare reductions

Keeping the ferry service affordable and accessible is central to Marine Atlantic's mandate and its role in supporting the social and economic well-being of Newfoundland and Labrador. In 2025/26, a landmark fare reduction initiative was introduced that significantly lowered the cost of travel for passengers while maintaining stable commercial freight rates to support regional industries.

Effective August 1, 2025, Marine Atlantic implemented a 50 per cent reduction in passenger fares on all services between Port aux Basques – North Sydney, and Argentia – North Sydney. The reduction applies to passenger fares and personal vehicles, representing the most significant pricing change in the corporation's history. Commercial rates were frozen at current levels to support commercial trucking industry who rely on the ferry

service as part of the Trans-Canada Highway network to move essential goods and sustain economic activity.

These initiatives were designed to mitigate against cost barriers for travellers and improve access to essential ferry services, enabling more travel to and from Newfoundland and Labrador, supporting tourism, regional connectivity, and growing the national economy.

The reduced fares had an immediate and measurable impact on travel demand. Following implementation, Marine Atlantic experienced a significant increase in bookings, with year-over-year growth far exceeding typical seasonal trends.

The initiative aligned closely with provincial tourism objectives, helping to encourage visitation during peak and shoulder seasons while reinforcing Marine Atlantic's role as a critical transportation link for the region's road system.



Key facts

50% passenger fare reduction

- Effective August 1, 2025
- Applies to passenger fares and personal vehicles
- Port aux Basques – North Sydney and Argentia – North Sydney routes

Impact at a glance

- Significant year-over-year increase in bookings following implementation
- Improved access to ferry travel for residents, families, and visitors
- Strong alignment with provincial tourism objectives
- Commercial freight rates maintained at existing levels

Listening to and engaging our customers

Understanding customer needs remains central to Marine Atlantic's approach. Throughout the year, the organization undertook a range of outreach initiatives to gather feedback and gain insight into customer experiences. These included direct engagement with commercial customers, participation in industry events, and formal research initiatives. Feedback collected through these efforts is helping to inform a renewed commercial customer strategy designed to better support the evolving needs of this important customer base.

Marine Atlantic also continued to strengthen strategic partnerships with key stakeholder organizations, including the Atlantic Provinces Trucking Association, Newfoundland and Labrador Tourism, Hospitality NL, Parks Canada, Retail Council of Canada, and the Newfoundland and Labrador Outfitters Association.

Responding to customer demand: extended Argentia service

Listening to customers and responding to their evolving travel needs remains a core focus of Marine Atlantic's customer experience approach. In 2025/26, this commitment was demonstrated through the extension of the seasonal Argentia–North Sydney service in response to sustained customer demand.

To provide additional travel opportunities during the peak and shoulder seasons, Marine Atlantic extended its Argentia service through September 30, adding additional return crossings to the sailing schedule. This extension offered greater flexibility for passengers planning late season travel and supported increased access to ferry services during a period of strong demand.



Accessibility, inclusivity, and official languages

Marine Atlantic remains committed to providing accessible and inclusive service for all travellers. In accordance with the Accessible Transportation for Persons with Disabilities Regulations, the organization continues to work toward an obstacle-free travel environment and to make improvements based on customer feedback. Engagement with the external Accessibility and Inclusion Advisory Committee supports ongoing dialogue on emerging issues and opportunities for enhancement. As a federal Crown Corporation, Marine Atlantic continues to meet its obligations under the *Official Languages Act*, providing customers with service in the official language of their choice. Participation in advisory committees and collaboration with federal partners supports continuous improvement in this area.



Customer communications and digital marketing

Timely, clear communication remains a cornerstone of the customer experience. Throughout the year, enhancements were made to customer contact systems and digital platforms to further enhance passengers and commercial customer's ability to receive accurate, up-to-date information to support travel planning. Information is shared through the corporate website, email communications, social media channels, and terminal and onboard digital signage. Marine Atlantic also continued its "always-on" digital presence through targeted search campaigns, supporting brand awareness and customer engagement year round.



@maferries
@manavires



@MAferries
@MAnavires



@marineatlanticferries
@MAnavires



Marine Atlantic
Marine Atlantique



Marine Atlantic
Marine Atlantique





Promotions, outreach, and industry engagement

Marine Atlantic delivered a robust program of promotional and outreach activities to support travel demand and industry relationships. Discount campaigns, including a spring campaign, encouraged additional passenger travel during a period of available capacity and supported tourism growth in the province.

The corporation also participated in consumer travel shows across Canada in partnership with Newfoundland and Labrador Tourism and regional Destination Marketing Organizations. These engagements provided valuable opportunities to connect directly with prospective travellers, answer questions, and promote travel to and from Newfoundland and Labrador.

Looking forward

In the coming year, Marine Atlantic will continue to build on the progress achieved across its innovation and customer experience initiatives, with a focus on strengthening service delivery, accessibility, and reliability for both passenger and commercial customers.

Building on investments in digital services, data and information capabilities, terminal modernization, and customer communications, the corporation will continue to enhance how customers plan, experience, and navigate their travel.

Guided by responsible governance, affordability objectives, and a strong commitment to public trust, Marine Atlantic will apply innovation deliberately, supporting employees, and responding to evolving customer expectations in an increasingly complex transportation environment.

Supporting commercial customers and recognizing industry partners

National Trucking Week provided an opportunity to recognize the essential role commercial truck drivers play in maintaining the supply chain across the country and to celebrate the dedication of individuals throughout the industry.

Marine Atlantic was proud to partner with the Atlantic Provinces Trucking Association to recognize exceptional service through the Good Samaritan Award, highlighting acts of compassion and professionalism that reflect the values shared across the commercial trucking sector.



Natalie Musseau, Manager of Customer relations, presented Raymond Dunbar of Eassons Transport Ltd. the 2025 Good Samaritan of the Year award.



Building an inclusive and sustainable workforce

Marine Atlantic's people remain at the heart of our ability to deliver safe, reliable, and high-quality ferry service.

Throughout the fiscal year, the corporation continued to invest in employee-focused initiatives that support equity, inclusion, learning, well-being, and long-term workforce sustainability. These efforts reflect our commitment to fostering a respectful, healthy, and inclusive workplace where employees feel supported, valued, and empowered to grow.

Advancing equity, diversity, and inclusion

The corporation remains dedicated to creating a workplace where employees can thrive regardless of race, religion, disability, sexual orientation, gender identity or expression, age, or any other protected or personal characteristic. During the year, progress continued on initiatives designed to eliminate barriers, both systemic and intentional,

and to foster a psychologically-safe and respectful work environment. This included ongoing education, learning resources, and employee-led engagement that support cultural awareness, inclusion, and belonging across the organization. A range of diversity, equity, and inclusion initiatives continued to support organizational awareness and inclusive practices throughout the year. Internal communications and learning activities were delivered through the employee intranet and monthly employee magazine including content recognizing key observance days and promoting cultural awareness through the Galley Passport series.

Learning Libraries



Building upon last year's introduction of Indigenous Learning Libraries throughout the organization, Marine Atlantic expanded its offerings this year to include Black Voices Learning Libraries to all work locations. These libraries support employee learning and awareness of Indigenous and Black history, as well as anti-racism in Canada.

Pay equity and gender equality

In alignment with the Government of Canada's *Pay Equity Act*, Marine Atlantic continued to advance its Pay Equity Plan as an ongoing initiative. The plan reflects the corporation's commitment to ensuring fair and equitable compensation for work of equal value and to supporting long-term, sustainable progress in closing the gender wage gap.

Complementing this work, the corporation supported gender-focused initiatives such as the Women's Advocate Program, delivered in partnership with Unifor. The program provides trained workplace representatives who support employees facing issues such as harassment, violence, or abuse, while promoting gender equity, awareness, and safer workplaces. Although titled the Women's Advocate Program, the initiative is inclusive and available to any employee seeking support.

Marine Atlantic also continued to support professional development and knowledge sharing opportunities for women and gender diverse employees through internal led programs such as Waves of Wisdom, which emphasizes mentorship, mutual learning, and leadership development.

Celebrating International Women's Day

Marine Atlantic proudly celebrated International Women's Day by bringing employees together for a corporate-wide virtual keynote presentation. The event reflected the 2026 International Women's Day theme, *Give to Gain*, highlighting how investing in women's well-being and inclusion creates positive outcomes for individuals, organizations, and communities.

Employees across the organization participated in a keynote presentation hosted by the Menopause Foundation of Newfoundland and Labrador, followed by a live question and answer session. The event provided an opportunity to increase awareness, reduce stigma, and foster understanding around an often overlooked life stage, while reinforcing Marine Atlantic's commitment to gender equity, inclusion, and employee well-being.



Employee resource groups and inclusion circles

Employee-led engagement continued to grow through the Inclusion Circle, Marine Atlantic's Employee Resource Group focused on equity deserving groups and allies. The Inclusion Circle provides safe spaces for connection, collaboration, and advocacy, while supporting personal and professional growth and contributing to meaningful culture change.

Throughout the year, Inclusion Circle members played an active role in supporting awareness initiatives, community engagement, and educational programming related to inclusion, reconciliation, and 2SLGBTQIA+ equity.



**Inclusion
Circle**

Goals of the Inclusion Circle

- **Provide employees with a true sense of ownership over diversity, equity, and inclusion initiatives**
- **A sense of accomplishment and belonging**
- **Build connections with others**
- **Contribute to an inclusive culture**
- **Personal and professional growth and development**
- **Mentoring and networking opportunities**

Truth and Reconciliation

Marine Atlantic reaffirmed its commitment to Truth and Reconciliation by recognizing National Indigenous Peoples Day and the National Day for Truth and Reconciliation. Educational initiatives encouraged employees to learn about the Mi'kmaq, Beothuk, Innu, and Inuit Peoples who are the First Peoples of the region.

The corporation expanded its Indigenous Learning Libraries, offering employees access to books and podcasts created by Indigenous authors. These resources support learning, reflection, and understanding of Indigenous histories, cultures, and lived experiences.

As part of Orange Shirt Day observances, Marine Atlantic continued to emphasize the importance of remembrance, reflection, and solidarity. A pilot initiative provided orange shirts to uniformed, customer facing employees, reinforcing the message that every child matters and that reconciliation is a shared responsibility.



Marine Atlantic is proud to offer employees the option of displaying their pronouns in both French and English. Employees are also provided with pins representing Orange Shirt Day, Pink Shirt Day, and Pride.



supporting local events including Pride Cape Breton's milestone anniversary festival. Additional initiatives included the availability of pronoun pins in both French and English, offering employees a simple but meaningful way to support respectful communication and inclusion in the workplace. Observance of Transgender Day of Remembrance provided an opportunity to honour lives lost to transphobic violence while reinforcing the organization's commitment to safety, dignity, and respect for transgender and gender diverse individuals.

Learning, leadership, and employee growth

Marine Atlantic invested in training initiatives that focused on regulatory requirements. Employees continued to access development opportunities through the corporation's online learning portal and Educational Financial Assistance Program.

As an employer partner with the Canadian Centre for Diversity and Inclusion (CCDI), Marine Atlantic continued to promote no-cost virtual learning opportunities for employees on a range of diversity and inclusion topics.

New Marine Atlantic intranet

Marine Atlantic is preparing to launch a new intranet designed to deliver a modern, employee-first digital experience. The new platform will feature improved navigation, enhanced tools, and a more intuitive layout to help employees find information faster, stay connected, and collaborate more effectively. This investment supports clearer communication, stronger engagement, and a more seamless workday experience for employees across the organization.



Employee well-being and workplace culture

Employee well-being remained a key focus area, with initiatives designed to support physical, psychological, and social health. Marine Atlantic continued to promote respectful and harassment free workplaces through awareness activities and participation in initiatives such as Pink Shirt Day, reinforcing the importance of kindness, inclusion, and standing up against bullying.

For vessel-based employees, enhancements to onboard dining continued with a focus on healthier, culturally inclusive, and dietary-conscious menu options. Diversity and inclusion considerations were incorporated into crew menus, with an emphasis on cultural awareness, nutritional benefits, and education. Select menu items were introduced during the year, with additional options to be phased in. Related information was shared through regular features in the employee magazine. These efforts support employee well-being and reflect the evolving needs of a diverse workforce.



Tara Laing, Director of Corporate Communications, presents Noah with the Marine Atlantic scholarship.

Recruitment and future workforce development

Addressing recruitment and retention challenges in a highly-competitive global marine industry remained a priority. Marine Atlantic continued to leverage signing incentives, sponsorship programs, and succession planning to support workforce sustainability.

Partnerships with educational institutions, including Memorial University's Marine Institute and the Nova Scotia Community College Nautical Institute, continued to support cadet officer scholarships and early career pathways. The corporation also participated in career fairs, conferences, and youth engagement initiatives, including Marine Month and national education programs designed to introduce young people to careers in the marine industry.

Waves of Wisdom

The Waves of Wisdom Program is a knowledge-sharing initiative for women and gender diverse employees. The program emphasizes mutual learning, supports professional and personal development, helping individuals grow while shaping and guiding their peers in leadership.

Recognizing excellence

Marine Atlantic is proud to recognize the employees and teams whose dedication, professionalism, and commitment made a meaningful difference during the year. Through internal recognition programs, we celebrate individuals and groups who exemplify our values, support operational excellence, and contribute positively to our workplace and the communities we serve. We extend our sincere thanks to all employees for their continued commitment and professionalism.

Distinction Awards

- Engineering Department – *Highlanders*
- SAP Plant Maintenance Project Team
- *Leif Ericson* Bridge Team
- Marine Month Presenters
- Passenger Services Teams
- Information Technology Operations
- Terminal Operations – North Sydney



President's Award

Sherry Scott, Assistant
Steward – Ala'suinu

Volunteer of the Year

Amanda Morrison,
Stevedore – North Sydney

Looking forward

Marine Atlantic will continue investing in workforce sustainability through recruitment, training, and employee well-being initiatives that support safe operations and long-term organizational resilience.



Celebrating the Canada summer games

Marine Atlantic was proud to be a sponsor of the 2025 Canada Summer Games, a national celebration that recognized and inspired young athletes from across the country. The Games provided an opportunity to showcase the spirit of sport, unity, and community pride, values that align closely with Marine Atlantic's commitment to connecting people and places.

A signature moment of Marine Atlantic's involvement was participation in the Canada Games Torch Relay, marking an historic and symbolic crossing from Nova Scotia to Newfoundland and Labrador.

A historic torch crossing

On June 28, 2025, Marine Atlantic played a central role in carrying the Canada Games torch across the Cabot Strait, from North Sydney to Port aux Basques. As a Journey Supporter, Marine Atlantic was honoured to host this meaningful crossing, which symbolized unity between provinces and the shared excitement leading into the Games. The torch crossing was led by Marine Atlantic employees Cheryl Macintosh and David Keats, who proudly served as torch bearers.



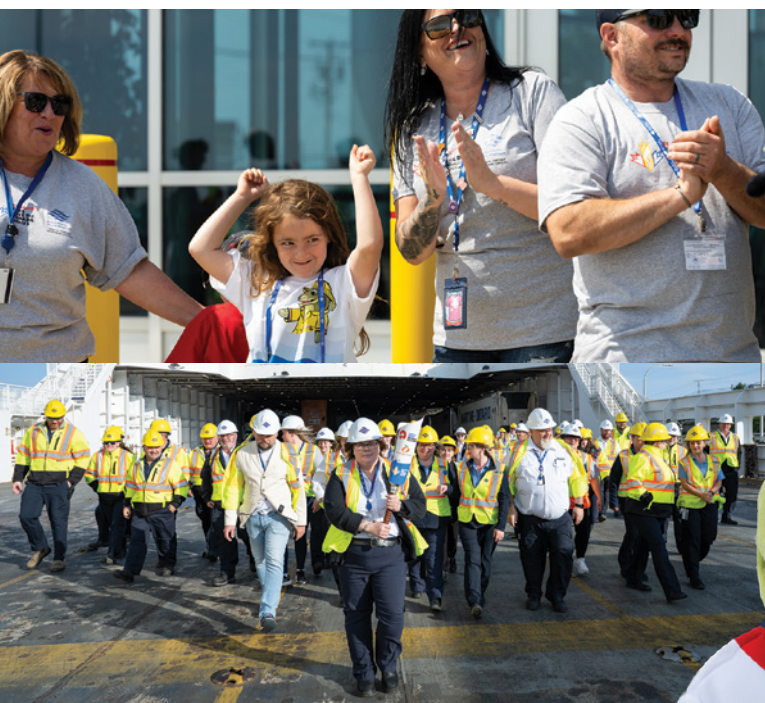
A particularly meaningful element of the celebration was the inclusion of Indigenous culture and artistry. Marine Atlantic was honoured to host two Indigenous Youth Craft Demonstrators, Sabrina Muise and Juliana Benoit, who shared a mix of traditional and contemporary Mi'kmaw crafting with those on board. Passengers and employees had the opportunity to engage directly with the artists, learn about their techniques, and gain a deeper appreciation for the cultural heritage that has shaped generations in the region.

Travelling Marketing Award

Marine Atlantic was proud to receive a Travelling Marketing Award in recognition of our Canada Games marketing campaign, celebrating an integrated, multi-channel initiative that strengthened brand awareness and engagement during one of Newfoundland and Labrador's most significant national events.

Strengthening the communities we serve

Marine Atlantic is proud to support the communities connected by our service. Through sponsorships, partnerships, and employee volunteerism, we invest in initiatives that celebrate local culture, minority communities, support well-being, and create meaningful connections across our port communities.



/ Governance

Marine Atlantic's Board of Directors provides oversight and strategic direction to the management team, which in turn is responsible for the day-to-day functions of the corporation.

Together, the Board and management team make a united effort to provide a safe, environmentally-responsible, quality, and efficient interprovincial ferry service for our customers, governed by a strong set of corporate values.

Marine Atlantic is governed by a 10-person Board of Directors. The independent directors are chosen and appointed for specific terms by the Government of Canada. The President and CEO is also a member of the Board.

The Board of Directors operates within a highly-regulated environment. The *Financial Administration Act* and the *Canada Business Corporations Act* both provide direction to the corporation's business affairs. The corporation's Articles of Incorporation, its by-laws, vision, mission statement, and values, further direct both the Board and management in their decision-making.

The Board has a strong commitment to good corporate governance and interest holder engagement. It also provides prudent fiscal direction and guidance to the management team, ensuring effective budgeting and financial management, as well as management of corporate risks. The Board is responsible for the stewardship of the Pension Plan for the employees of Marine Atlantic Inc.

Working to ethical standards

The corporation prides itself on maintaining high ethical standards while operating in a fiscally-responsible manner. The management team adheres to conflict-of-interest guidelines to deliver on the corporate mandate in an ethical manner, and all employees are guided by Marine Atlantic's values along with the Value and Ethics Code for the Public Service. The corporation also has a Disclosure of Wrongdoings policy established in accordance with the *Public Servants Disclosure Protection Act* which outlines ways for employees and former employees to report wrongdoings.

Committees of the Board

The Board's standing committees engage and support its efforts through several governance responsibilities including Audit and Finance; Governance, Risk and Strategy; Human Resources; and Innovation and Infrastructure.

Audit and Finance Committee

The Audit and Finance Committee is mandated to provide the Board advice and services in the areas of financial management and reporting, internal control, information systems and management, procurement, and internal/external audit practices.

Human Resources Committee

The Human Resources Committee is mandated to provide advice and oversight on behalf of the Board of Directors in the areas of Human Resources.

Innovation and Infrastructure Committee

The Innovation and Infrastructure Committee is mandated to monitor and provide oversight on behalf of the Board of Directors in the areas of customer service, innovation, IT/IM, capital projects, safety and environmental management, and fleet management.

Governance, Risk and Strategy Committee

The Governance, Risk and Strategy Committee is mandated to provide advice and oversight on behalf of the Board of Directors in the areas of strategic planning, enterprise risk management, governance, ethics, and corporate social responsibility.



Board and committee membership

March 31, 2026



Gary O'Brien (he/him) (Until November 24, 2025)

Channel-Port aux Basques, NL

Chair – Board of Directors

Chair – Governance, Risk and Strategy Committee

Member – Audit and Finance Committee

Member – Innovation and Infrastructure Committee

Member – Human Resources Committee



Murray Hupman (he/him)

Channel-Port aux Basques, NL

Ex-officio member of the Board of Directors

Member – Innovation and Infrastructure Committee

Member – Governance, Risk and Strategy Committee

Member – Human Resources Committee



Carla Arsenault (she/her)

Sydney River, NS

Chair – Innovation and Infrastructure Committee

Member – Governance, Risk and Strategy Committee



John Butler (he/him)

St. John's, NL

Member – Human Resources Committee

Member – Innovation and Infrastructure Committee



Randolph Drover (he/him)

Bishop's Falls, NL

Member – Audit and Finance Committee

Member – Human Resources Committee



Owen Fitzgerald (he/him)

Sydney, NS

Member – Audit and Finance Committee

Member – Innovation and Infrastructure Committee



Lynn Kendall (she/her)

Corner Brook, NL

Chair – Human Resources Committee

Member – Governance, Risk and Strategy Committee



Craig Priddle, CPA (he/him)

Corner Brook, NL

Chair – Audit and Finance Committee

Member – Governance, Risk and Strategy Committee



Jennifer Warren (she/her)

St. John's, NL

Member – Audit and Finance Committee

Member – Human Resources Committee



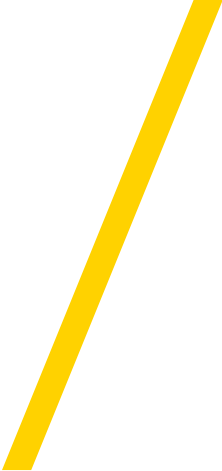
Ann-Margret White (she/her)

St. John's, NL

Member – Audit and Finance Committee

Member – Innovation and Infrastructure Committee





Board of Directors compensation and reimbursements, and attendance

Board Members	Retainer Earned	Per Diems	Travel or Training Reimbursements	Value of any other taxable benefit	Total
Arsenault, Carla	\$4,700.00	\$11,290.00	\$3,280.58	\$-	\$19,270.58
Butler, John J.	4,700.00	10,230.00	4,721.19	-	19,651.19
Drover, Randolph (Randy)	4,700.00	9,920.00	5,275.93	456.86	20,352.79
Fitzgerald, Owen	4,700.00	10,540.00	680.51	-	15,920.51
Kendall, Lynn	4,700.00	9,430.00	1,666.60	-	15,796.60
O'Brien, Gary Joseph	9,400.00	27,750.00	10,570.36	76.72	47,797.08
Priddle, Craig	4,700.00	20,390.00	3,457.23	114.24	28,661.47
Warren, Jennifer	4,700.00	10,540.00	2,149.41	503.13	17,892.54
White, Ann-Margret	4,700.00	6,200.00	1,038.20	1,239.04	13,177.24
TOTAL	\$47,000.00	\$116,290.00	\$32,840.01	\$2,389.99	\$198,520.00

Committee meetings

Board Members	Board Meetings	Audit and Finance	Innovation and Infrastructure	Governance, Risk and Strategy	Human Resources	Training or Recruitment # of days
	13 Meetings	11 Meetings	4 Meetings	4 Meetings	5 Meetings	
Arsenault, Carla	11	0	4	4	0	4
Butler, John J.	13	0	4	0	5	3
Drover, Randolph (Randy)	11	10	0	0	5	3
Fitzgerald, Owen	12	11	4	0	0	3
Kendall, Lynn	11	0	0	4	5	2
O'Brien, Gary Joseph	7	6	2	2	2	1
Priddle, Craig	12	11	2	3	3	1
Warren, Jennifer	13	10	0	0	4	3
White, Ann-Margret	8	8	1	0	0	2

The Governor-in-Council establishes the remuneration paid to the Chair, other Board members and the Chief Executive Officer.

The remuneration of the Chair and other Board members follows the Government's Remuneration Guidelines for Part-time Governor in Council Appointees in Crown corporations and is pursuant to section 108 of the FAA.

The Chair receives an annual retainer of \$9,400.00 and a per diem of \$375.00 for attending regular and committee meetings, while other Board members are paid an annual retainer of \$4,700.00 and a per diem of \$310.00. Directors receive a per diem of \$360.00 when acting in the role of Chair of Committee.

Board members are reimbursed for all reasonable out-of-pocket expenses, including travel, accommodations, and meals, incurred in the performance of their duties.



2025/26 Report on Climate-related Risks and Opportunities

Reporting against the recommendations of the Task Force on Climate-related Financial Disclosures

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1. Introduction

About Marine Atlantic Inc (MAI)

MAI was created on June 27, 1986, as a parent Crown Corporation through the *Marine Atlantic Inc. Acquisition Authorization Act*.

MAI offers twice daily ferry service for passengers and freight on its constitutionally mandated service between Port aux Basques, NL and North Sydney, NS. During the summer, the Corporation also offers service three times a week between Argentia, NL and North Sydney, NS.

MAI provides an essential service to the island of Newfoundland, as it is the only daily ferry transportation service that allows for the transport of goods onto the island – including fresh food and perishables, consumer products, and dangerous goods (e.g., medical oxygen and hospital supplies). It is also the only daily service that allows for local companies to export their products to the mainland and to reach national and international markets upon which their business success depends. MAI also provides the most accessible means for travellers to enter and leave the island with their vehicles. MAI it is a very important enabler of the economy of Newfoundland and Labrador. MAI's success drives the success of the province in that it is the main transportation link between the province and the rest of Canada.

Corporate Strategy and Risk Management

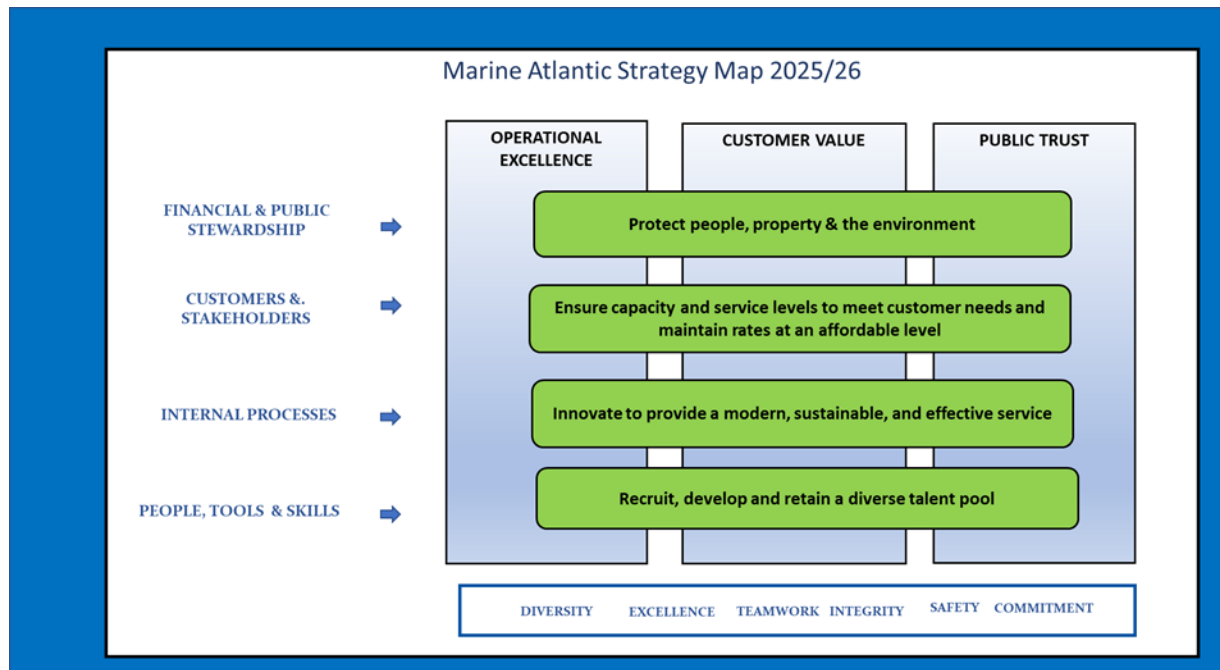
The Government of Canada identified seven areas of focus in 2025/26, outlined in a letter from the Prime Minister to his Cabinet. They include:

1. Establishing a new economic and security relationship with the United States and strengthening our collaboration with reliable trading partners and allies around the world.
2. Building one Canadian economy by removing barriers to interprovincial trade and identifying and expediting nation-building projects that will connect and transform our country.
3. Bringing down costs for Canadians and helping them to get ahead.
4. Making housing more affordable by unleashing the power of public-private cooperation, catalysing a modern housing industry, and creating new careers in the skilled trades.
5. Protecting Canadian sovereignty and keeping Canadians safe by strengthening the Canadian Armed Forces, securing our borders, and reinforcing law enforcement.
6. Attracting the best talent in the world to help build our economy, while returning our overall immigration rates to sustainable levels.
7. Spending less on government operations so that Canadians can invest more in the people and businesses that will build the strongest economy in the G7.

As a key part of the Canadian supply chain, and the provider of the only daily passenger ferry service between Newfoundland and the rest of Canada, MAI is particularly well-suited to helping the Shareholder achieve its objectives regarding both the removal of interprovincial trade barriers by expanding capacity and transporting more people and goods, contributing to nation building projects as part of fleet renewal, and reducing costs for Canadian by lowering rates for the service and expenses for commercial shippers by reducing wait-times for crossings.

MAI's Strategic Objectives

By using these as a starting point, each of the objectives and activities planned for 2025/26 support one or more of these priorities.



The initiatives identified to support these strategic objectives are outlined below.

1. Environmental Stewardship Plan
2. Implementation of MAI's Long-term Fleet Strategy
3. Improve service offering to better meet the needs of Customers.
4. Innovate and Automate
5. Focus on People and Culture

As MAI implements plans for and implements each of these initiatives, it has paid particular attention to managing its environmental footprint and protecting its passengers, employees, and infrastructure from the impacts of climate change.

This report outlines how the Corporation intends to meet these expectations in the future and is the first step in meeting the recommendations of the Task Force on Climate-related Financial Disclosures (TFCD).



2. Climate-related Risks and Opportunities

Climate-related risks and opportunities form the basis of MAI's Strategic Plan and its Corporate Risk Register.

From a risk perspective, MAI has identified the following risks, which include both physical risks to the operation and the financial and social risks associated with the transition to green energy.

- The risk that MAI does not have adequate safety governance, policies and practices, putting customers, employees, and facilities at risk.
- The risk that MAI fails to manage its environmental footprint in a way that supports both the Shareholder's and the Corporation's commitment to protecting the environment and addressing the impacts of climate change. The risk that MAI's response to a catastrophic event such as natural disaster, act of sabotage/terrorism, grounding, etc. is inadequate.
- The risk that MAI is not able to effectively deliver the service within its approved funding levels.
- The risk that MAI fails to adequately plan for both infrastructure maintenance and renewal leading to negative impacts on its operations, service levels and financial wellbeing.

How these risks might manifest and the potential impacts on MAI are outlined below.

Service Impacts	Environmental Regulations	Financial Impacts	Infrastructure Impacts
<i>Rise in extreme weather events/Increase in weather variability</i>	<i>Increased cost to meet regulations</i>	<i>Increase in carbon pricing</i>	<i>Fuel management/Substitution</i>
<i>Potential risks to customer and employee safety</i>	<i>Availability of alternate fuel supply</i>	<i>Increasing fuel costs</i>	<i>Availability of alternate fuels</i>
<i>Increasing number and length of service interruptions</i>	<i>Cost of new technologies</i>	<i>Cost of retrofitting existing vessels</i>	<i>Availability of energy efficient vessels</i>
<i>Impacts on supply chain</i>	<i>Shortened vessel life span</i>	<i>Impact on customer pricing</i> <i>Increased Investment for new technologies</i>	

The impacts of climate change also present several opportunities for MAI. Specifically, there are three strategic initiatives that recognize the importance of addressing the impacts of climate change on operations:

- Environmental Stewardship Plan
- Develop a long-term fleet replacement strategy
- Innovate and automate

The potential opportunities for the Corporation include:

Environmental Stewardship	Fleet Replacement	Innovate and Automate
<i>GHG Inventory Management</i>	<i>Improved On-time Performance</i>	<i>Increase operational efficiency</i>
<i>Transition to Electric Vehicles</i>	<i>Improved Vessel Reliability</i>	<i>Improve the quality, timeliness, and reliability of information for decision making.</i>
<i>Environmental Management Evaluation Tools</i>	<i>Reduced maintenance costs</i>	<i>Increased visibility into MAI business processes through integrated systems and information sharing.</i>
<i>Green Marine Certification</i>	<i>Reduced cost of vessel acquisition</i>	<i>Ensure MAI's critical information is highly available and protected from a cyber and information protection perspective.</i>
	<i>Reduction in Carbon Emissions</i>	

3. Environmental Management Plan

As part our commitment to environmental stewardship and sustainable operation, MAI continues to advance initiatives focused on decarbonization, energy efficiency, greenhouse gas GHG reduction, and environmental performance improvements across vessel and terminal operations.

MAI recognizes that operational requirements, aging infrastructure, severe weather conditions, increased equipment demands, and service reliability obligations may temporarily impact fuel consumption and emissions performance. Continuous improvement initiatives remain focused on balancing operational reliability with environmental sustainability objectives.

Activities

Decarbonization – MAI is currently in the early development stages of a long term Decarbonization Strategy (Road Map) intended to guide the organization toward emission reduction targets through 2030, 2050 and beyond.

As part of this strategy, MAI has undertaken desktop reviews and preliminary assessments of potential alternative fuel options, Including:

- Liquefied Natural Gas (LNG)
- Ammonia
- Methanol
- Biofuels
- Hydrogen



Based on initial analysis completed to date, biofuels have emerged as the leading near term alternative fuel option due to the compatibility with existing vessel infrastructure, operational feasibility, fuel availability, and reduced implementation complexity.

Inline with the reporting requirements established by the International Maritime Organization (IMO) and Transport Canada, MAI continues to measure and monitor the Carbon Intensity Indicator (CII) for each vessel withing the fleet. CII performance is reviewed quarterly as a Key Performance Indicator (KPI) to support ongoing improvements in fuel efficiency, emission reduction, and operational performance.

	2022		2023		2024		2025	
Vessel	CII	Grade	CII	Grade	CII	Grade	CII	Grade
Atlantic Vision	24.8	E	25.94	E	35.71	E		
Blue Puttees	16.02	C	16.88	C	17.02	C	19.11	D
Highlanders	16.26	C	19.47	C	17.64	C	11.15	A
Leif Ericson	17.32	B	16.69	B	18.96	C	19.03	C
Ala'suinu					17.98	D	16.98	D

Energy Efficiency – MAI continues to evaluate and implement initiatives intended to improve vessel and terminal energy efficiency while reducing overall green house emissions.

Current areas of focus include:

- Waste heat recovery
- Energy monitoring and optimization systems
- Renewable energy opportunities
- Propulsion system improvement
- Electric energy storage technologies
- Hull friction reduction technologies
- Shore power integration
- Hybrid power systems

Examples of ongoing and completed initiatives:

- Port aux Basques Administrative Building – achieved LEED Gold
- Heating system replacement at the Port aux Basques Maintenance shop to improve energy efficiency and reduction greenhouse gas emissions
- HVAC System upgrades at the North Sydney Maintenance shop to improve energy efficiency
- MV Blue Puttees / MV Highlanders
 - New propellers
 - Engine overhaul
 - Hull cleaning and painting

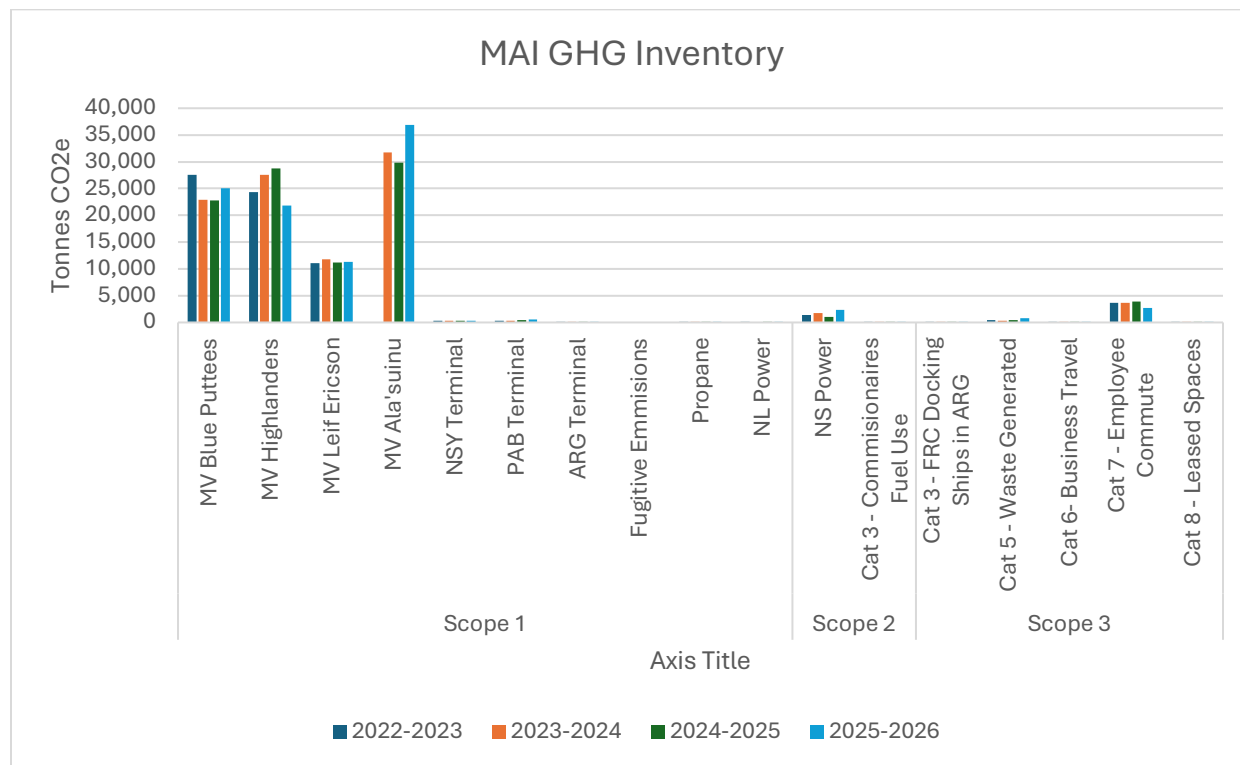
Future initiatives include:

- Shore power feasibility studies
- Biofuel pilot testing
- Fleet electrification strategy
- Energy management system improvements
- Terminal infrastructure modernization
- Enhanced emissions data analytics

Ongoing measurement of MAI's GHG inventory - MAI continues to measure and assess its greenhouse gas inventory across both marine and shore-based operations. The inventory includes emissions associated with:

- Vessel fuel consumption
- Light-duty vehicle fleet
- Heavy equipment and heavy vehicle fleet
- Propane consumption
- HVAC and refrigeration systems
- Fire suppression systems
- Electricity consumption at terminals and facilities

This inventory supports regulatory reporting, emissions tracking, target setting, and ongoing evaluation of MAI's Greening Strategy. (See chart below)



Project oversight and evaluation – MAI has implemented an Environmental Project Evaluation Tool to assess projects and operational initiatives against environmental performance objectives, emissions reduction targets, and the overall corporate Greening Strategy.

The evaluation process supports environmental risk identification, sustainability integration, and informed decision-making during project planning and implementation.

Ongoing Participation in the Green Marine Program -

MAI continues to participate in the Green Marine environmental certification program, which promotes continuous environmental improvement within the marine transportation industry.

As both a vessel operator and terminal operator, MAI undergoes annual evaluations against approximately 156 performance indicators covering key environmental performance areas, including:

- Greenhouse gas emissions
- Spill prevention and stormwater management
- Waste management
- Community impacts
- Underwater noise reduction
- Environmental leadership and governance

The program utilizes a five-level performance scale, where Level 3 represents the successful implementation of best management practices and a demonstrated understanding of environmental impacts and performance management.

MAI established a corporate objective to maintain an average performance level of 3 or greater across all applicable indicators. This objective was first achieved during the 2021/22 reporting period and continues to be maintained.

Transition to Electric Vehicles and Shore-Based Electrification

MAI continues to advance the transition toward electric vehicles (EVs) and electrified shore-based infrastructure as part of its long-term sustainability and innovation strategy.

Electric vehicle charging stations have been installed at:

- Port aux Basques
- North Sydney
- Argentia

Expansion of charging infrastructure is ongoing.

In addition, MAI has introduced electric-powered baggage vans and electric scissor lifts into operations, with plans to expand electrification into additional vehicle classes, including:

- Shuttle buses
- Shunt trucks
- Maintenance vehicles
- Other operational fleet assets

Expansion into these vehicle categories will continue as commercially viable equipment becomes available and procurement opportunities arise.

The status of each of MAI's environmental targets are as follows:

Goal	2026 Target	Result
Fuel Consumption: Vessels	1% Reduction	3.2% increase from 2023 to 2026,
Fuel Consumption: Terminals	5% Reduction	14.2% increase from 2023 to 2026. Mainly due to addition of new equipment, generator use during power outage, and space heater use in Port aux Basques.
Green Marine – Vessel Program	3 or better	3.6
Green Marine – Terminals Program	3 or better	3.6

4. Governance and Risk Management

MAI's Board of Directors provides oversight and strategic direction to the management team, which in turn is responsible for the day-to-day functions of the Corporation. Together, the Board and management team make a united effort to provide a safe, environmentally responsible, quality, and efficient interprovincial ferry system for our customers, governed by a strong set of corporate values.

MAI is governed by a 10-person Board of Directors. The independent directors are chosen and appointed for specific terms by the Government of Canada. The President and CEO is also a member of the Board.

The Board of Directors operates within a highly regulated environment. The *Financial Administration Act* and the *Marine Atlantic Inc. Acquisition Authorization Act* both provide direction to the Corporation's business affairs. The Corporation's Articles of Incorporation, its by-laws, vision, mission statement, and values, further direct both the Board and management in their decision-making. Finally, the National Marine Policy provides critical direction and restraint, as it requires that MAI focus its efforts on operating the gulf ferry service.

The Board has a strong commitment to good corporate governance and stakeholder engagement. It also provides prudent fiscal direction and guidance to the management team, ensuring effective budgeting and financial management, as well as management of corporate risks.



Working to Ethical Standards

The Corporation prides itself on maintaining high ethical standards while operating in a fiscally responsible manner. The management team adheres to conflict-of-interest guidelines to deliver on the corporate mandate in an ethical manner, and all employees are guided by MAI's values along with the Value and Ethics Code for the Public Service. The Corporation also has a Disclosure of Wrongdoings policy which outlines ways for employees to report behaviour that is outside of ethical and corporate values.

Governance Committees of the Board

The Board's standing committees engage and support its efforts through several governance responsibilities including Audit and Finance; Governance, Risk and Strategy; Human Resources; and Innovation and Infrastructure. The Board also provides advice and oversight on the stewardship of pension plans for the employees of Marine Atlantic Inc.

Audit and Finance Committee

The Audit and Finance Committee is mandated to provide the Board advice and services in the areas of financial management and reporting, internal control, information systems and management, procurement, and internal/ external audit practices.

Human Resources Committee

The Human Resources Committee is mandated to provide advice and oversight on behalf of the Board of Directors in the areas of Human Resources.

Innovation and Infrastructure Committee

The Innovation and Infrastructure Committee is mandated to monitor and provide oversight on behalf of the Board of Directors in the areas of customer service, innovation, capital projects, safety and environmental management, and fleet management.

Corporate Governance, Risk and Strategy Committee

The Governance, Risk and Strategy Committee is mandated to provide advice and oversight on behalf of the Board of Directors in the areas of strategic planning, enterprise risk management, governance, ethics, and corporate responsibility.

Enterprise Risk Management

MAI is committed to risk management and recognizes it to ensuring the Corporation's future success. MAI considers risk management to be a shared responsibility. The Corporation's risk management governance structure can be summarized as follows.

Group	Responsibility
Board of Directors and Audit and Risk Committee	Ensure that management has established and maintains an effective risk management process

Corporate Strategy & Enterprise Risk Management Committee	Monitor emerging risks and significant shifts in the known risks in the company's enterprise risk level inventory
Corporate Strategy and Risk Department	Champion the effective management of risk across the company by facilitating the development and deployment of techniques, tools, and processes to assess in managing risks
Risk Liaisons	Support risk owners by organizing opportunities to formally discuss risk, monitoring the effectiveness of controls/mitigations, and coordinating reporting.
Risk Owners	Effectively manage risk within their area of responsibility in alignment with the risk tolerance and risk appetite of the company.

MAI's key risks continue to be directly linked to the Corporation's Strategic Objectives and as such, the ERM program plays a critical role in ensuring that the Corporation can achieve its overall goals.

ESG and Climate-related Risks

ESG and climate-related risks are currently included throughout MAI's Corporate Risk Register. Work is currently underway to identify any gaps that might exist in MAI's Corporate Risk Register, and to address those gaps as necessary. As MAI evolves its governance and processes to better identify and manage climate-related risks, it will report its progress as part of the TCFD reporting.



Financial Statements of

MARINE ATLANTIC INC.

For the year ended
March 31, 2026

MARINE ATLANTIC INC.

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For the year ended March 31, 2026

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MARINE ATLANTIC INC.

Management's Responsibility for Financial Reporting

The preparation and presentation of the financial statements is the responsibility of Marine Atlantic Inc.'s (the Corporation) management. These financial statements have been prepared in accordance with Canadian public sector accounting standards. These standards have been applied using management's best estimates and judgments that are considered appropriate to the Corporation's circumstances. Management obtains actuarial reports in support of amounts recorded in relation to the pension plan and accrued obligations for post-employment and non-pension post-retirement benefits.

Management is responsible for the reliability and integrity of the financial statements, including the notes to the financial statements and other financial information contained in the annual report. Management is also responsible for maintaining books of account, information systems, and systems of financial and management control. These controls and procedures are intended to provide reasonable assurance that accurate financial information is reported; that assets are safeguarded and controlled; that resources are managed efficiently; and that transactions are conducted in accordance with relevant legislation and the articles of incorporation and by-law of the Corporation.

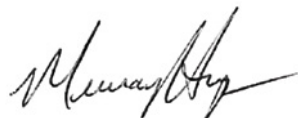
The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The Audit and Finance Committee, on behalf of the Board, fulfills this responsibility. The Audit and Finance Committee reviews matters related to accounting, auditing, internal control systems and the financial statements. The Corporation has an internal audit department whose activities include reviewing internal controls and their application on an ongoing basis.

The Auditor General of Canada, the independent auditor of the Corporation appointed under the *Financial Administration Act*, audits the Corporation's financial statements and reports to the Minister responsible for Marine Atlantic Inc. The independent auditor has full and unrestricted access to the Audit and Finance Committee to discuss the audit and related findings.

The financial statements and the annual report have been approved by the Board of Directors.



Shawn Leamon, CPA, CGA
Vice President of Finance



Murray Hupman, P.Eng.
President and CEO

St. John's, Canada
June 12, 2026



INDEPENDENT AUDITOR'S REPORT

To the Minister of Transport

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Marine Atlantic Inc., which comprise the statement of financial position as at 31 March 2026, and the statement of operations, statement of remeasurement gains and losses, statement of change in net financial assets and statement of cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Marine Atlantic Inc. as at 31 March 2026, and the results of its operations, its remeasurement gains and losses, changes in its net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of Marine Atlantic Inc. in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing Marine Atlantic Inc.'s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate Marine Atlantic Inc. or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Marine Atlantic Inc.'s financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Marine Atlantic Inc.'s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Marine Atlantic Inc.'s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures

in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Marine Atlantic Inc. to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Compliance with Specified Authorities

Opinion

In conjunction with the audit of the financial statements, we have audited transactions of Marine Atlantic Inc. coming to our notice for compliance with specified authorities. The specified authorities against which compliance was audited are Part X of the *Financial Administration Act* and regulations, the *Marine Atlantic Inc. Acquisition Authorization Act*, the *Canada Business Corporations Act* and regulations, the articles of incorporation and by-law of Marine Atlantic Inc., and the directives issued pursuant to section 89 of the *Financial Administration Act* described in Note 1 to the financial statements.

In our opinion, the transactions of Marine Atlantic Inc. that came to our notice during the audit of the financial statements have complied, in all material respects, with the specified authorities referred to above. Further, as required by the *Financial Administration Act*, we report that, in our opinion, the accounting principles in Canadian public sector accounting standards have been applied on a basis consistent with that of the preceding year.

Responsibilities of Management for Compliance with Specified Authorities

Management is responsible for Marine Atlantic Inc.'s compliance with the specified authorities named above, and for such internal control as management determines is necessary to enable Marine Atlantic Inc. to comply with the specified authorities.



Auditor's Responsibilities for the Audit of Compliance with Specified Authorities

Our audit responsibilities include planning and performing procedures to provide an audit opinion and reporting on whether the transactions coming to our notice during the audit of the financial statements are in compliance with the specified authorities referred to above.

A handwritten signature in blue ink, appearing to read 'Etienne Matte'.

Etienne Matte, CPA, CA
Principal
for the Auditor General of Canada

Halifax, Canada
12 June 2026

MARINE ATLANTIC INC.

Statement of Financial Position

As at March 31, 2026

(in thousands of dollars)

	2026	2025
Financial assets		
Cash (Note 4)	\$ 9,975	\$ 10,782
Accounts receivable (Note 14(a))	13,118	14,067
Receivable from Government of Canada (Note 5)	25,959	16,325
Inventories held for resale (Note 6)	404	435
Derivative financial instruments (Note 13)	8,700	2,053
Accrued pension asset (Note 8)	184,553	187,778
	<u>242,709</u>	<u>231,440</u>
Liabilities		
Accounts payable and accrued liabilities (Note 7)	39,038	30,640
Asset retirement obligations (Note 12)	27,133	28,500
Derivative financial instruments (Note 13)	-	8
Deferred revenue	15,885	18,589
Accrued vacation pay	8,257	8,651
Accrued pension liability (Note 8)	3,961	3,722
Accrued liability for non-pension post-retirement benefits (Note 9)	46,613	48,458
Accrued liability for post-employment benefits (Note 10)	14,834	14,024
	<u>155,721</u>	<u>152,592</u>
Net financial assets	<u>86,988</u>	<u>78,848</u>
Non-financial assets		
Tangible capital assets (Note 11)	337,360	342,390
Inventories held for consumption (Note 6)	43,685	25,355
Prepaid expenses	15,421	15,752
	<u>396,466</u>	<u>383,497</u>
Accumulated surplus (Note 16)	<u>\$ 483,454</u>	<u>\$ 462,345</u>

Contractual obligations (Note 18)

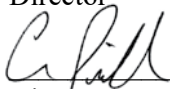
Contingencies (Note 19)

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

On behalf of the Board of Directors:



Director



Director



MARINE ATLANTIC INC.

Statement of Operations

For the year ended March 31, 2026

(in thousands of dollars)

	2026		2025
	Budget	Actual	Actual
	(Note 20)		
Generated revenues			
Transportation (Note 15)	\$ 108,568	\$ 121,153	\$ 122,941
Interest income	150	508	704
Foreign currency exchange gain	-	565	251
Realized gain on derivative financial instruments	-	4,970	1,258
	108,718	127,196	125,154
Expenditures			
Wages and benefits	131,642	127,814	125,939
Amortization (Note 11)	54,135	54,521	56,180
Charter importation taxes	3,223	3,223	3,223
Fuel	45,652	46,559	45,248
Materials, supplies and services	41,563	41,986	43,279
Charter fees	23,800	24,393	26,283
Repairs and maintenance	13,059	9,932	11,787
Insurance, rent and utilities	8,873	9,764	8,903
Loss on disposal and write-downs of tangible capital assets	-	2,057	474
Administrative costs	3,532	2,328	3,711
Travel	2,987	1,312	2,079
Realized loss on derivative financial instruments	86	-	-
Accretion expense (Note 12)	950	785	983
Employee future benefits (Notes 8, 9 and 10)	(6,914)	5,504	(33,606)
	322,588	330,178	294,483
Deficit before government funding	(213,870)	(202,982)	(169,329)
Government funding (Note 5)			
Operations	175,774	164,628	147,349
Capital	45,338	52,820	46,761
	221,112	217,448	194,110
Operating surplus	7,242	14,466	24,781
Accumulated operating surplus, beginning of year	459,169	459,169	434,388
Accumulated operating surplus, end of year (Note 16)	\$ 466,411	\$ 473,635	\$ 459,169

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

MARINE ATLANTIC INC.
Statement of Remeasurement Gains and Losses
For the year ended March 31, 2026
(in thousands of dollars)

	2026	2025
Accumulated remeasurement gains, beginning of year	\$ 3,176	\$ 3,920
Remeasurement gains arising during the year		
Unrealized (losses) gains on foreign exchange of cash	(12)	23
Unrealized gains on derivatives	11,625	491
Reclassification to the statement of operations		
Realized gains on derivatives	(4,970)	(1,258)
Net remeasurement gains (losses) for the year	6,643	(744)
Accumulated remeasurement gains, end of year (Note 16)	\$ 9,819	\$ 3,176

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



MARINE ATLANTIC INC.
Statement of Change in Net Financial Assets
For the year ended March 31, 2026
(in thousands of dollars)

	2026		2025
	Budget	Actual	Actual
Operating surplus	\$ 7,242	\$ 14,466	\$ 24,781
Change in tangible capital assets			
Acquisition of tangible capital assets (Note 11)	(44,038)	(51,548)	(45,629)
Amortization of tangible capital assets (Note 11)	54,135	54,521	56,180
Loss on disposal and write-downs of tangible capital assets	-	2,057	474
Decrease in tangible capital assets	10,097	5,030	11,025
Change in other non-financial assets			
Acquisition of inventories held for consumption	(42,884)	(66,569)	(39,820)
Use of inventories held for consumption	42,884	48,239	50,706
Purchase of prepaid expenses	(23,800)	(13,679)	(22,697)
Use of prepaid expenses	27,023	14,010	15,551
(Increase) decrease in other non-financial assets	3,223	(17,999)	3,740
Net remeasurement gains (losses)		6,643	(744)
Increase in net financial assets	20,562	8,140	38,802
Net financial assets, beginning of year	78,848	78,848	40,046
Net financial assets, end of year	\$ 99,410	\$ 86,988	\$ 78,848

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

MARINE ATLANTIC INC.

Statement of Cash Flow

For the year ended March 31, 2026

(in thousands of dollars)

	2026	2025
Operating transactions		
Cash receipts from customers	\$ 119,069	\$ 126,353
Interest income received	508	704
Government funding - operations	153,522	156,657
Government funding - capital	54,291	50,456
Net cash receipts for settlement of derivatives	610	1,803
Cash payments to suppliers for fuel	(53,314)	(39,937)
Cash payments to suppliers for charter fees	(22,013)	(22,882)
Cash payments to other suppliers	(69,648)	(88,869)
Cash payments to and on behalf of employees	(126,454)	(129,896)
Cash payments for employee future benefits	(3,075)	(3,093)
	53,496	51,296
Capital transactions		
Purchase of tangible capital assets	(54,291)	(50,456)
	(54,291)	(50,456)
Effect of exchange rate changes on cash	(12)	23
Net (decrease) increase in cash	(807)	863
Cash, beginning of year	10,782	9,919
Cash, end of year	\$ 9,975	\$ 10,782
Cash consists of:		
Restricted cash (Note 4)	\$ -	\$ 6,441
Unrestricted cash	9,975	4,341
	<u>\$ 9,975</u>	<u>\$ 10,782</u>



MARINE ATLANTIC INC.

Notes to the Financial Statements

For the year ended March 31, 2026
(in thousands of dollars)

1. NATURE OF OPERATIONS AND AUTHORITY

Marine Atlantic Inc. is incorporated under the *Canada Business Corporations Act*. The *Marine Atlantic Inc. Acquisition Authorization Act* of 1986 established the Corporation as a parent Crown corporation. Marine Atlantic Inc. is a federal Crown corporation listed in Schedule III, Part I of the *Financial Administration Act* and is not subject to income tax under the provisions of the *Income Tax Act*. The Corporation is not an agent of Her Majesty. In accordance with the *Marine Atlantic Inc. Acquisition Authorization Act*, the Corporation's articles restrict its business to the acquisition, establishment, management and operation of a marine transportation service, a marine maintenance repair and refit service, a marine construction business and any service or business related thereto. As a result of the *National Marine Policy* (1995) enabled by the *Canada Marine Act*, the mandate was narrowed to the operation of the ferry system. The Corporation considers this to be its sole line of business.

The corporate mission is to provide a safe, environmentally responsible and quality ferry services between the Island of Newfoundland and the Province of Nova Scotia in a reliable, courteous and cost-effective manner. This service encompasses the year-round ferry services between North Sydney, Nova Scotia and Port aux Basques, Newfoundland and Labrador (constitutional route) and the seasonal summer service between North Sydney, Nova Scotia and Argentia, Newfoundland and Labrador (non-constitutional route). The Corporation operates its services using a combination of chartered and corporate-owned vessels and owns terminals in each of the three ports.

The Corporation receives funding for its operations from the Government of Canada to the extent that the cost of providing ferry services is not recovered from generated revenues. The acquisition of tangible capital assets is subject to approval of parliamentary appropriations. The Corporation is economically dependent on the Government of Canada.

The Corporation's Board of Directors is responsible for price changes across all services, with a maximum of 5% per year on constitutional fares. Effective August 1, 2025 the Government of Canada committed funds to reduce fares 50% for passengers and passenger vehicles on both routes while also freezing fuel surcharge and commercial rates.

In December 2014, the Corporation was issued directive P.C. 2014-1382 pursuant to section 89 of the *Financial Administration Act* directing the Corporation to implement pension plan reforms. These reforms are to ensure that pension plans of Crown corporations provide a 50:50 current service cost-sharing ratio between employee and employer for pension contributions by December 31, 2017 and to raise the normal age of retirement to 65 years for employees hired after January 1, 2015. These requirements were fully implemented as of December 31, 2017. As of June 1, 2021 the Corporation ceased contributions due to a contribution holiday on its registered plan.

In July 2015, the Corporation was issued directive P.C. 2015-1114 pursuant to section 89 of the *Financial Administration Act* to align its travel, hospitality, conference and event expenditure policies, guidelines and practices with Treasury Board policies, directives and related instruments on travel, hospitality, conference and event expenditures in a manner that is consistent with its legal obligations. The Corporation implemented new policies and revised existing policies and procedures effective July 1, 2016 and has been compliant with the directive since then.

In January 2026, the Corporation was issued directive P.C. 2026-0009 pursuant to section 89 of the *Financial Administration Act* to align its policies, guidelines, and practices with the "Buy Canadian Procurement Policy Framework" and the policy instruments issued under section 6 of that framework, as amended from time to time, in a manner consistent with its mandate and to report on the implementation of this directive in the Corporation's next corporate plan. The Corporation is working through a comprehensive project plan to support successful implementation of the Buy Canadian

MARINE ATLANTIC INC.

Notes to the Financial Statements

For the year ended March 31, 2026
(in thousands of dollars)

Policy. This plan includes reviewing and updating our policies and procedures, focusing on key areas to ensure regulatory compliance, strengthening risk-management practices, educating impacted teams, and proactively planning operational adjustments required to align with the policy.

2. SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements are prepared in accordance with Canadian public sector accounting standards. All figures are stated in thousands of dollars except for the authorized share capital.

(a) Government funding

The Corporation receives government funding to finance its current cash requirements, related to operating expenses in excess of generated revenues and to acquire tangible capital assets. The funding received is included in income for the period when funding has been authorized and all eligibility criteria have been met by the Corporation. Any difference between amounts provided and amounts authorized and eligible represents a receivable from (payable to) the Government of Canada. On occasion, the Corporation sells assets for which the net proceeds are required to be returned to the Consolidated Revenue Fund. On these occasions, the net proceeds are applied against the operating funding requirements in the period of disposition.

(b) Financial instruments

Cash, accounts receivable, accounts payable and accrued liabilities are measured at cost or amortized cost.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to fair value at the end of each reporting period. Changes in fair value are recognized in the statement of remeasurement gains and losses until the derivative financial instrument is derecognized, at which point the accumulated remeasurement gain (loss) is reversed and reclassified to the statement of operations. Derivatives are derecognized at the expiry date of the derivative contract. Transaction costs are expensed as incurred.

Fair value estimates are made as of a specific point in time, using available information about the financial instruments and current market conditions. The estimates are subjective in nature involving uncertainties and significant judgment. Financial instruments that are measured subsequent to initial recognition at fair value are grouped into a hierarchy based on the degree to which the fair value is observable. Level 1 fair value measurements are derived from quoted prices in active markets for identical assets or liabilities. Level 2 fair value measurements are derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability directly or indirectly. Level 3 fair value measurements are derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data.

(c) Inventories

Inventories include fuel, valued at the lower of historical or replacement cost, and vessel spare parts, valued at historical cost.



MARINE ATLANTIC INC.

Notes to the Financial Statements

For the year ended March 31, 2026
(in thousands of dollars)

(d) Tangible capital assets

Tangible capital assets are comprised of vessels, shore facilities and equipment which are carried at historical cost less accumulated amortization. Historical cost includes the costs directly related to the acquisition, design, construction, development, improvement or betterment, as well as the estimated cost to settle liabilities for asset retirement obligations. Betterments are expenditures relating to the alteration or modernization of an asset that appreciably prolong the item's period of usefulness or improve its functionality.

Vessels include corporate-owned vessels and vessel projects; shore facilities include terminal buildings, stevedore buildings, docks and related infrastructure. Equipment includes computer hardware and software, furniture and vehicles.

The cost of work in progress includes materials, direct labour and overhead. Amounts included in work in progress are transferred to the appropriate tangible capital asset class when ready for use and are then amortized.

Amortization is calculated at rates sufficient to write off the cost, less any residual value, of tangible capital assets over their estimated useful lives on a straight-line basis. The cost, less any residual value, of capital projects are amortized over the lesser of the useful life of the asset or the useful life of the project.

Estimated useful lives and amortization methods are reviewed annually (Note 11). The rates for significant classes of tangible capital assets are as follows:

Vessels	5% to 10%
Shore facilities	2.5% to 5%
Equipment	10% to 25%
Leasehold improvements	Shorter of term of lease agreement or the asset's useful life

When conditions indicate that a tangible capital asset no longer contributes to the Corporation's ability to provide goods and services, the cost of the asset is written down to its residual value, if any. Write-downs are not reversed.

(e) Employee future benefits

The Corporation accrues its obligations under employee benefit plans and the related costs, net of plan assets, as the benefits accrue to employees for expected retirement projections.

i) Accrued pension asset (liability)

The Corporation maintains, through a trustee, a registered defined benefit pension plan comprising a pension obligation and pension plan assets, covering substantially all employees; and three unfunded supplementary retirement arrangements.

The registered pension plan is a defined benefit pension plan. The pension formula gives members a pension based on 1.6% of their best 5-year average non-annualized earnings or last 60 months average annualized earnings, whichever is higher. This formula applies up to the 5-year average of the Canada Pension Plan's maximum earnings before retirement. For earnings above that threshold, the formula adds 2% per year of service, up to 35 years. The plan provides for possible indexation adjustments for pension and survivor benefits payable during a calendar year following the third anniversary of the member's retirement or death, whichever occurs first. The indexation

MARINE ATLANTIC INC.

Notes to the Financial Statements

For the year ended March 31, 2026
(in thousands of dollars)

adjustment is calculated as the annual increase in the Consumer Price Index less 3%, subject to a maximum annual increase of 3%. No indexation adjustment is provided if the annual increase in the Consumer Price Index is below 3%.

The supplementary retirement arrangement adopted on June 2, 1994 and the supplementary retirement arrangement adopted on June 6, 1990 plan were terminated effective March 1, 2001 (thereafter referred to as the former supplementary retirement arrangements), with coverage for inactive members entitled to benefits prior to this date continuing.

In 2006 a supplementary retirement arrangement was introduced for designated positions providing benefits for service since 2004. Eligibility under this supplementary arrangement was extended to benefits accrued for service since 2009 for all members of the registered defined benefit pension plan who are affected by the maximum pension payable by the registered plan. Benefits are generally based on employees' length of service and final or best average earnings for all benefits.

The cost of pensions is actuarially determined using the projected benefit method prorated on service and management's best estimate of expected plan investment performance, salary escalation, inflation and retirement ages of employees. The discount rate used to calculate the interest cost on the pension obligations is based on the expected long-term rate of return on plan assets for the registered pension plan.

The expected long-term rate of return on plan assets is based on estimated returns, consistent with market conditions applicable at the measurement date, for each major asset class and the target asset mix specified in the plan's investment policy. A market-related value of plan assets is used for purposes of these financial statements, and the expected return on plan assets is based thereon. The market-related value of plan assets is determined using a method which amortizes gains or losses relative to the expected return over five years. Actuarial gains or losses arise from the difference between the actual rate of return and the expected long-term rate of return on plan assets and from changes in the pension obligations due to changes in actuarial assumptions used or actual experience differing from that which was expected based on the assumptions.

Actuarial gains and losses are amortized over the expected average remaining service life of active members expected to receive benefits. Actuarial gains and losses for the former supplementary retirement arrangements are recognized immediately on the determination of the gain or loss.

Adjustments for plan amendments, net of offsetting unamortized actuarial gains and losses, related to prior period employee service are recognized in the statement of operations in the period of the plan amendment.

ii) Non-pension post-retirement benefits

The Corporation provides life insurance and health and dental care benefits to current and retired employees. Union and non-union/management employees become eligible for basic and optional life insurance the first of the month following 60 days of continuous employment. Union employees become eligible for extended health and dental benefits the first of the month following the attainment of 1,040 hours of work, and non-union/management employees become eligible the first of the month following date of hire.

The cost of non-pension post-retirement benefits is actuarially determined using the projected benefit method prorated on service and management's best estimate of future participation rates in the retiree health and dental plan, average health care cost per plan member, health care trend rates and utilization, salary escalation and mortality rates. A proxy for the cost of borrowing has been



MARINE ATLANTIC INC.

Notes to the Financial Statements

For the year ended March 31, 2026
(in thousands of dollars)

used to calculate the discount rate for the obligation and the interest cost. The costs for current employees are expensed as they are incurred. The costs projected to be incurred during retirement are accrued and expensed evenly over the expected remaining service life of the employee.

Adjustments arising from actuarial gains and losses are amortized over the expected average remaining service life of the related employee group.

Adjustments for plan amendments, net of offsetting unamortized actuarial gain and losses, related to prior period employee service are recognized in the statement of operations in the period of the plan amendment.

iii) Post-employment benefits

For certain employees and former employees, the Corporation is a self-insured employer and is accountable for workers' compensation liabilities incurred. The Corporation's accrued obligation for workers' compensation benefits represents the unfunded liability for the costs of self-insured benefits specified and administered by the Workplace Health, Safety and Compensation Commission of Newfoundland and Labrador, the Workplace Health, Safety and Compensation Commission of New Brunswick and the Workers Compensation Board of Prince Edward Island, collectively the boards for work-related injuries of current and former employees.

The cost of workers' compensation liabilities is actuarially determined using the net present value of liabilities for work-related injuries of current and former employees when awards are approved by the boards; or legislative amendments are made and the anticipated future costs can be reasonably calculated. Management recognizes changes in the net present value of the liability, based on updated actuarial estimates of future costs, as a result of actual experience and changes in actuarial assumptions. A proxy for the cost of borrowing is used to calculate the discount rate for the obligation and the interest cost.

(f) Revenue recognition

Transportation revenue is derived primarily from fares charged to users of the ferry services, which include passenger and commercial vehicle fares, passenger fees and fuel surcharge, and are recognized at the point in time when the ferry services are provided. Transportation revenue is measured as the amount of consideration the Corporation expects to receive in exchange for ferry services provided. Revenue from fares represents a single performance obligation to which the entire transaction price is allocated. A fuel surcharge, calculated as a percentage of transportation revenue, is recognized and measured on the same basis as transportation revenue.

Payment of fares in advance when booking a reservation is recorded as deferred revenue and are recognized as revenue when the ferry services are provided.

Other transportation revenue is made up of vehicle service fees such as storage fees, freight, security fees, and wharfage and demurrage. Onboard sales revenue is primarily related to passenger services such as accommodations, restaurant, and gift shop sales. These revenues are recognized at the point in time the goods or services are provided to the customer. This revenue is measured as the amount of consideration the Corporation expects to receive in exchange for services and goods provided.

The aforementioned types of revenue are classified as recurring revenues. Other income, such as interest income and income from derivatives are recognized when they are earned and are classified as non-recurring revenue.

MARINE ATLANTIC INC.

Notes to the Financial Statements

For the year ended March 31, 2026
(in thousands of dollars)

(g) Expenses

Expenses are recorded on an accrual basis. Expenses for the operations of the Corporation are recognized when goods or services are received.

Expenses also include provisions to reflect changes in the value of assets or liabilities, including provisions for bad debt and inventory obsolescence. Expenses also include amortization of tangible capital assets and utilization of inventories and prepaid expenses.

(h) Prepaid expenses

Prepaid expenses are disbursements made before the completion of the work, delivery of the goods or rendering of services or advance payment under the terms of lease agreements. Prepaid expenses also include the charter importation taxes on the *MV Ala'suinu* which is being amortized over the life of the lease.

(i) Foreign currency translation

Monetary assets and liabilities denominated in a foreign currency are translated at exchange rates in effect at the financial statement date. Revenues and expenses are translated using exchange rates in effect at the transaction date. Commitments and contingencies denominated in foreign currencies are translated at exchange rates in effect at the financial statement date. An unrealized exchange gain or loss that arises prior to settlement is recorded in the statement of remeasurement gains and losses. In the period of settlement, the cumulative amount of unrealized gains and losses is reversed in the statement of remeasurement gains and losses and an exchange gain or loss measured in relation to the exchange rate at the date of initial recognition is recognized in the statement of operations.

(j) Contingent liabilities

Contingent liabilities are potential liabilities which may become actual liabilities when one or more future events occur or fail to occur. If it is likely that a future event will confirm that a liability has been incurred at the date of the financial statements, and a reasonable estimate of the amount can be made, an estimated liability is accrued, and an expense recorded. If the likelihood is not determinable or an amount cannot be reasonably estimated, the contingency is disclosed in the notes to the financial statements.

(k) Asset retirement obligations

A liability for an asset retirement obligation is recognized at the best estimate of the amount required to retire a tangible capital asset at the financial statement date when there is a legal obligation for the Corporation to incur retirement costs, a past transaction or event giving rise to the liability has occurred, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount can be made. The best estimate of the liability includes all costs directly attributable to asset retirement activities, based on information available at the financial statement date. The best estimate of an asset retirement obligation incorporates a present value technique, when the cash flows required to settle or otherwise extinguish an asset retirement obligation are expected to occur over extended future periods. The discount rate used reflects the Government of Canada's cost of borrowing, associated with the estimated number of years to complete the retirement or remediation.



MARINE ATLANTIC INC.

Notes to the Financial Statements

For the year ended March 31, 2026
(in thousands of dollars)

When a liability for an asset retirement obligation is initially recognized, a corresponding asset retirement cost is capitalized to the carrying amount of the related tangible capital asset and amortized over the asset's estimated useful life. Asset retirement obligations which are incurred incrementally with use of the asset are recognized in the period incurred with a corresponding asset retirement cost expensed in the period. An asset retirement obligation may arise in connection with a tangible capital asset that is not recognized or no longer in productive use. In this case, the asset retirement cost would be expensed.

At each financial statement date, the carrying amount of the liability is reviewed. The Corporation recognizes period-to-period changes to the liability due to the passage of time as accretion expense. Changes to the liability arising from revisions to either the timing, the amount of the original estimate of undiscounted cash flows or the discount rate are recognized as an increase or decrease to the carrying amount of the related tangible capital asset. Once the related tangible capital asset is no longer in productive use, changes to the liability are recognized as an expense in the period in which they are incurred. The Corporation continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

(l) Measurement uncertainty

The preparation of the financial statements requires management to make estimates and assumptions that effect the reported and disclosed amounts of assets and liabilities, revenues and expenses in the financial statements and accompanying notes at March 31. Estimates are based on the best information available at the time of preparation of the financial statements and are reviewed annually to reflect new information as it becomes available. Actual results could differ from these estimates.

Measurement uncertainty that is material exists when it is reasonably possible that a material variance could occur in the reported or disclosed amount in the near term (within one year from March 31). Management determined that measurement uncertainty exists with respect to the reported amounts related to asset retirement obligations, the accrued pension asset which is composed of the defined benefit obligation and the pension plan assets, contingent liabilities and the expected useful lives of tangible capital assets.

3. ACCOUNTING STANDARD ISSUED BUT NOT YET EFFECTIVE

The Public Sector Accounting Board has approved the following accounting standards and conceptual framework, which are effective for fiscal years beginning April 1, 2026:

The Conceptual Framework for Financial Reporting in the Public Sector

The Conceptual Framework is the foundation for public sector financial reporting standards. It replaces the conceptual aspects of Section PS 1000, *Financial Statement Concepts*, and Section PS 1100, *Financial Statement Objectives*. The conceptual framework highlights considerations fundamental for the consistent application of accounting issues in the absence of specific standards.

PS 1202: Financial Statement Presentation

This standard sets out general and specific requirements for the presentation of information in general purpose financial statements. The financial statement presentation principles are based on the concepts

MARINE ATLANTIC INC.

Notes to the Financial Statements

For the year ended March 31, 2026
(in thousands of dollars)

within the Conceptual Framework. This standard revises and replaces PS 1201 *Financial Statement Presentation*.

The Corporation has not yet adopted the standard or framework. While the new standard will result in modifications to the presentation and structure of key financial statements, no impact on the recognition or measurements of assets, liabilities, revenues, or expenses as a result of this new standard is currently expected.

4. CASH

At March 31, 2026, the Corporation had no restricted cash balances (2025—\$6,441). The restricted cash balance reported in the prior year related to security for the previous charter of the *MV Atlantic Vision*. Following the conclusion of a dispute resolution process the net funds were released from escrow during the year.

5. RECEIVABLE FROM (PAYABLE TO) GOVERNMENT OF CANADA

The Corporation receives its funding from the Government of Canada based primarily on cash flow requirements. Items recognized in the statement of operations in one year may be funded by the Government of Canada in different years. Accordingly, the Corporation has a different surplus (deficit) for the year on a government funding basis than on a generally accepted accounting principles basis.

	2026	2025
Net receivable, beginning of year	\$ 16,325	\$ 29,329
Parliamentary appropriations received during the year	207,814	207,114
Recognized during the year:		
Government funding – operations	(164,628)	(147,349)
Government funding – capital	(52,820)	(46,761)
Government funding (deficit) surplus	(9,634)	13,004
Net Receivable, end of year	\$ 25,959	\$ 16,325



MARINE ATLANTIC INC.
Notes to the Financial Statements
For the year ended March 31, 2026
(in thousands of dollars)

6. INVENTORIES

	2026	2025
Inventories held for consumption		
Fuel inventory	\$ 28,797	\$ 11,813
Vessel spare parts – ship based	9,535	7,662
Vessel spare parts – shore based	5,353	5,880
	<u>43,685</u>	<u>25,355</u>
Inventories held for resale		
Catering inventory	403	435
	<u>403</u>	<u>435</u>
Total inventories	\$ 44,088	\$ 25,790

Inventories expensed during the year amounted to \$52,453 (2025 – \$52,640). During the year, the Corporation also wrote down \$1,635 (2025 – \$1,697) of inventory.

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2026	2025
Accounts payable	\$ 8,522	\$ 10,422
Accrued liabilities	18,728	9,436
Wages and benefits payable	8,780	7,306
Government remittances payable	3,008	3,476
Accounts payable and accrued liabilities	\$ 39,038	\$ 30,640

The accounts payable balance is due within 60 days.

8. ACCRUED PENSION ASSET (LIABILITY)

The Corporation's independent actuary measures the pension obligations and the value of plan assets for accounting purposes as at the measurement date of December 31, 2025 for the year ended March 31, 2026 and December 31, 2024 for March 31, 2025. The valuations were performed using December 31, 2024 membership data and extrapolated to December 31, 2025 for reporting purposes. The most recent actuarial valuation for funding purposes was completed in 2025 and is as of December 31, 2024.

Based on the actuarial valuations and projections to December 31, the summary of the principal valuation results, in aggregate, is as follows:

MARINE ATLANTIC INC.
Notes to the Financial Statements
For the year ended March 31, 2026
(in thousands of dollars)

	2026	2025
Pension obligations (actuarial value)		
Balance, beginning of year	\$ 671,557	\$ 641,696
Current service cost	8,030	7,205
Employee contributions	9,245	9,905
Interest costs	34,537	33,188
Benefits paid	(37,173)	(37,516)
Actuarial (gain) loss	(18,619)	17,079
Balance, end of year	\$ 667,577	\$ 671,557
Pension plan assets (market-related value)		
Balance, beginning of year	\$ 898,722	\$ 869,246
Return on plan assets	36,278	56,945
Employer contributions	164	142
Employee contributions	9,245	9,905
Benefits paid	(37,173)	(37,516)
Balance, end of year	\$ 907,236	\$ 898,722

The following presents the financial position of the Corporation's pension arrangements for the period:

	2026		2025	
	Registered pension plan	Supplementary retirement arrangements	Registered pension plan	Supplementary retirement arrangements
Pension plan assets (market-related value)	\$907,236	\$ -	\$ 898,722	\$ -
Pension obligations (actuarial value)	663,260	4,317	667,587	3,970
Excess (shortfall)	243,976	(4,317)	231,135	(3,970)
Unamortized net actuarial (gains) losses	(33,066)	320	(29,694)	208
Employer contributions during period from measurement date to March 31	-	36	-	40
Accrued benefit asset (Retirement benefit liability) before valuation allowance	210,910	(3,961)	201,441	(3,722)
Valuation allowance against accrued benefit asset	(26,357)	-	(13,663)	-
Accrued pension asset (liability)	\$184,553	\$ (3,961)	\$ 187,778	\$ (3,722)



MARINE ATLANTIC INC.
Notes to the Financial Statements
For the year ended March 31, 2026
(in thousands of dollars)

The following presents a summary of pension contributions and benefit payments during the period:

	2026		2025	
	Registered pension plan	Supplementary retirement arrangements	Registered pension plan	Supplementary retirement arrangements
Contributions				
Employer	\$ -	\$ 164	\$ -	\$ 142
Employee	9,245	-	9,905	-
Total contributions	\$ 9,245	\$ 164	\$ 9,905	\$ 142
Benefits paid	\$ 37,009	\$ 164	\$ 37,375	\$ 142

Employer pension contributions are made in accordance with the actuarial valuations for funding purposes. The maximum permissible employer funding contributions must be set in accordance with the *Income Tax Act*. A plan which is fully funded on both going concern and hypothetical wind-up basis may not retain its registered status if the employer contributes to plan if the going concern funding excess exceeds 25% of the going concern funding target. The Corporation ceased employer contributions to this plan effective June 1, 2021 as required under legislation. At December 31, 2024 the Corporation's funded ratio was 135.1% (December 31, 2023– 130.6%) for the registered pension plan.

Retirement benefit expense is comprised of the following:

	2026		2025	
	Registered pension plan	Supplementary retirement arrangements	Registered pension plan	Supplementary retirement arrangements
Determination of pension expenses for the year are calculated as:				
Current period benefit cost	\$ 17,095	\$ 181	\$ 16,957	\$ 153
Amortization of net actuarial gains	(4,799)	69	(9,304)	35
Employee contributions	(9,245)	-	(9,905)	-
Retirement benefit (recovery) expense	3,051	250	(2,252)	188
Interest cost on the average accrued benefit obligation	34,389	148	33,068	120
Expected return on average plan assets	(46,908)	-	(46,186)	-
Retirement benefit interest (recovery) expense	(12,519)	148	(13,118)	120
Total expenses related to retirement benefit (before adjustment for valuation allowance)	(9,468)	398	(15,370)	308
Increase (decrease) in valuation allowance provided against accrued benefit asset	12,693	-	(21,093)	-
Total expenses (recovery) related to retirement benefit (after adjustment for valuation allowance)	\$ 3,225	\$ 398	\$(36,463)	\$ 308

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The registered pension plan assets are invested in debt securities, equity securities, alternative assets and buy-in annuities. The asset mix at March 31, 2026, was 15% in debt securities, 35% in equity securities, 10% in real estate and 40% in annuities (2025 – 14% debt securities, 34% equity, 8% real estate, 44% in annuities).

The market value of plan assets is \$580,547 (2025 – \$525,824); in addition, the actuarially determined value of the buy-in annuities is \$368,072 (2025 – \$401,922). The actual return on the market value of plan assets was \$48,968 or 9.31% (2025 – \$78,606 or 15.26%) and the actual return on the market-related value of plan assets was \$36,278 or 4.04% (2025 – return of \$56,946 or 6.55%).

Gains and losses incurred, excluding the impact of buy-in annuities, are as follows: gain on market-related value of plan assets \$8,526 (2025 – gain of \$15,722); actuarial gain on registered plan accrued benefit obligation \$18,800 (2025 – loss of \$16,420); actuarial loss on supplementary arrangements accrued benefit obligation \$181 (2025 – loss of \$660).

The estimated average remaining service period of the members covered by the registered pension plan and the remaining supplementary retirement arrangement is 10.6 years (2025 – 10.6 years).

The significant assumptions are:

	2026	2025
Pension obligations (actuarial value)		
Discount rate – registered plan	5.85%	5.75%
Discount rate – supplementary arrangements	3.68%	3.27%
Rate of compensation increase	3.50%	3.50%
Inflation rate	2.00%	2.00%
Retirement benefit expense		
Discount rate – registered plan	5.75%	5.90%
Discount rate – supplementary arrangements	3.27%	3.05%
Expected return on assets	5.75%	5.90%
Rate of compensation increase	3.50%	3.50%
Inflation rate	2.00%	2.00%



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The sensitivity analysis of the significant actuarial assumptions on the combined plans was as follows:

	2026	2025
Discount rate sensitivity:		
1% increase in discount rate	\$ (43,572)	\$ (40,200)
1% decrease in discount rate	\$ 56,681	\$ 51,496
Inflation sensitivity:		
1% increase in inflation	\$ 6,804	\$ 5,622
1% decrease in inflation	\$ (3,173)	\$ (3,266)
General wage increase:		
1% increase in general wages	\$ 16,483	\$ 15,385
1% decrease in general wages	\$ (13,744)	\$ (13,706)

9. ACCRUED LIABILITY FOR NON-PENSION POST-RETIREMENT BENEFITS

An actuarial valuation for life insurance and health and dental care benefits for current and future retirees was conducted for accounting purposes as at the measurement date of December 31, 2025 for the year ended March 31, 2026 and December 31, 2023 for the year ended March 31, 2025. The valuation was performed using December 31, 2025 membership data (2025 – December 31, 2022) and extrapolated to March 31 for reporting purposes.

The plan is unfunded and requires no contributions from employees. The following presents the financial position of the Corporation's non-pension post-retirement benefits at March 31:

	2026	2025
Obligation for non-pension post-retirement benefits (actuarial value)	\$ (24,756)	\$ (27,947)
Unamortized net actuarial gain	(21,963)	(20,661)
Employer contributions during the year from measurement date to March 31	106	150
Accrued benefit liability for non-pension post-retirement benefits	\$ (46,613)	\$ (48,458)

As the plan is unfunded, contributions equal benefits paid during the year of \$575 (2025 – \$607).

Non-pension post-retirement benefit recovery of \$1,270 (2025 – \$1,294) are included in the statement of operations.

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Notes to the Financial Statements
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The significant assumptions are:

	2026	2025
Non-pension post-retirement benefits obligations		
Discount rate	3.68%	3.27%
Initial weighted-average health care trend rate	4.60%	4.70%
Ultimate weighted-average health care trend rate	4.00%	4.00%
Year ultimate rate reached	2040	2040
Non-pension post-retirement benefits costs		
Discount rate	3.27%	3.05%
Initial weighted-average health care trend rate	4.70%	4.70%
Ultimate weighted-average health care trend rate	4.00%	4.00%
Year ultimate rate reached	2040	2040

The estimated average remaining service period of members covered by non-pension post-retirement benefits is 12.0 years (2025 – 11.5 years).

10. ACCRUED LIABILITY FOR POST-EMPLOYMENT BENEFITS (WORKERS' COMPENSATION AND OTHER BENEFITS)

The Corporation's independent actuary measures the workers' compensation benefit obligation for accounting purposes as at the measurement date of December 31, 2025 for the year ended March 31, 2026 and December 31, 2024 for March 31, 2025. The valuation was performed using December 31, 2024 membership data and December 31, 2023 claims data and extrapolated to March 31, 2026 for reporting purposes.

The following presents the financial position of the Corporation's post-employment benefits at March 31:

	2026	2025
Obligation for post-employment benefits (actuarial value)	\$ (16,227)	\$ (16,340)
Unamortized net actuarial losses	471	1,678
Employer contributions during the year from measurement date to March 31	922	638
Accrued benefit liability for post-employment benefits	\$ (14,834)	\$ (14,024)

As the plan is unfunded, contributions equal benefits paid during the year of \$2,341 (2025 – \$2,341).

Post-employment benefit charges of \$3,151 (2025 – \$3,843) are included in the statement of operations.



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The significant assumptions are:

	2026	2025
Post-employment benefits obligations		
Discount rate	3.68%	3.27%
Inflation rate	2.00%	2.00%
Health care cost increases	4.00%	4.50%
Post-employment benefits costs		
Discount rate	3.27%	3.05%
Inflation rate	2.00%	2.00%
Health care cost increases	4.00%	4.00%

Adjustments arising from actuarial gains and losses are amortized over the average expected period over which benefits will be paid which is 6.0 years (2025 – 7.0 years).

For the year ended March 31, 2026, the Corporation paid \$521 (2025 – \$576) in premiums to the Workers' Compensation Board of Nova Scotia which are included in wages and benefits in the statement of operations. These premiums represent the workers' compensation costs for Nova Scotia employees given that the Corporation is on an assessment basis.

11. TANGIBLE CAPITAL ASSETS

As at March 31, 2026						
	Vessels	Shore facilities	Leasehold improvements	Equipment	Work in progress	Total
Cost						
Opening balance	\$ 442,360	\$ 296,524	\$ 13,364	\$ 105,403	\$ 7,845	\$ 865,496
Additions	24,275	2,092	2,543	3,068	20,842	52,820
Transfers from work in progress	3,003	512	-	2,843	(6,358)	-
Disposals and write-offs	(5,905)	(427)	(6)	(580)	-	(6,918)
Closing balance	\$ 463,733	\$ 298,701	\$ 15,901	\$ 110,734	\$ 22,329	\$ 911,398
Accumulated amortization						
Opening balance	\$ 296,197	\$ 147,950	\$ 2,027	\$ 76,932	\$ -	\$ 523,106
Amortization expense	31,106	12,223	2,623	8,569	-	54,521
Disposals and write-offs	(2,978)	(184)	1	(428)	-	(3,589)
Closing balance	\$ 324,325	\$ 159,989	\$ 4,651	\$ 85,073	\$ -	\$ 574,038
Net carrying amount at the end of the period	\$ 139,408	\$ 138,712	\$ 11,250	\$ 25,661	\$ 22,329	\$ 337,360

MARINE ATLANTIC INC.
Notes to the Financial Statements
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As at March 31, 2025						
	Vessels	Shore facilities	Leasehold improvements	Equipment	Work in progress	Total
Cost						
Opening balance	\$ 440,248	\$ 262,554	\$ 319	\$ 98,017	\$ 47,911	\$ 849,049
Additions	27,036	9,350	1,565	2,877	5,933	46,761
Transfers from work in progress	2,951	25,156	11,528	6,364	(45,999)	-
Disposals and write-downs	(27,875)	(536)	(48)	(1,855)	-	(30,314)
Closing Balance	\$ 442,360	\$ 296,524	\$ 13,364	\$ 105,403	\$ 7,845	\$ 865,496
Accumulated amortization						
Opening Balance	\$ 289,726	\$ 135,361	\$ 317	\$ 70,230	\$ -	\$ 495,634
Amortization Expense	33,207	12,675	1,752	8,546	-	56,180
Disposals and write-downs	(26,736)	(86)	(42)	(1,844)	-	(28,708)
Closing balance	\$ 296,197	\$ 147,950	\$ 2,027	\$ 76,932	\$ -	\$ 523,106
Net carrying amount at the end of the period	\$ 146,163	\$ 148,574	\$ 11,337	\$ 28,471	\$ 7,845	\$ 342,390

Work in progress additions include those projects commenced in the current fiscal year or a previous fiscal year and not yet complete at year end. Work in progress transfers include the cost of projects carried over from the previous year, along with current year additions related to projects that were completed during the year.

During the year ended March 31, 2026, management increased the estimated remaining useful lives of certain tangible capital assets to reflect updates to its long-term fleet strategy. This change in accounting estimate has been applied prospectively effective April 1, 2025, and decreased amortization expense for the year by approximately \$5,192.

12. ASSET RETIREMENT OBLIGATIONS

The Corporation has recorded asset retirement obligations for the removal of asbestos in buildings and fuel lines, and the decommissioning of fuel tanks, lines, vessels, and leasehold improvements for leased assets.

The amount recognized was determined using engineering estimates and is the net present value of estimated future expenditures required to fund the decommissioning of the assets. The obligation is calculated using the current estimated costs to retire the asset inflated to the estimated retirement date and discounted to current present value. The retirement obligation is being provided for over the accreted value from the initial obligation to the end of the useful life of the asset. Future retirement expenditures will be charged against the accumulated liability as incurred.



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Following is a summary of the key assumptions upon which the carrying amount is based:

- Total expected future cash flows are \$ 33,331 (2025 - \$32,304).
- Expected timing of asset removal and/or site remediation is expected to occur between 1 and 15 years with the majority occurring by 2037.
- The discount rate is the Government of Canada's zero-coupon rate on government bonds of 3.5% (2025 – 3.00%).

Following is a summary of the asset retirement obligations:

	2026	2025
Carrying amount, beginning of year	\$ 28,500	\$ 30,893
Changes during the year	(1,468)	(1,849)
Accretion expense	785	983
Settlements	(684)	(1,527)
Carrying amount, end of year	\$ 27,133	\$ 28,500

13. DERIVATIVE FINANCIAL INSTRUMENTS

The Corporation utilizes information provided by Canadian chartered banks to assist in determining the fair value of its derivative financial instruments. Derivative financial instruments used by the Corporation include swaps, which are typically a commodity or price swap where parties exchange payments in cash based on changes in the price of the commodity (#2 heating oil) while fixing the price effectively paid for fuel per US gallon.

The fair value of derivative financial instruments, which are all classified as Level 2, is estimated at the discounted unrealized gain or loss calculated based on market prices at March 31, which generally reflects the estimated amount that the Corporation would receive or pay to terminate the contracts at the financial statement date.

The Corporation also uses foreign exchange forwards, which are contractual agreements to buy foreign currency at a specified price and date in the future. The foreign exchange forwards are related to lease payments for the *MV Ala'suinu* (USD) and the *MV Île Rouge* (EUR), which the Corporation is scheduled to take possession of in the spring of 2026.

Generally, all derivatives have a monthly settlement schedule. At March 31, the Corporation had the following derivative financial instruments:

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2026						2025
Maturity Date	Current Currency	Fixed price per unit/ Forward rate (Note)	Notional quantity (Note)	Notional Value	Fair Value	Fair Value
Derivative Financial Assets						
Crude swap - #2 heating oil						
2026	CAD	-	-	\$ -	\$ -	\$ 822
2027	CAD	2.827-3.39	7,728	23,614	8,121	-
Foreign exchange forwards						
2027	EUR	1.5822-1.5841	14,774	23,395	376	-
2026	USD	-	-	-	-	1,231
2027	USD	1.3715-1.3715	15,890	21,794	203	-
			38,392	\$ 68,803	\$ 8,700	\$ 2,053
Derivative Financial Obligations						
Crude swap - #2 heating oil						
2026	CAD	-	-	\$ -	\$ -	\$ (8)
			-	\$ -	\$ -	\$ (8)

14. FINANCIAL RISK MANAGEMENT

The Board of Directors has overall responsibility for the establishment and oversight of the Corporation's risk management framework. The Board of Directors is responsible for developing and monitoring the Corporation's risk management policies.

The Corporation's risk management policies are established to identify and analyze the risks faced by the Corporation, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Corporation's activities. The Corporation, through its training and corporate policies, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board's Corporate Governance, Risk and Strategy Committee oversees how management monitors compliance with the risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Corporation.

The Corporation is primarily exposed to credit risk, market risk and liquidity risk as a result of holding financial instruments in the normal course of business.

Credit risk: Risk that a third party to a financial instrument may fail to meet its obligations under the terms of the financial instrument.



MARINE ATLANTIC INC.

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- Market risk:** Risk that the fair value or future cash flows of a financial instrument may fluctuate due to changes in market prices. The Corporation is exposed to currency risk and commodity price risk.
- Liquidity risk:** Risk that the Corporation may encounter difficulty in raising funds to meet commitments associated with financial instruments.

This note presents information about the exposure to each of the above risks, including the Corporation's objectives, policies and processes for measuring and managing each risk. Further quantitative disclosures are included throughout these financial statements. There are significant challenges related to rising inflation as well as on-going supply chain issues, some of which involve shortages of key components required for the Corporation's operations. Additional activities, processes and procedures were put into place to mitigate the risks.

(a) Credit risk

The carrying amount of cash, accounts receivable and derivatives represents the Corporation's maximum exposure to credit risk.

Cash

Cash is held in Canadian chartered banks which are credit worthy counterparties.

Accounts receivable

The Corporation's accounts receivable consists of trade receivables of \$4,665 (2025 – \$5,288) and other accounts receivable of \$8,453 (2025 – \$8,779). The Corporation's exposure to credit risk on trade accounts receivable is reduced by applying a credit policy that establishes limits on the concentration of risk and requires assessing and monitoring of counterparty credit risk. In total \$439 (2025 – \$5,628) of accounts receivable are considered past due but not impaired. Accounts that have exceeded 31 days are considered past due.

Derivatives

The credit risk related to derivatives is the risk of a counterparty defaulting on contractual derivative obligations in which the Corporation has an unrealized gain. The Corporation's derivative financial instruments are contracted with Canadian chartered banks, which are credit worthy counterparties. The Corporation considers that it is exposed to minimal credit risk in the event of non-performance as the counterparties are considered to be of high credit quality.

(b) Market risk

(i) Currency risk

Currency risk arises due to fluctuations in foreign currency rates. The Corporation makes monthly lease payments for the charter of the *MV Ala'suinu* over the term of the lease. To minimize exposure to currency risk, the Corporation purchased forward contracts for 100% of the monthly lease payments for the next fiscal year with plans to reassess and potentially extend this strategy in subsequent years based on market conditions and operational requirements. A 10% increase in the foreign currency rate would not have a material effect on the financial statements.

MARINE ATLANTIC INC.

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(ii) Commodity fuel price risk

To manage the risk associated with increased fuel price variation, the Corporation enters into heating oil derivative contracts (swaps). The objectives of the Corporation's fuel hedging policy are to stabilize fuel budget variances and the fuel surcharges charged to customers. A 10% increase in the market price of heating oil as at March 31, 2026 would not have a material effect on the financial statements. The market volatility over the past years has increased the uncertainty regarding fuel prices and the risks associated with hedging.

(c) Liquidity risk

The Corporation's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without unacceptable losses or risking damage to the Corporation's reputation.

The Corporation strives to maintain sufficient resources to meet expected operational expenses for a period of 30 days plus a reserve. This includes the servicing of financial obligations but excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. The Corporation prepares cash flow forecasts that are regularly monitored by management and the Board of Directors. The forecasts are adjusted as necessary to reflect expected cash inflows and outflows to ensure the adequacy of cash to meet financial obligations. The Corporation receives government funding on a monthly basis.

The Corporation's bank has provided an irrevocable letter of credit on the Corporation's behalf in favour of the Workplace Health, Safety and Compensation Commission of New Brunswick to guarantee payment of future liabilities in the amount of \$4,200 (2025 – \$4,200) for an indefinite period. The Corporation receives approval from the Minister of Finance annually to enter into the letter of credit.

15. TRANSPORTATION REVENUE

The following table provides the Corporation's transportation revenue by major source and type:

	2026	2025
Commercial vehicle	\$ 47,970	\$ 46,831
Passenger vehicle	13,893	17,863
Other transportation	18,072	17,605
Onboard sales	21,705	18,828
Passenger	10,070	11,696
Fuel Surcharge	9,443	10,118
Total transportation revenue	\$ 121,153	\$ 122,941



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16. ACCUMULATED SURPLUS

The accumulated surplus is comprised of:

	2026	2025
Accumulated operating surplus	\$ 473,635	\$ 459,169
Accumulated remeasurement gains	9,819	3,176
Accumulated surplus	\$ 483,454	\$ 462,345

Accumulated operating surplus includes share capital in the amount of \$258,530 (2025 – \$258,530). The authorized share capital of the Corporation is comprised of an unlimited number of common shares of no-par value. As at March 31, 2026, 517,061,000 shares (2025 – 517,061,000 shares) at \$0.50 per share (2025 – \$0.50 per share) have been issued and fully paid.

17. RELATED PARTY TRANSACTIONS

The Corporation is related in terms of common ownership to all Government of Canada created departments, agencies and Crown corporations. Related parties also include key management personnel having the authority and responsibility for planning, directing and controlling the activities of the Corporation. This includes the senior leadership team and members of the Board of Directors and their close family members. There are no significant transactions with key management personnel.

The Corporation enters into transactions with these entities in the normal course of business under the same terms and conditions to those adopted if the parties were dealing at arm's length. In addition, transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. During the year, the Corporation incurred expenses of \$2,772 (2025 – \$2,034) with other related parties. In addition to these transactions, the Government of Canada provides funding to the Corporation as described in notes 2(a) and 5. The Corporation is given the right to use the Crown land on which the terminals sit free of charge by Transport Canada. No amount is recorded since the fair value related to the use of these lands received free of charge is not reliably measurable. There are no contractual obligations or contingent liabilities with related parties.

18. CONTRACTUAL OBLIGATIONS

Contractual obligations are financial obligations of the Corporation to others that will become liabilities when the terms of these contracts or agreements for the acquisition of goods or services are met. These include capital and operating agreements, charter lease agreements and other equipment lease agreements. Charters includes a lease agreement for the *MV Ala'suinu*, acquired in 2024 denominated in USD and the *MV Île Rouge*, a new charter agreement signed on December 19, 2025 denominated in EUR. Payments on the new charter commence upon delivery of the vessel to the Corporation, which is expected to be in the spring of 2026. Integration activities, including crew familiarization, will be completed prior to the vessel entering service. The planned in-service date for the new charter will be the summer or early fall. These payments have been translated to Canadian dollars using the exchange rate at March 31, 2026.

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	Capital	Operating	Charter	Other Leases	Total
2026-27	\$2,767	\$4,879	\$ 38,866	\$ 261	\$ 46,773
2027-28	-	1,920	41,794	261	43,975
2028-29	-	960	37,728	253	38,941
2029-30	-	253	17,117	249	17,619
2030-31	-	-	17,117	249	17,366
2031-32 and beyond	-	-	1,407	937	2,344
	\$2,767	\$8,012	\$154,029	\$2,210	\$167,018

19. CONTINGENT LIABILITIES

In connection with its operations, the Corporation is the claimant or defendant or otherwise involved in pending claims and lawsuits. At March 31, 2026, the Corporation is in receipt of claims estimated at \$80 (2025 – \$59) where the occurrence of the confirming future event is considered likely and this amount has been accrued in the financial statements. There are no additional claims (2025 – \$50) where the occurrence of the confirming future event is not determinable, and this amount has not been accrued. These estimates are derived based on management’s judgment and maximum exposures which are limited due to insurance deductibles which are in place.

20. BUDGET FIGURES

Budget figures have been provided for comparison purposes and have been derived from the corporate planning process and approved by the Board of Directors. The Corporation has not exceeded its total expenditure or investing authority limits in the year.

Transportation revenue was \$12,585 higher than budget, mostly attributed to higher than anticipated commercial vehicle units and onboard sales for accommodations and food.

The originally approved budget for employee future benefits was \$3,297, which was based upon estimated cash payments. The Corporation adjusted the budgeted employee future benefits on the statement of operations using the accrual method to a credit of \$6,914, consistent with Canadian public sector accounting standards.

The difference between the actual expense of \$5,505 for employee future benefits and the budgeted recovery of \$6,914 was largely due to the increase in valuation allowance provided against the accrued benefit asset.

21. COMPARATIVE INFORMATION

Certain comparative figures have been reclassified to conform with the current year’s presentation.



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