
FAIRFAX INDIA
HOLDINGS CORPORATION

1

INTERIM REPORT

For the three months ended
March 31, 2026

Consolidated Balance Sheets*as at March 31, 2026 and December 31, 2025**(unaudited - US\$ thousands)*

	Notes	March 31, 2026	December 31, 2025
Assets			
Cash and cash equivalents	6	25,577	8,112
Bonds	5, 6	24,325	64,810
Common stocks	5, 6	3,432,021	3,972,524
Total cash and investments		<u>3,481,923</u>	<u>4,045,446</u>
Interest receivable		2,507	2,996
Income taxes refundable		157	166
Other assets		1,118	1,149
Total assets		<u>3,485,705</u>	<u>4,049,757</u>
Liabilities			
Accounts payable and accrued liabilities		1,012	1,043
Accrued interest expense	7, 11	2,529	8,787
Income taxes payable		891	922
Payable to related parties	11	9,385	10,960
Payable for securities purchased	5	76,500	76,500
Deferred income taxes		182,684	217,859
Borrowings	7, 11	499,001	498,870
Total liabilities		<u>772,002</u>	<u>814,941</u>
Equity			
Common shareholders' equity	8	2,560,434	3,079,648
Non-controlling interests		153,269	155,168
Total equity		<u>2,713,703</u>	<u>3,234,816</u>
		<u>3,485,705</u>	<u>4,049,757</u>

See accompanying notes.

Consolidated Statements of Earnings (Loss)
for the three months ended March 31, 2026 and 2025
(unaudited - US\$ thousands except per share amounts)

	Notes	First quarter	
		2026	2025
Income			
Interest	6	626	3,196
Dividends	6	5,594	2,998
Net realized gains on investments	6	826	616
Net change in unrealized losses on investments	6	(345,375)	(222,862)
Net foreign exchange gains (losses)	6	(30,837)	3,245
		<u>(369,166)</u>	<u>(212,807)</u>
Expenses			
Investment and advisory fees	11	10,803	9,399
General and administration expenses	12	1,944	1,648
Interest expense	7	6,757	6,755
		<u>19,504</u>	<u>17,802</u>
Loss before income taxes		(388,670)	(230,609)
Recovery of income taxes	9	(24,319)	(19,142)
Net loss		<u>(364,351)</u>	<u>(211,467)</u>
Attributable to:			
Shareholders of Fairfax India		(370,806)	(211,224)
Non-controlling interests		6,455	(243)
		<u>(364,351)</u>	<u>(211,467)</u>
Net loss per basic and diluted share		\$ (2.76)	\$ (1.57)
Shares outstanding (weighted average)		134,218,804	134,839,462

See accompanying notes.

Consolidated Statements of Comprehensive Income (Loss)*for the three months ended March 31, 2026 and 2025**(unaudited - US\$ thousands)*

	First quarter	
	2026	2025
Net loss	<u>(364,351)</u>	<u>(211,467)</u>
Other comprehensive income (loss) , net of income taxes		
Item that may be subsequently reclassified to net earnings (loss)		
Unrealized foreign currency translation gains (losses), net of income taxes of nil (2025 - nil)	<u>(156,832)</u>	<u>2,046</u>
Comprehensive loss	<u>(521,183)</u>	<u>(209,421)</u>
Attributable to:		
Shareholders of Fairfax India	(519,284)	(209,391)
Non-controlling interests	<u>(1,899)</u>	<u>(30)</u>
	<u>(521,183)</u>	<u>(209,421)</u>

See accompanying notes.

Consolidated Statements of Changes in Equity
for the three months ended March 31, 2026 and 2025
(unaudited - US\$ thousands)

	Subordinate voting shares	Multiple voting shares	Share- based payments, net	Retained earnings	Accumulated other comprehensive income (loss)	Common shareholders' equity	Non- controlling interests	Total equity
Balance as of January 1, 2026	1,100,735	300,000	(1,033)	2,537,978	(858,032)	3,079,648	155,168	3,234,816
Net earnings (loss) for the period	—	—	—	(370,806)	—	(370,806)	6,455	(364,351)
Other comprehensive loss:								
Unrealized foreign currency translation losses	—	—	—	—	(148,478)	(148,478)	(8,354)	(156,832)
Amortization	—	—	70	—	—	70	—	70
Balance as of March 31, 2026	<u>1,100,735</u>	<u>300,000</u>	<u>(963)</u>	<u>2,167,172</u>	<u>(1,006,510)</u>	<u>2,560,434</u>	<u>153,269</u>	<u>2,713,703</u>
Balance as of January 1, 2025	1,107,265	300,000	(986)	2,131,569	(711,353)	2,826,495	130,767	2,957,262
Net loss for the period	—	—	—	(211,224)	—	(211,224)	(243)	(211,467)
Other comprehensive income:								
Unrealized foreign currency translation gains	—	—	—	—	1,833	1,833	213	2,046
Purchases and amortization	—	—	(33)	—	—	(33)	—	(33)
Balance as of March 31, 2025	<u>1,107,265</u>	<u>300,000</u>	<u>(1,019)</u>	<u>1,920,345</u>	<u>(709,520)</u>	<u>2,617,071</u>	<u>130,737</u>	<u>2,747,808</u>

See accompanying notes.

Consolidated Statements of Cash Flows
for the three months ended March 31, 2026 and 2025
(unaudited - US\$ thousands)

	Notes	First quarter	
		2026	2025
Operating activities			
Net loss		(364,351)	(211,467)
Items not affecting cash and cash equivalents:			
Net bond premium amortization		19	20
Deferred income taxes	9	(24,617)	(19,790)
Amortization of share-based payment awards		70	57
Net realized gains on investments	6	(826)	(616)
Net change in unrealized losses on investments	6	345,375	222,862
Net foreign exchange (gains) losses	6	30,837	(3,245)
Purchases of investments		—	(87,660)
Sales of investments		37,791	69,071
Changes in operating assets and liabilities:			
Interest and dividends receivable		344	3,721
Accrued interest expense		(6,258)	(5,875)
Income taxes payable		18	(3,790)
Payable to related parties		(1,032)	(763)
Other		838	20
Cash provided by (used in) operating activities		<u>18,208</u>	<u>(37,455)</u>
Increase (decrease) in cash and cash equivalents		18,208	(37,455)
Cash and cash equivalents – beginning of period		8,112	59,322
Foreign currency translation		(743)	(251)
Cash and cash equivalents – end of period		<u>25,577</u>	<u>21,616</u>

See accompanying notes.

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Notes to Interim Consolidated Financial Statements

for the three months ended March 31, 2026 and 2025

(unaudited - US\$ thousands except share and per share amounts and as otherwise indicated)

1. Business Operations

Fairfax India Holdings Corporation ("the company" or "Fairfax India") is an investment holding company whose objective is to achieve long term capital appreciation, while preserving capital, by investing in public and private equity securities and debt instruments in India and Indian businesses or other businesses with customers, suppliers or business primarily conducted in, or dependent on, India ("Indian Investments"). The company makes all or substantially all of its investments either directly or through one of its wholly-owned consolidated subsidiaries based in Mauritius, FIH Mauritius Investments Ltd ("FIH Mauritius") and FIH Private Investments Ltd ("FIH Private"). In 2019 the company formed Anchorage Infrastructure Investments Holdings Limited ("Anchorage"), a consolidated subsidiary of FIH Mauritius based in India.

Fairfax Financial Holdings Limited ("Fairfax") is Fairfax India's ultimate parent and acts as its administrator. Fairfax is a holding company which, through its subsidiaries, is engaged in property and casualty insurance and reinsurance and the associated investment management. Hamblin Watsa Investment Counsel Ltd. (the "Portfolio Advisor"), a wholly-owned subsidiary of Fairfax and registered portfolio manager in the province of Ontario, is the portfolio advisor of the company and its consolidated subsidiaries, responsible to source and advise with respect to all investments. Refer to note 11 for details on Fairfax's voting rights and equity interest in the company.

The company is federally incorporated and is domiciled in Ontario, Canada. The principal office of the company, Fairfax and the Portfolio Advisor is located at 95 Wellington Street West, Suite 800, Toronto, Ontario M5J 2N7.

2. Basis of Presentation

The company's interim consolidated financial statements for the three months ended March 31, 2026 have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") applicable to the preparation of interim financial statements, including International Accounting Standard 34 *Interim Financial Reporting*. Accordingly, certain information and disclosures normally included in the annual consolidated financial statements prepared in accordance with IFRS Accounting Standards have been omitted or condensed. These interim consolidated financial statements should be read in conjunction with the company's annual consolidated financial statements for the year ended December 31, 2025, which have been prepared in accordance with IFRS Accounting Standards.

These interim consolidated financial statements were approved for issue by the company's Board of Directors on April 30, 2026.

3. Summary of Material Accounting Policies

The principal accounting policies applied to the preparation of these interim consolidated financial statements are as set out in the company's annual consolidated financial statements for the year ended December 31, 2025, prepared in accordance with IFRS Accounting Standards. Those policies and methods of computation have been consistently applied to all periods presented.

The consolidated financial statements are presented in U.S. dollars while the Indian rupee is the functional currency of the company and its consolidated subsidiaries.

New accounting pronouncements adopted in 2026

On January 1, 2026 the company adopted *Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)*, which did not have a significant impact on the company's consolidated financial statements.

New accounting pronouncements issued but not yet effective

IFRS 18 Presentation and Disclosure in Financial Statements is to be applied retrospectively, with specific transition provisions, for annual reporting periods beginning on or after January 1, 2027, with earlier application permitted. The company does not expect to adopt IFRS 18 in advance of its effective date and is continuing to evaluate its impact on the company's consolidated financial statements. IFRS 18 requirements and adoption details are described in the company's annual consolidated financial statements for the year ended December 31, 2025.

4. Critical Accounting Estimates and Judgments

In the preparation of the company's interim consolidated financial statements, management has made a number of critical estimates and judgments in determining the valuation of Private Indian Investments, the provision for income taxes and the consolidation of Anchorage in a manner consistent with those as described in the company's annual consolidated financial statements for the year ended December 31, 2025.

5. Indian Investments

Throughout the company's interim consolidated financial statements for the three months ended March 31, 2026, the term "Indian Investments" refers to deployed capital invested in Public and Private Indian Investments as disclosed within this note.

Summary of Changes in the Fair Value of the Company's Indian Investments

A summary of changes in the fair value of the company's Public and Private Indian Investments for the first quarter of 2026 is as follows:

	First quarter			
	2026			
	Balance as of January 1	Net change in unrealized gains (losses) on investments ⁽¹⁾	Net unrealized foreign currency translation losses	Balance as of March 31
Public Indian Investments:				
Common stocks:				
IIFL Finance	438,146	(128,994)	(18,475)	290,677
CSB Bank	353,575	(91,486)	(15,346)	246,743
IIFL Capital	341,610	(110,940)	(14,044)	216,626
Fairchem Organics	57,971	(22,767)	(2,247)	32,957
5paisa	28,759	(7,666)	(1,240)	19,853
Total Public Indian Investments	<u>1,220,061</u>	<u>(361,853)</u>	<u>(51,352)</u>	<u>806,856</u>
Private Indian Investments:				
Common stocks:				
BIAL	2,187,387	82,464	(117,467)	2,152,384
Seven Islands	162,379	13,923	(8,991)	167,311
Maxop	95,486	(1,806)	(4,940)	88,740
Global Aluminium	90,768	(1,323)	(4,709)	84,736
Jaynix	65,930	(3,051)	(3,348)	59,531
NCML	41,896	(11)	(2,194)	39,691
Sanmar	101,621	(72,674)	(2,800)	26,147
IH Fund	6,996	(5)	(366)	6,625
Other Indian Fixed Income	22,252	—	(1,166)	21,086
Total Private Indian Investments	<u>2,774,715</u>	<u>17,517</u>	<u>(145,981)</u>	<u>2,646,251</u>
Total Indian Investments	<u>3,994,776</u>	<u>(344,336)</u>	<u>(197,333)</u>	<u>3,453,107</u>

(1) All Private Indian Investments were classified as Level 3 in the fair value hierarchy. Net change in unrealized gains (losses) on investments classified as Level 3 in the fair value hierarchy related to investments held at the end of the reporting period.

A summary of changes in the fair value of the company's Public and Private Indian Investments for the first quarter of 2025 is as follows:

	First quarter							Balance as of March 31
	2025							
Balance as of January 1	Purchases	Sales	Amortization	Net realized gains on investments	Net change in unrealized gains (losses) on investments ⁽¹⁾	Net unrealized foreign currency translation gains (losses)		
Public Indian Investments:								
Common stocks:								
IIFL Finance	311,401	—	—	—	—	(64,464)	(350)	246,587
CSB Bank	254,756	—	—	—	—	(9,854)	289	245,191
IIFL Capital	322,990	—	—	—	—	(106,805)	(899)	215,286
Fairchem Organics	102,234	—	—	—	—	(28,122)	(208)	73,904
Spaisa	41,883	—	—	—	—	(10,010)	(65)	31,808
Total Public Indian Investments	1,033,264	—	—	—	—	(219,255)	(1,233)	812,776
Private Indian Investments:								
Common stocks:								
BIAL	1,631,988	255,000	—	—	—	(6,162)	6,168	1,886,994
Sanmar	201,446	—	—	—	—	(19,180)	76	182,342
Seven Islands	145,990	—	—	—	—	18,704	492	165,186
Maxop	97,176	—	—	—	—	1,427	180	98,783
Global Aluminium	81,237	—	—	—	—	—	134	81,371
Jaynix	81,577	—	—	—	—	(2,974)	95	78,698
Saurashtra	54,688	—	—	—	—	4,888	155	59,731
NCML	44,250	—	—	—	—	(269)	70	44,051
IH Fund	9,590	—	(85)	—	1	(70)	14	9,450
Other Indian Fixed Income	31,023	—	(7,547)	49	—	—	(126)	23,399
Total Private Indian Investments	2,378,965	255,000	(7,632)	49	1	(3,636)	7,258	2,630,005
Total Indian Investments	3,412,229	255,000	(7,632)	49	1	(222,891)	6,025	3,442,781

(1) All Private Indian Investments were classified as Level 3 in the fair value hierarchy. Net change in unrealized gains (losses) on investments classified as Level 3 in the fair value hierarchy related to investments held at the end of the reporting period.

Public Indian Investments

The fair values of Fairfax India's Public Indian Investments, with shares listed on both the BSE and the National Stock Exchange of India ("NSE of India"), are determined using the bid prices of those investments (without adjustments or discounts) at the balance sheet date.

The table below provides a summary of the company's Public Indian Investments at March 31, 2026 and December 31, 2025:

Public Indian Investments:	Industry	March 31, 2026		December 31, 2025	
		Shares held	Ownership	Shares held	Ownership
Common stocks:					
IIFL Finance Limited ("IIFL Finance")	Financial services	64,552,521	15.2 %	64,552,521	15.2 %
CSB Bank Limited ("CSB Bank") ⁽¹⁾	Financial services	69,394,331	40.0 %	69,394,331	40.0 %
IIFL Capital Services Limited ("IIFL Capital")	Financial services	84,641,445	27.2 %	84,641,445	27.2 %
Fairchem Organics Limited ("Fairchem Organics") ⁽²⁾	Commercial and industrial	7,202,656	57.2 %	7,202,656	55.3 %
5paisa Capital Limited ("5paisa")	Financial services	7,670,130	24.5 %	7,670,130	24.6 %

(1) The company is subject to a dilution schedule from the Reserve Bank of India, requiring the company to bring down its shareholding in CSB Bank to 30.0% within 10 years and 26.0% within 15 years of the investment completion date of August 7, 2019.

(2) In January 2026, Fairchem Organics completed a share buyback, resulting in the purchase and cancellation of 425,000 of its own equity shares. The company did not tender any shares and as a result, its equity interest in Fairchem Organics increased from 55.3% to 57.2%.

The changes in fair value of the company's Public Indian Investments for the first quarters of 2026 and 2025 are presented in the tables disclosed earlier in note 5.

Subsequent to March 31, 2026

On March 11, 2026 5paisa announced a rights offering for existing shareholders to participate in a common shareholder issuance on a pro rata basis of 1 newly issued equity share for every 2 equity shares held, at a price of 300.00 Indian rupees per share ("5paisa Rights Offer"). On April 15, 2026 the company participated in the issuance and acquired 3,835,065 equity shares of 5paisa for cash consideration of \$12,320 (1.2 billion Indian rupees). As the company participated at its proportionate rights entitlement, the company's equity interest in 5paisa remained unchanged at 24.5%.

Private Indian Investments

The fair values of Fairfax India's Private Indian Investments cannot be derived from an active market and accordingly, are determined using industry accepted valuation techniques and models. Market observable inputs are used where possible, with unobservable inputs used where necessary. Use of unobservable inputs can involve significant judgment and may materially affect the reported fair value of these investments.

For all Private Indian Investment valuations prepared using a discounted cash flow analysis, discount rates were based on the company's assessment of risk premiums to the appropriate risk-free rate of the economic environment in which the Indian Investment operates. Long term growth rates were based on the expected long term sustainable growth rate of the economic environment and sectors in which the Indian Investment operates.

The changes in fair value of the company's Private Indian Investments for the first quarters of 2026 and 2025 are presented in the tables disclosed earlier in note 5.

Investment in Bangalore International Airport Limited

Bangalore International Airport Limited ("BIAL") is a private company located in Bengaluru, India. BIAL, under a concession agreement with the Government of India until the year 2068, has the exclusive rights to carry out the development, design, financing, construction, commissioning, maintenance, operation and management of the Kempegowda International Airport Bengaluru ("KIAB") through a public-private partnership. KIAB is the first greenfield airport in India built through a public-private partnership.

On February 20, 2025 the company, through FIH Mauritius, completed the acquisition of an additional 10.0% equity interest in BIAL from Siemens Project Ventures GmbH ("Siemens") for a purchase price of \$255,000 (22.1 billion Indian rupees) ("Additional BIAL Investment").

In accordance with the terms of the transaction, on the closing date, the company paid an initial installment of \$84,150 and delivered a letter of credit in favour of Siemens, representing the deferred purchase price of \$170,850. On August 26, 2025 the company paid the second installment of \$94,350, and subsequently reduced the outstanding letter of credit to \$76,500. Refer to note 7 (Borrowings,

under the heading Revolving Credit Facility) for further details. At March 31, 2026 the payable for securities purchased of \$76,500 presented in the company's consolidated balance sheet reflects the third and final installment to be paid to Siemens in the third quarter of 2026.

At March 31, 2026 the company estimated the fair value of its investment in BIAL using a discounted cash flow analysis for its five business units based on multi-year free cash flow forecasts with assumed after-tax discount rates ranging from 12.2% to 17.2% and a long term growth rate of 3.5% (December 31, 2025 - 12.2% to 17.5%, and 3.5%, respectively). At March 31, 2026 free cash flow forecasts were based on EBITDA estimates derived from financial information prepared by BIAL's management in the third and fourth quarters of 2025 (December 31, 2025 - third and fourth quarters of 2025).

Free Cash Flow Forecast Inputs

The primary drivers of free cash flow estimates are future domestic and international passenger traffic, airport tariff assumptions for future control periods, completion of capital expansion projects and development of leasehold land. In the event that forecasted passenger traffic or expected airport tariff levels are not met in future periods, or if significant delays in construction and development activities occur, the fair value of the company's investment in BIAL may be negatively impacted.

Current Model Assumptions

There have been no significant changes in the first quarter of 2026 to the free cash flow forecasts provided by BIAL's management in 2025.

At March 31, 2026 the company held a 74.0% equity interest in BIAL (December 31, 2025 - 74.0%) and its internal valuation model indicated that the fair value of the company's investment in BIAL was \$2,152,384 (December 31, 2025 - \$2,187,387).

At March 31, 2026 and December 31, 2025, the company held 43.6% out of its 74.0% equity interest in BIAL through Anchorage. As a result, the company's fully-diluted equity interest in BIAL was 69.0%. Refer to note 8 (Total Equity, under the heading Non-controlling interests) for further discussion on Anchorage.

Investment in Seven Islands Shipping Limited

Seven Islands Shipping Limited ("Seven Islands"), a private company located in Mumbai, India, is the second largest private sector tanker shipping company in India and transports liquid and gas cargo along the Indian coast as well as in international waters. Its vessels are Indian owned and primarily operate as Indian registered and flagged vessels. Seven Islands' subsidiary, Seven Islands Shipping International FZE ("SISIF"), is located in the United Arab Emirates and operates foreign-flagged vessels.

At March 31, 2026 the company estimated the fair value of its investment in Seven Islands using a discounted cash flow analysis based on multi-year free cash flow forecasts for its two business units with assumed after-tax discount rates ranging from 15.0% to 15.1% and long term growth rates ranging from 2.5% to 3.0% (December 31, 2025 - 14.9% to 15.8%, and 2.5% to 3.0%, respectively). At March 31, 2026 free cash flow forecasts were based on EBITDA estimates derived from financial information prepared by Seven Islands' management in the first quarter of 2026 (December 31, 2025 - third quarter of 2025).

Free Cash Flow Forecast Inputs

The primary driver of free cash flow estimates is the vessel profile, including planned vessel acquisitions and charter rates.

Current Model Assumptions

Free cash flow forecasts were revised by Seven Islands' management during the first quarter of 2026 primarily to reflect: (i) higher EBITDA reflecting growth in the fleet size and upward revisions to charter rates; (ii) lower EBITDA margins reflecting an increase in ship operating expenses; (iii) revised foreign exchange assumptions resulting in favourable impact to revenues in Indian rupees (charter rates are denominated in U.S. dollars); and (iv) increased capital expenditures to reflect additional vessels added to the fleet and higher maintenance-related capital expenditure across each vessel type.

At March 31, 2026 the company held a 48.5% equity interest in Seven Islands (December 31, 2025 - 48.5%) and its internal valuation model indicated that the fair value of the company's investment in Seven Islands was \$167,311 (December 31, 2025 - \$162,379).

Investment in Maxop Engineering Company Private Limited

Maxop Engineering Company Private Limited ("Maxop"), a private company located in New Delhi, India, is a precision aluminum die casting and machining solution provider for customers in the automotive and industrial sectors.

At March 31, 2026 the company estimated the fair value of its investment in Maxop using a discounted cash flow analysis based on multi-year free cash flow forecasts for its two business units with assumed after-tax discount rates ranging from 15.5% to 17.9% and a

long term growth rate of 4.0% (December 31, 2025 - 15.0% to 17.7%, and 4.0%, respectively). At March 31, 2026 free cash flow forecasts were based on EBITDA estimates derived from financial information prepared by Maxop's management in the fourth quarter of 2025 (December 31, 2025 - fourth quarter of 2025).

Free Cash Flow Forecast Inputs

The primary drivers of free cash flow estimates are manufacturing capacity and utilization based on customer demand.

Current Model Assumptions

There have been no significant changes in the first quarter of 2026 to the free cash flow forecasts provided by Maxop's management in 2025.

At March 31, 2026 the company held a 67.0% equity interest in Maxop (December 31, 2025 - 67.0%) and its internal valuation model indicated that the fair value of the company's investment in Maxop was \$88,740 (December 31, 2025 - \$95,486).

Investment in Global Aluminium Private Limited

Global Aluminium Private Limited ("Global Aluminium"), a private company located in Hyderabad, India, is an aluminum extrusions manufacturer with in-house capabilities to produce anodized and powder-coated aluminum products.

At March 31, 2026 the company estimated the fair value of its investment in Global Aluminium using a discounted cash flow analysis based on multi-year free cash flow forecasts with an assumed after-tax discount rate of 17.6% and a long term growth rate of 3.5% (December 31, 2025 - 17.3%, and 3.5%, respectively). At March 31, 2026 free cash flow forecasts were based on EBITDA estimates derived from financial information prepared by Global Aluminium's management in the fourth quarter of 2025 (December 31, 2025 - fourth quarter of 2025).

Free Cash Flow Forecast Inputs

The primary drivers of free cash flow estimates are manufacturing capacity and utilization based on customer demand.

Current Model Assumptions

There have been no significant changes in the first quarter of 2026 to the free cash flow forecasts provided by Global Aluminium's management in 2025.

At March 31, 2026 the company held a 65.0% equity interest in Global Aluminium (December 31, 2025 - 65.0%) and its internal valuation model indicated that the fair value of the company's investment in Global Aluminium was \$84,736 (December 31, 2025 - \$90,768).

Investment in Jaynix Engineering Private Limited

Jaynix Engineering Private Limited ("Jaynix"), a private company based in Gujarat, India, is a manufacturer of non-ferrous electrical connectors and electrical assemblies, and is a critical Tier 1 supplier to major electrical original equipment manufacturers primarily in North America.

At March 31, 2026 the company estimated the fair value of its investment in Jaynix using a discounted cash flow analysis based on multi-year free cash flow forecasts with an assumed after-tax discount rate of 27.3% and a long term growth rate of 1.5% (December 31, 2025 - 25.1% and 1.5% respectively). At March 31, 2026 free cash flow forecasts were based on EBITDA estimates derived from financial information prepared by Jaynix's management in the fourth quarter of 2025 (December 31, 2025 - fourth quarter of 2025).

Free Cash Flow Forecast Inputs

The primary drivers of free cash flow estimates are manufacturing capacity and utilization based on customer demand.

Current Model Assumptions

There have been no significant changes in the first quarter of 2026 to the free cash flow forecasts provided by Jaynix's management in 2025.

At March 31, 2026 the company held a 70.0% equity interest in Jaynix (December 31, 2025 - 70.0%) and its internal valuation model indicated that the fair value of the company's investment in Jaynix was \$59,531 (December 31, 2025 - \$65,930).

Investment in National Commodities Management Services Limited

National Commodities Management Services Limited ("NCML"), a private company located in Gurugram, India, is an integrated agriculture value chain solutions provider, with services including grain procurement, storage and preservation, testing and certification, collateral management, and commodity and weather intelligence. NCML also operates silos constructed under concession agreements with the Food Corporation of India, and a non-banking financial company ("NBFC") which focuses on rural and agri-business financing.

NCML Common Shares

At March 31, 2026 the company estimated the fair value of its investment in NCML common shares using: (i) a discounted cash flow analysis based on multi-year free cash flow forecasts for two business units with assumed after-tax discount rates ranging from 12.1% to 15.4% and long term growth rates ranging from 2.4% to 5.0% (December 31, 2025 - 12.8% to 14.7%, and 2.4% to 5.0%, respectively); and (ii) an adjusted net book value approach for its NBFC business unit. At March 31, 2026 free cash flow forecasts were based on EBITDA estimates derived from financial information prepared by NCML's management in the first quarter of 2026 (December 31, 2025 - second quarter of 2025).

Free Cash Flow Forecast Inputs

The primary drivers of free cash flow estimates are warehouse and silo capacity and utilization.

Current Model Assumptions

Free cash flow forecasts were revised by NCML's management during the first quarter of 2026 primarily to reflect: (i) lower EBITDA forecasts based on an anticipated slowdown in commodity storage demand, combined with higher operating expenses due to current market conditions; (ii) higher EBITDA margins over the longer term as cost optimization measures are realized; and (iii) higher corresponding working capital requirements primarily driven by the changes to EBITDA forecasts.

At March 31, 2026 the company held a 91.0% equity interest in NCML (December 31, 2025 - 91.0%) and its internal valuation model indicated that the fair value of the company's equity investment in NCML was \$39,691 (December 31, 2025 - \$41,896).

NCML Non-convertible Debentures

In 2023 the company invested \$24,013 (2.0 billion Indian rupees) in 9.47% unsecured non-convertible debentures ("NCML NCD"), due November 8, 2028.

At March 31, 2026 the fair value of the company's investment in the NCML NCD of \$21,086 (including a deferred loss of \$1,943) (December 31, 2025 - \$22,252, including a deferred loss of \$2,220) was based on a discounted cash flow analysis using an estimate of NCML's credit spread, and is presented within Other Indian Fixed Income in the tables disclosed earlier in note 5.

At March 31, 2026 the company's interest receivable included a carrying value of \$2,303 (December 31, 2025 - \$2,430) related to interest receivable on the NCML NCD. To help alleviate NCML's liquidity challenges due to delays in asset monetizations, the company has allowed NCML to defer interest payments on the NCML NCD accrued since January 1, 2024.

Investment in Sanmar Chemical Enterprises Limited

Sanmar Chemical Enterprises Limited ("Sanmar"), a private company located in Chennai, India, is one of the largest polyvinyl chloride manufacturers in India, operating in India and Egypt. Its operating subsidiaries are principally comprised of TCI Sanmar Chemicals S.A.E. ("Sanmar Egypt") and Chemplast Sanmar Limited ("Chemplast"). Chemplast is publicly listed and actively traded on both the BSE and NSE of India.

At March 31, 2026 the company's investment in Sanmar had a fair value of \$26,147 based on the transaction price of 2.5 billion Indian rupees in connection with the sale of its entire investment to an affiliate of Sanmar on April 9, 2026. At December 31, 2025 the company's internal valuation model indicated that the fair value of the company's investment in Sanmar was \$101,621, and was based on (i) a discounted cash flow analysis for Sanmar Egypt; and (ii) the unadjusted bid price of Chemplast's common shares.

Investment in India Housing Fund

India Housing Fund ("IH Fund") is a closed-ended fund of 360 ONE Private Equity Fund registered as a Category II Alternative Investment Fund ("AIF") under the Securities and Exchange Board of India AIF Regulations.

The company did not receive distributions from IH Fund during the first quarter of 2026. During the first quarter of 2025 the company received distributions of \$85 from IH Fund.

At March 31, 2026 the company estimated the fair value of its investment in IH Fund of \$6,625 (December 31, 2025 - \$6,996) based on the net asset value provided by the third party fund manager. The fair values of the underlying assets are determined using quoted prices for short term investments, and industry accepted valuation models for debt and equity instruments.

6. Cash and Investments

Fair Value Disclosures

The company's use of quoted market prices (Level 1), valuation models using observable market information as inputs (Level 2) and valuation models without observable market information as inputs (Level 3) in the valuation of securities by type of issuer was as follows:

	March 31, 2026					December 31, 2025				
	Quoted prices (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total fair value of assets	Total fair value of assets in Indian rupees (in millions)	Quoted prices (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total fair value of assets	Total fair value of assets in Indian rupees (in millions)
Cash and cash equivalents	25,577	—	—	25,577	2,426	8,112	—	—	8,112	729
Bonds:										
Government of India ⁽¹⁾	—	3,239	—	3,239	307	—	42,558	—	42,558	3,825
Other Indian Fixed Income ⁽²⁾	—	—	21,086	21,086	2,000	—	—	22,252	22,252	2,000
	—	3,239	21,086	24,325	2,307	—	42,558	22,252	64,810	5,825
Common stocks:										
IIFL Finance	290,677	—	—	290,677	27,570	438,146	—	—	438,146	39,380
CSB Bank	246,743	—	—	246,743	23,403	353,575	—	—	353,575	31,779
IIFL Capital	216,626	—	—	216,626	20,547	341,610	—	—	341,610	30,704
Fairchem Organics	32,957	—	—	32,957	3,126	57,971	—	—	57,971	5,210
5paisa	19,853	—	—	19,853	1,883	28,759	—	—	28,759	2,585
BIAL	—	—	2,152,384	2,152,384	204,151	—	—	2,187,387	2,187,387	196,601
Seven Islands	—	—	167,311	167,311	15,869	—	—	162,379	162,379	14,595
Maxop	—	—	88,740	88,740	8,417	—	—	95,486	95,486	8,582
Global Aluminium	—	—	84,736	84,736	8,037	—	—	90,768	90,768	8,158
Jaynix	—	—	59,531	59,531	5,647	—	—	65,930	65,930	5,926
NCML	—	—	39,691	39,691	3,765	—	—	41,896	41,896	3,766
Sanmar ⁽³⁾	—	—	26,147	26,147	2,480	—	—	101,621	101,621	9,134
IH Fund	—	—	6,625	6,625	628	—	—	6,996	6,996	629
	806,856	—	2,625,165	3,432,021	325,523	1,220,061	—	2,752,463	3,972,524	357,049
Total cash and investments	832,433	3,239	2,646,251	3,481,923	330,256	1,228,173	42,558	2,774,715	4,045,446	363,603
	23.9 %	0.1 %	76.0 %	100.0 %	100.0 %	30.4 %	1.0 %	68.6 %	100.0 %	100.0 %

(1) Priced based on information provided by independent pricing service providers at March 31, 2026 and December 31, 2025.

(2) At March 31, 2026, Other Indian Fixed Income included a deferred loss of \$1,943 related to the NCML NCD (December 31, 2025 - \$2,220).

(3) At March 31, 2026 the fair value of the company's investment in Sanmar reflected the transaction price for the sale on April 9, 2026 as described in note 5. At December 31, 2025, the portion of fair value derived from Sanmar's equity interest in its publicly listed subsidiary, Chemplast, was \$97,306. The remaining fair value was attributable to Sanmar Egypt's equity value and net debt primarily due to affiliates of Sanmar.

Transfers between fair value hierarchy levels are considered effective from the beginning of the annual reporting period in which the transfer is identified. During the first quarters of 2026 and 2025 there were no transfers of financial instruments between fair value hierarchy levels.

A summary of changes in the fair value of the company's Indian Investments classified as Level 3 in the fair value hierarchy, denominated in the company's functional currency of the Indian rupee for the first quarters of 2026 and 2025 is as follows:

Indian rupees (in millions)	First quarter									
	2026			2025						
	Balance as of January 1	Net change in unrealized gains (losses) on investments	Balance as of March 31	Balance as of January 1	Purchases	Sales	Amortization	Net realized gains on investments	Net change in unrealized gains (losses) on investments	Balance as of March 31
Common stocks:										
BIAL	196,601	7,550	204,151	139,721	22,099	—	—	—	(534)	161,286
Seven Islands	14,595	1,274	15,869	12,499	—	—	—	—	1,620	14,119
Maxop	8,582	(165)	8,417	8,319	—	—	—	—	124	8,443
Global Aluminum	8,158	(121)	8,037	6,955	—	—	—	—	—	6,955
Jaynix	5,926	(279)	5,647	6,984	—	—	—	—	(257)	6,727
NCML	3,766	(1)	3,765	3,788	—	—	—	—	(23)	3,765
Sanmar	9,134	(6,654)	2,480	17,247	—	—	—	—	(1,662)	15,585
IH Fund	629	(1)	628	821	—	(7)	—	0	(6)	808
Saurashtra	—	—	—	4,682	—	—	—	—	423	5,105
Other Indian Fixed Income	2,000	—	2,000	2,656	—	(660)	4	—	—	2,000
Total	249,391	1,603	250,994	203,672	22,099	(667)	4	0	(315)	224,793

The changes in fair value of the company's Indian Investments classified as Level 3 in the fair value hierarchy in the company's presentation currency of U.S. dollars are disclosed in note 5.

For all Indian Investments classified as Level 3 in the fair value hierarchy, net change in unrealized gains (losses) on investments related to investments held at the end of the reporting periods.

The table that follows illustrates the potential impact on net earnings (loss) of various combinations of changes in unobservable inputs in the company's internal valuation models for its Indian Investments classified as Level 3 in the fair value hierarchy at March 31, 2026. The analysis assumes quarterly variations within a reasonably possible range determined by the company based on an analysis of the return on various equity indices, management's knowledge of the Indian equity markets and the potential impact of changes in interest rates. The change reflects the additional uncertainty in determining the discounted cash flows for assessing the fair values of Private Indian Investments. This sensitivity analysis excludes the company's investments in Sanmar and IH Fund, as the company determined that there were no significant unobservable inputs suited for a sensitivity analysis. Additionally, significant unobservable inputs pertaining to Other Indian Fixed Income relate to individual issuer credit spreads, where an increase (decrease) in credit spreads would generally result in a lower (higher) fair value of the underlying investment, as reflected in note 10 (Financial Risk Management, under the heading Interest Rate Risk).

Investments	Fair value of Level 3 investment	Valuation technique	Significant unobservable inputs	Significant unobservable inputs used in the internal valuation models	Hypothetical \$ change effect on fair value measurement ⁽¹⁾	Hypothetical \$ change effect on net earnings ⁽¹⁾⁽²⁾
Common stocks:						
BIAL	2,152,384	Discounted cash flow	After-tax discount rate	12.2% to 17.2%	(441,927) / 564,691	(383,372) / 489,870
			Long term growth rate	3.5%	48,232 / (45,545)	41,841 / (39,511)
Seven Islands	167,311	Discounted cash flow	After-tax discount rate	15.0% to 15.1%	(12,053) / 14,462	(10,456) / 12,546
			Long term growth rate	2.5% to 3.0%	2,239 / (2,148)	1,942 / (1,864)
Maxop	88,740	Discounted cash flow	After-tax discount rate	15.5% to 17.9%	(10,889) / 12,860	(9,446) / 11,156
			Long term growth rate	4.0%	2,057 / (1,973)	1,784 / (1,712)
Global Aluminium	84,736	Discounted cash flow	After-tax discount rate	17.6%	(7,074) / 8,180	(6,137) / 7,096
			Long term growth rate	3.5%	1,270 / (1,226)	1,102 / (1,064)
Jaynix	59,531	Discounted cash flow	After-tax discount rate	27.3%	(2,670) / 2,898	(2,316) / 2,514
			Long term growth rate	1.5%	276 / (272)	239 / (236)
NCML ⁽³⁾	39,691	Discounted cash flow	After-tax discount rate	12.1% to 15.4%	(7,519) / 9,190	(6,523) / 7,972
			Long term growth rate	2.4% to 5.0%	1,075 / (1,024)	932 / (888)

- (1) The impact on the internal valuation models from changes in significant unobservable inputs deemed to be subject to the most judgment and estimates disclosed in the table above shows the hypothetical increase (decrease) in net earnings. Changes in the after-tax discount rates (100 basis points) and long term growth rates (25 basis points), each in isolation, would hypothetically change the fair value of the company's investments as noted in the table above. Generally, an increase (decrease) in long term growth rates, or a decrease (increase) in after-tax discount rates would result in a higher (lower) fair value of the company's Indian Investments classified as Level 3 in the fair value hierarchy. After-tax discount rates are subject to a mitigating factor: increases (decreases) in after-tax discount rates tend to be accompanied by increases (decreases) in free cash flows, and the resulting changes in the fair value of an investment may offset each other.
- (2) For the purpose of this sensitivity analysis, the hypothetical \$ change effect on net earnings includes an income tax impact that is calculated using the company's marginal tax rate. Actual income tax expense (recovery) may differ significantly when earnings (losses) are realized.
- (3) The company determined that there were no significant unobservable inputs suited for a sensitivity analysis for NCML's NBFC business unit where an adjusted net book value approach was applied.

Fixed Income Maturity Profile

Bonds are summarized by their earliest contractual maturity date in the table that follows. The decrease in bonds due after 1 year through 5 years primarily reflects sales of Government of India bonds to fund the 5paisa Rights Offer and other operating requirements. At March 31, 2026 and December 31, 2025 there were no bonds containing call or put features.

	March 31, 2026		December 31, 2025	
	Amortized cost	Fair value	Amortized cost	Fair value
Due after 1 year through 5 years	24,270	24,325	63,693	64,810
	24,270	24,325	63,693	64,810

Investment Income

An analysis of investment income for the three months ended March 31 is summarized in the table that follows:

Interest and dividends

	First quarter	
	2026	2025
Interest:		
Cash and cash equivalents	53	409
Bonds	573	2,787
	<u>626</u>	<u>3,196</u>
Dividends: Common stocks	<u>5,594</u>	<u>2,998</u>

Net gains (losses) on investments and net foreign exchange gains (losses)

	First quarter					
	2026			2025		
	Net realized gains (losses)	Net change in unrealized losses	Net gains (losses)	Net realized gains	Net change in unrealized gains (losses)	Net gains (losses)
Net gains (losses) on investments:						
Bonds	826	(1,039)	(213)	615	29	644
Common stocks	—	(344,336) ⁽¹⁾	(344,336)	1 ⁽¹⁾	(222,891) ⁽¹⁾	(222,890)
	<u>826</u>	<u>(345,375)</u>	<u>(344,549)</u>	<u>616</u>	<u>(222,862)</u>	<u>(222,246)</u>
Net foreign exchange gains (losses) on:						
Cash and cash equivalents	497	—	497	269	—	269
Borrowings	—	(27,244)	(27,244)	—	832	832
Other	(4,090)	—	(4,090)	2,144	—	2,144
	<u>(3,593)</u>	<u>(27,244)</u>	<u>(30,837)</u>	<u>2,413</u>	<u>832</u>	<u>3,245</u>

(1) Refer to note 5 for a summary of changes in the fair value of the company's Public and Private Indian Investments during the first quarters of 2026 and 2025.

7. Borrowings

	March 31, 2026			December 31, 2025		
	Principal	Carrying value ⁽¹⁾	Fair value ⁽²⁾	Principal	Carrying value ⁽¹⁾	Fair value ⁽²⁾
<i>Unsecured Senior Notes:</i>						
5.0% Unsecured Senior Notes due February 26, 2028	<u>500,000</u>	<u>499,001</u>	<u>478,900</u>	<u>500,000</u>	<u>498,870</u>	<u>479,650</u>

(1) Principal net of unamortized issue costs.

(2) Fair value of the Unsecured Senior Notes at March 31, 2026 and December 31, 2025 was based principally on information provided by independent pricing service providers (Level 2 in the fair value hierarchy).

Unsecured Senior Notes

On February 26, 2021 the company completed an offering of \$500,000 principal amount of 5.0% unsecured senior notes due February 26, 2028 ("Unsecured Senior Notes") at par, for net proceeds of \$496,350 after commissions and expenses. Fairfax, through its subsidiaries, holds \$58,400 of the \$500,000 principal amount under the same terms as the other participants. Refer to note 11 for further details on amounts due to related parties.

At March 31, 2026 the Unsecured Senior Notes were recognized net of unamortized issuance costs of \$999 (December 31, 2025 - \$1,130) and recorded within borrowings in the consolidated balance sheets. The issuance costs are amortized over the remaining life of the Unsecured Senior Notes and recorded in interest expense in the consolidated statements of earnings (loss).

Revolving Credit Facility

The company has an unsecured revolving credit facility ("Revolving Credit Facility") with a syndicate led by a Canadian bank. At March 31, 2026 and December 31, 2025 the Revolving Credit Facility had a total commitment of \$245,000, which includes a temporary commitment related to the issuance of a letter of credit, and will step down to \$220,000 on October 1, 2026. The Revolving Credit Facility has a maturity date of November 13, 2028 and an option to extend for an additional year.

In February 2025 the company issued a letter of credit in favour of Siemens representing the deferred purchase price related to the Additional BIAL Investment. The letter of credit has an expiry date of September 30, 2026.

At March 31, 2026 and December 31, 2025, the Revolving Credit Facility was undrawn and the company had a \$76,500 letter of credit issued and outstanding, resulting in a remaining capacity of \$168,500.

Interest Expense

In the first quarter of 2026, interest expense of \$6,757 (2025 - \$6,755) was comprised of stated interest on Unsecured Senior Notes, letter of credit utilization fees and amortization of issuance costs. During the first quarter of 2026 the company paid interest of \$12,886 (2025 - \$12,500) on its borrowings and letter of credit.

8. Total Equity

Common shareholders' equity

Common Stock

The number of shares outstanding was as follows:

	First quarter	
	2026	2025
Subordinate voting shares – beginning and end of period	104,218,804	104,839,462
Multiple voting shares – beginning and end of period	30,000,000	30,000,000
Common shares effectively outstanding – March 31	<u>134,218,804</u>	<u>134,839,462</u>

Purchase of Shares

The company has the ability to purchase for cancellation subordinate voting shares at prevailing market prices under the terms of its normal course issuer bid and in accordance with the rules and policies of the TSX. During the first quarters of 2025 and 2026, the company did not purchase for cancellation any shares under its normal course issuer bid program.

In connection with the normal course issuer bid, the company also entered into an automatic share purchase plan with its designated broker to allow for the purchase of subordinate voting shares during times when the company normally would not be active in the market. Such purchases are determined by the broker in its sole discretion based on the parameters established by the company prior to commencement of the applicable trading black-out period.

Non-controlling interests

At March 31, 2026 and December 31, 2025, the company held 43.6% out of its 74.0% equity interest in BIAL through Anchorage. As a result, the company's fully-diluted equity interest in BIAL was 69.0%.

Net earnings attributable to non-controlling interests of \$6,455 during the first quarter of 2026 (2025 - net loss attributable to non-controlling interest of \$243) principally related to net unrealized gains on Anchorage's investment in BIAL based on OMERS' present economic interest.

The company shall use commercially reasonable efforts to list Anchorage by way of an IPO in India, subject to regulatory approvals and market conditions by the IPO long-stop date. During 2025, the company and OMERS agreed to extend the IPO long-stop date by one year to September 16, 2026. If the valuation of Anchorage upon closing of the IPO is below approximately \$1.0 billion (at period end exchange rates) (91.6 billion Indian rupees), then OMERS' ownership in Anchorage will increase to a maximum of 15.0% and the company's ownership in Anchorage will decrease to a minimum of 85.0% (fully-diluted equity interest in BIAL will decrease from 69.0% at March 31, 2026 to a minimum of 67.5%). If Anchorage does not list by way of an IPO in India by the IPO long-stop date, then OMERS' ownership in Anchorage will remain at its fully-diluted equity interest of 11.5%. The net assets of Anchorage at March 31, 2026 were \$1,212,937 (115.0 billion Indian rupees).

9. Income Taxes

The company's recovery of income taxes for the three months ended March 31 were comprised as follows:

	First quarter	
	2026	2025
Current income tax:		
Current year expense	298	648
Deferred income tax:		
Origination and reversal of temporary differences	(24,617)	(19,790)
Recovery of income taxes	<u>(24,319)</u>	<u>(19,142)</u>

The company recorded a recovery of deferred income taxes of \$24,617 in the first quarter of 2026 (2025 - \$19,790) primarily attributable to the reversal of prior period deferred taxes recognized as a result of net unrealized losses on the company's investments in equity shares acquired or spun out subsequent to April 1, 2017.

Reconciliation of the recovery of income taxes calculated at the Canadian statutory income tax rate to the recovery of income taxes at the effective tax rate for the three months ended March 31 are presented in the following table:

	First quarter	
	2026	2025
Canadian statutory income tax rate	26.5 %	26.5 %
Recovery of income taxes at the Canadian statutory income tax rate	(102,998)	(61,111)
Tax rate differential on losses incurred outside of Canada	64,410	36,416
Increase in unrecorded tax benefit of losses and temporary differences	13,270	5,280
Foreign exchange effect	880	159
Other including permanent differences	119	114
Recovery of income taxes	<u>(24,319)</u>	<u>(19,142)</u>

The tax rate differential on losses incurred outside of Canada of \$64,410 in the first quarter of 2026 (2025 - \$36,416) principally reflected the impact of net investment losses taxed in Mauritius and India at lower rates compared to the Canadian statutory income tax rate.

At March 31, 2026 deferred tax assets of \$141,503 in Canada and \$26,014 in India (December 31, 2025 - \$140,082 in Canada and \$23,180 in India) were not recorded as it was considered not probable that those losses could be utilized by the company.

10. Financial Risk Management

Overview

There were no significant changes to the types of the company's risk exposures or the processes used by the company for managing those risk exposures at March 31, 2026 compared to those identified and disclosed in the company's annual consolidated financial statements for the year ended December 31, 2025, except as described below.

Middle East Conflict

On February 28, 2026 a military conflict erupted between the U.S., Israel and Iran. The length, impact, and outcome of this ongoing military conflict is highly unpredictable and could lead to further significant market and other disruptions, including significant volatility in commodity prices and supply of energy resources, instability in financial markets, supply chain interruptions, political and social instability, and trade disputes or trade barriers. The company evaluated the effects, or possible effects, on the company and its Indian Investments arising from the conflict and concluded that there are no significant impacts to operations at this time. Given ongoing global economic uncertainties, evolving market conditions may affect the company's business, financial condition and results of operations.

U.S. Tariffs

The imposition of tariffs by the U.S. and retaliatory measures by other governments may cause multifaceted effects on the economy, and may adversely impact the company and its Indian Investments' operations by causing supply chain disruptions, economic downturn, inflationary pressures, and uncertainty in the capital markets. While the management teams of the company's Indian

Investments are taking steps to mitigate any potential negative impact on their respective businesses, given that the developments are ongoing with respect to these tariffs and other measures, their impacts are uncertain and could adversely affect the company's business, financial condition and results of operation.

Market Risk

Market risk, comprised of foreign currency risk, interest rate risk and other price risk, is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument or another asset or liability will fluctuate due to changes in foreign exchange rates and produce an adverse effect on net earnings and equity when measured in Indian rupees, the company's functional currency. There were no significant changes to the company's framework used to monitor, evaluate and manage foreign currency risk at March 31, 2026 compared to December 31, 2025.

Interest Rate Risk

Interest rate risk is the risk that the fair values or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. There were no significant changes to the company's framework used to monitor, evaluate and manage interest rate risk at March 31, 2026 compared to December 31, 2025.

The company's exposure to interest rate risk decreased in the first quarter of 2026, principally reflecting the sales of Government of India bonds to fund the 5paise Rights Offer and other operating requirements. The table that follows displays the potential impact of changes in interest rates on the company's fixed income portfolio based on parallel 200 basis point shifts up and down, in 100 basis point increments, which the company believes to be reasonably possible in the current economic environment. This analysis was performed on each individual security, with the hypothetical effect on net earnings.

	March 31, 2026			December 31, 2025		
	Fair value of fixed income portfolio	Hypothetical \$ change effect on net earnings ⁽¹⁾	Hypothetical % change in fair value	Fair value of fixed income portfolio	Hypothetical \$ change effect on net earnings ⁽¹⁾	Hypothetical % change in fair value
Change in interest rates						
200 basis point increase	23,380	(801)	(3.9)%	61,964	(2,214)	(4.4)%
100 basis point increase	23,846	(406)	(2.0)%	63,366	(1,124)	(2.2)%
No change	24,325	—	—	64,810	—	—
100 basis point decrease	24,820	419	2.0 %	66,303	1,162	2.3 %
200 basis point decrease	25,330	851	4.1 %	67,841	2,359	4.7 %

(1) For the purpose of this sensitivity analysis, the hypothetical \$ change effect on net earnings includes an income tax impact that is calculated using the company's marginal tax rate. Actual income tax expense (recovery) may differ significantly when earnings (losses) are realized.

Certain shortcomings are inherent in the method of analysis presented above. Computations of the prospective effects of hypothetical interest rate changes are based on numerous assumptions, including the maintenance of the level and composition of fixed income securities at the indicated date, and should not be relied on as indicative of future results. Actual values may differ from the projections presented should market conditions vary from assumptions used in the calculation of the fair value of individual securities; such variations include non-parallel shifts in the term structure of interest rates and a change in individual issuer credit spreads.

Market Price Fluctuations

Market price fluctuation is the risk that the fair value or future cash flows of an equity investment will fluctuate because of changes in market prices (other than those arising from interest rate risk or foreign currency risk), whether those changes are caused by factors specific to the individual investment or its issuer, or other factors affecting all similar investments in the market.

The company's exposure to market price risk decreased to \$3,432,021 at March 31, 2026 from \$3,972,524 at December 31, 2025. Refer to note 6 for the potential impact on net earnings of various combinations of changes in significant unobservable inputs in the company's internal valuation models for the company's investments classified as Level 3 in the fair value hierarchy.

The company estimates the potential impact on net earnings from a 20% increase or decrease in the fair value of its Public Indian Investments at March 31, 2026 to be a hypothetical increase or decrease in net earnings of \$139,990 (December 31, 2025 - increase or decrease in net earnings of \$211,681). For the purpose of this sensitivity analysis, the hypothetical \$ change effect on net earnings includes an income tax impact that is calculated using the company's marginal tax rate. Actual income tax expense (recovery) may differ significantly when earnings (losses) are realized.

Credit Risk

Credit risk is the risk of loss resulting from the failure of a counterparty to honour its financial obligations to the company, and arises predominantly from cash and cash equivalents and investments in debt instruments. There were no significant changes to the company's exposure to credit risk (except as set out in the discussion which follows) or the framework used to monitor, evaluate and manage credit risk at March 31, 2026 compared to December 31, 2025.

Cash and Cash Equivalents

At March 31, 2026 the company's cash and cash equivalents of \$25,577 (December 31, 2025 - \$8,112) were primarily held in major financial institutions.

Investments in Debt Instruments

At March 31, 2026 the company's debt instruments were all considered to be subject to credit risk with a fair value of \$24,325 (December 31, 2025 - \$64,810), representing 0.7% (December 31, 2025 - 1.6%) of the total cash and investments portfolio.

The composition of the company's fixed income portfolio is presented in the table below:

	March 31, 2026		December 31, 2025	
	Fair value	Rating	Fair value	Rating
Government of India bonds ⁽¹⁾	3,239	Baa3/BBB	42,558	Baa3/BBB
Other Indian Fixed Income	21,086	Not rated	22,252	Not rated
Total bonds	<u>24,325</u>		<u>64,810</u>	

(1) Rated Baa3 by Moody's and BBB by S&P at March 31, 2026 and December 31, 2025.

The company's exposure to credit risk from its investments in fixed income securities decreased at March 31, 2026 compared to December 31, 2025, principally reflecting sales of Government of India bonds to fund the 5paisa Rights Offer and other operating requirements. Except as described above, there were no other significant changes to the composition of the company's fixed income portfolio classified according to each security's respective issuer credit rating at March 31, 2026 compared to December 31, 2025.

Liquidity Risk

Liquidity risk is the risk that the company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. There were no significant changes to the company's exposure to liquidity risk (except as set out in the discussion below) or the framework used to monitor, evaluate and manage liquidity risk at March 31, 2026 compared to December 31, 2025.

The company's known significant commitments over the next twelve months are principally comprised of the third installment payment related to the Additional BIAL Investment, investment and advisory fees, interest expense, purchases of subordinate voting shares for cancellation under the company's automatic share purchase plan, and general and administration expenses. In addition, under the Investment Advisory Agreement (defined in note 11), if a performance fee is payable for the fourth calculation period ending on December 31, 2026, the performance fee will be payable in cash, or at Fairfax's option, in subordinate voting shares.

At March 31, 2026 the company's payment obligations due beyond one year primarily relate to the recurring nature of expenses described above, and a principal repayment on the Unsecured Senior Notes due in February 2028, which bear interest at a fixed rate of 5.0% per annum, payable in semi-annual installments.

At March 31, 2026, in addition to cash and cash equivalents of \$25,577, the company held common shares of Public Indian Investments which carry no selling restrictions with a fair value of \$806,856 and Government of India bonds with a fair value of \$3,239. The company expects to continue to receive investment income on its holdings of fixed income securities and dividends from its equity investments to supplement its cash and cash equivalents. The company also has the ability to sell a portion of its Indian Investments to supplement its liquidity requirements, by way of private placements or in public markets for its Public Indian Investments, or through private sales or IPOs for its Private Indian Investments. To further augment its liquidity, the company can draw upon its Revolving Credit Facility. Accordingly, the company has adequate working capital to support its ongoing operations.

Concentration Risk

The company's cash and investments are primarily concentrated in India and in Indian businesses or businesses with customers, suppliers or business primarily conducted in, or dependent on, India. The market value of the company's investments, the income generated by the company and the company's performance will be particularly sensitive to changes in the economic condition, interest rates, and regulatory environment in India. Adverse changes to the economic condition, interest rates or regulatory environment in

India may have a material adverse effect on the company's business, cash flows, financial condition and net earnings. At March 31, 2026 and December 31, 2025 the company's total cash and investments composition by the issuer's country of domicile was primarily India, and at March 31, 2026 represented 99.9% (December 31, 2025 - 99.9%) of the total cash and investments portfolio.

The company's holdings of Public and Private Indian Investments (see note 5) at March 31, 2026 and December 31, 2025 are summarized by the issuer's primary industry sector in the table below:

	March 31, 2026	December 31, 2025
Infrastructure	2,152,384	2,187,387
Financial services	780,524	1,169,086
Commercial and industrial	352,888	475,924
Ports and shipping	167,311	162,379
	<u>3,453,107</u>	<u>3,994,776</u>

The company's investment limit for an Indian Investment in accordance with the Investment Concentration Restriction (as defined in the company's annual consolidated financial statements for the year ended December 31, 2025) decreased at March 31, 2026 from December 31, 2025 based on the change in its asset base. Indian Investments may be financed through equity or debt offerings as part of the company's objective to reduce its cost of capital and provide returns to common shareholder. At March 31, 2026 the company determined that it was in compliance with the Investment Concentration Restriction.

Capital Management

The company's objectives when managing capital are to protect its lenders, to safeguard its ability to continue as a going concern, and to maintain an optimal capital structure to reduce the cost of capital in order to optimize returns for common shareholders. The company will seek attractive risk-adjusted returns, but will at all times seek downside protection and attempt to minimize the loss of capital. Total capital (comprised of borrowings, common shareholders' equity and non-controlling interests) decreased to \$3,212,704 at March 31, 2026 from \$3,733,686 at December 31, 2025, principally reflecting a decrease in common shareholders' equity.

Common shareholders' equity decreased to \$2,560,434 at March 31, 2026 from \$3,079,648 at December 31, 2025 primarily reflecting a net loss attributable to shareholders of \$370,806 and unrealized foreign currency translation losses attributable to shareholders of \$148,478 during the first quarter of 2026. Non-controlling interests decreased to \$153,269 at March 31, 2026 from \$155,168 at December 31, 2025.

11. Related Party Transactions

Payable to Related Parties

The company's payable to related parties (excluding amounts related to Unsecured Senior Notes discussed below) was comprised as follows:

	March 31, 2026	December 31, 2025
Investment and advisory fees	9,385	10,960
	<u>9,385</u>	<u>10,960</u>

Investment Advisory Agreement

The company and its subsidiaries have entered into an agreement with Fairfax and the Portfolio Advisor to provide administration and investment advisory services to the company and its subsidiaries (the "Investment Advisory Agreement"). As compensation for the provision of these services, the company and its subsidiaries pay an investment and advisory fee, and if applicable, a performance fee. Such fees are determined with reference to the company's common shareholders' equity.

Performance Fee

The period from January 1, 2024 to December 31, 2026 (the "fourth calculation period") is the next consecutive three-year period for which a performance fee, if applicable, will be accrued. Under the Investment Advisory Agreement, if a performance fee is payable for the fourth calculation period ending on December 31, 2026, the performance fee will be payable in cash, or at Fairfax's option, in subordinate voting shares. The number of subordinate voting shares to be issued will be calculated based on the volume-weighted average trading price of the company's subordinate voting shares for the 10 trading days prior to and including the last day of the calculation period.

At March 31, 2026 and December 31, 2025 the company determined that no performance fee accrual was required related to the fourth calculation period. Accordingly, no performance fee was recorded in the consolidated statements of earnings (loss) in the first quarter of 2026 (2025 - nil).

Investment and Advisory Fees

The investment and advisory fees recorded in the consolidated statements of earnings (loss) for the first quarter of 2026 were \$10,803 (2025 - \$9,399).

Unsecured Senior Notes

Fairfax, through its subsidiaries, holds \$58,400 of the Unsecured Senior Notes under the same terms as the other participants. Amounts due to related parties related to the Unsecured Senior Notes were comprised as follows:

	March 31, 2026	December 31, 2025
Principal portion, presented within borrowings on the consolidated balance sheet	58,400	58,400
Interest portion, presented within accrued interest expense on the consolidated balance sheet	276	1,006
	<u>58,676</u>	<u>59,406</u>

Interest expense recorded in the consolidated statements of earnings (loss) for the first quarter of 2026 included \$730 related to amounts due to related parties (2025 - \$730). Refer to note 7 for further details on the Unsecured Senior Notes.

Fairfax's Voting Rights and Equity Interest

At March 31, 2026 Fairfax, through its subsidiaries, owned 30,000,000 multiple voting shares (December 31, 2025 - 30,000,000) and owned and/or exercised control or direction over 28,504,470 subordinate voting shares (December 31, 2025 - 28,504,470) of Fairfax India. At March 31, 2026 Fairfax's aggregate ownership, control and/or direction of the subordinate voting shares and multiple voting shares represented a 95.3% voting interest and a 43.6% equity interest (December 31, 2025 - 95.3% and 43.6%) in Fairfax India.

12. General and Administration Expenses

General and administration expenses for the three months ended March 31 were comprised as follows:

	First quarter	
	2026	2025
Audit, legal, tax, and professional fees	623	582
Salaries and employee benefit expenses	733	504
Administrative expenses	497	451
Other	91	111
	<u>1,944</u>	<u>1,648</u>

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Management's Discussion and Analysis of Financial Condition and Results of Operations (as of April 30, 2026)

(Figures and amounts are in US\$ and \$ thousands except share and per share amounts and as otherwise indicated. Figures may not add due to rounding.)

Notes to Management's Discussion and Analysis of Financial Condition and Results of Operations

- (1) Readers of the Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") should review the notes to the interim consolidated financial statements for the three months ended March 31, 2026 and the company's 2025 Annual Report.
- (2) Unless otherwise noted, consolidated financial information of the company within this MD&A is derived from the consolidated financial statements of the company prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") applicable to the preparation of interim financial statements, including International Accounting Standard 34 *Interim Financial Reporting*, and is presented in U.S. dollars with the Indian rupee as the functional currency of the company and its consolidated subsidiaries.
- (3) Management analyzes and assesses the financial position of the consolidated company in various ways. Certain of the measures included in this interim report, which have been used consistently and disclosed regularly in the company's Annual Reports and interim financial reporting, do not have a prescribed meaning under IFRS Accounting Standards and may not be comparable to similar measures presented by other companies. Please refer to the Glossary of Non-GAAP and Other Financial Measures located at the end of this MD&A for details of the company's measures.

Business Developments

Overview

Fairfax India Holdings Corporation's ("the company" or "Fairfax India") subordinate voting shares trade on the Toronto Stock Exchange ("TSX") under the symbol FIH.U. The multiple voting shares of the company are not publicly traded. Fairfax Financial Holdings Limited ("Fairfax") is Fairfax India's ultimate parent and acts as its administrator. Fairfax is a holding company which, through its subsidiaries, is engaged in property and casualty insurance and reinsurance and the associated investment management. Hamblin Watsa Investment Counsel Ltd. (the "Portfolio Advisor"), a wholly-owned subsidiary of Fairfax and registered portfolio manager in the province of Ontario, is the portfolio advisor of the company and its consolidated subsidiaries, responsible to source and advise with respect to all investments.

Book Value per Share

Common shareholders' equity at March 31, 2026 was \$2,560,434 (December 31, 2025 - \$3,079,648). The book value per share at March 31, 2026 was \$19.08 compared to \$22.94 at December 31, 2025, representing a decrease in the first quarter of 2026 of 16.8%, principally reflecting a net loss attributable to shareholders of \$370,806 and unrealized foreign currency translation losses attributable to shareholders of \$148,478.

	March 31, 2026	December 31, 2025
Common shareholders' equity	2,560,434	3,079,648
Number of common shares effectively outstanding	134,218,804	134,218,804
Book value per share	\$19.08	\$22.94

Summary of Indian Investments

Throughout this MD&A, the term "Indian Investments" refers to deployed capital invested in Public and Private Indian Investments as disclosed in note 5 (Indian Investments) to the interim consolidated financial statements for the three months ended March 31, 2026. Detailed descriptions of the Indian Investments committed to, acquired and sold in the first quarter of 2026 are provided in the Indian Investments section of this MD&A.

Track Record

The table below provides a summary of the company's existing and monetized Indian Investments, including their compounded annualized return in U.S. dollars since the company's inception, and reflects the sale of the investment in Sanmar completed in April 2026:

March 31, 2026							
	Initial investment date	Ownership %	Cash consideration ⁽¹⁾	Fair value	Net change	Cumulative interest and dividends ⁽²⁾	Compounded annualized return ⁽³⁾
Existing Indian Investments:							
Public Indian Investments:							
Common stocks:							
IIFL Finance ⁽⁴⁾	December 2015	15.2 %	101,118	290,677	189,559	21,536	14.8 % *
IIFL Capital ⁽⁴⁾	December 2015	27.2 %	51,055	216,626	165,571	22,699	17.8 % *
Spaisa ⁽⁴⁾	December 2015	24.5 %	16,603	19,853	3,250	—	2.4 % *
Fairchem Organics ⁽⁵⁾	February 2016	57.2 %	34,203	32,957	(1,246)	3,350	0.9 %
CSB Bank	October 2018	40.0 %	136,348	246,743	110,395	—	8.7 %
			<u>339,327</u>	<u>806,856</u>	<u>467,529</u>	<u>47,585</u>	<u>12.6 %</u>
Private Indian Investments:							
Common stocks:							
NCML	August 2015	91.0 %	188,288	39,691	(148,597)	823	(14.5)%
BIAL ⁽⁶⁾	March 2017	74.0 %	1,157,982	2,152,384	994,402	2,241	10.3 %
IH Fund ⁽⁷⁾	January 2019	—	9,872	6,625	(3,247)	6,273	3.3 %
Seven Islands	March 2019	48.5 %	83,846	167,311	83,465	70,355	16.8 %
Maxop	November 2021	67.0 %	51,448	88,740	37,292	—	14.5 %
Jaynix	February 2022	70.0 %	32,504	59,531	27,027	8,097	19.6 %
Global Aluminium	October 2024	65.0 %	82,729	84,736	2,007	—	1.6 %
Other Indian Fixed Income	November 2023	—	24,013	21,086	(2,927)	537	(4.4)%
			<u>1,630,682</u>	<u>2,620,104</u>	<u>989,422</u>	<u>88,326</u>	<u>8.2 %</u>
Total existing Indian Investments			<u>1,970,009</u>	<u>3,426,960</u>	<u>1,456,951</u>	<u>135,911</u>	<u>9.3 %</u>
Monetized Indian Investments:							
Partially monetized ⁽⁸⁾:							
CSB Bank	October 2018	June 2024	33,144	71,298	38,154	—	15.5 %
IIFL Finance ⁽⁴⁾	December 2015	December 2023	35,711	177,324	141,613	7,467	24.9 % *
Fairchem Organics ⁽⁵⁾	February 2016	February 2022	7,787	45,585	37,798	86	49.7 %
			<u>76,642</u>	<u>294,207</u>	<u>217,565</u>	<u>7,553</u>	<u>25.5 %</u>
Fully monetized:							
Sanmar ⁽⁹⁾	April 2016	April 2026	516,112	460,637	(55,475)	—	(5.1)%
Saurashtra	February 2017	November 2025	30,018	74,623	44,605	16,581	14.2 %
Other Indian Fixed Income	November 2021	February 2025	7,395	7,547	152	1,077	5.1 %
Other Public Indian Investments	March 2018	July 2024	182,148	286,033	103,885	9,326	27.7 %
NSE	July 2016	April 2024	26,783	188,948	162,165	15,048	32.8 %
360 ONE ⁽⁴⁾	December 2015	May 2023	107,044	243,465	136,421	40,492	16.7 % *
Privi Speciality ⁽⁵⁾	August 2016	April 2021	54,975	164,895	109,920	1,985	27.1 %
			<u>924,475</u>	<u>1,426,148</u>	<u>501,673</u>	<u>84,509</u>	<u>13.3 %</u>
Total monetized Indian Investments			<u>1,001,117</u>	<u>1,720,355</u>	<u>719,238</u>	<u>92,062</u>	<u>15.1 %</u>

* Aggregate: IIFL Finance, IIFL Capital, Spaisa and 360 ONE

17.2 %

- (1) Cash consideration and cash proceeds reflect U.S. dollar amounts translated from Indian rupees at foreign currency exchange rates at time of purchase or sale.
- (2) Cumulative interest and dividends is comprised of interest and dividend income recorded and received over the period of the company's investment.
- (3) Compounded annualized return reflects the U.S. dollar annualized internal rate of return calculated for each of the company's existing and monetized Indian Investments, taking into account (i) the timing of cash flows (including cash consideration of purchases, cash proceeds on sales, cumulative interest and dividends received, and return of capital distributions) over the period of the company's investment, and (ii) the fair value at the end of the reporting period for existing Indian Investments.
- (4) In December 2015 and February 2017 the company acquired common shares of IIFL Holdings Limited ("IIFL Holdings") for aggregate cash consideration of \$276,734. In October 2017 IIFL Holdings spun off its wholly-owned subsidiary, Spaisa, and in May 2019, also spun off its wholly-owned subsidiaries IIFL Capital and 360 ONE WAM Limited ("360 ONE"), and renamed the remaining business to IIFL Finance. As a result, the initial cash consideration of \$276,734 paid for IIFL Holdings and cumulative interest and dividends have been allocated to each of the spun-off entities based on their respective fair values at the dates of spin off. Cash consideration also includes cash paid for purchases subsequent to spin offs.
- (5) Cash consideration for Fairchem Organics and Privi Speciality Chemicals Limited ("Privi Speciality") reflects the company's initial cash consideration for Fairchem Speciality Limited and Privi Organics Limited, respectively, prior to their merger in 2017 and demerger in 2020. Cash consideration for Fairchem Organics also includes cash paid for purchases subsequent to the demerger.

- (6) Cash consideration for BLAL includes remaining deferred consideration of \$76,500 to be paid in the third quarter of 2026.
- (7) Cash consideration for IH Fund reflects the company's initial cash consideration less return of capital distributions received in cash.
- (8) On partially monetized investments, cash consideration and cumulative interest and dividends reflect amounts proportionate to shares sold.
- (9) Comprised of Sanmar equity (sold in April 2026 for gross proceeds of \$26,764) and Sanmar bonds (matured in December 2019). Cash proceeds for Sanmar bonds reflect the bonds' total principal and interest.

Operating Environment

Global Economic Environment

According to the World Economic Outlook (April 2026) published by the International Monetary Fund ("IMF"), global growth is projected at 3.1% for 2026 and 3.2% in 2027 (2026 revised down from 3.3% since the January 2026 update). The conflict in the Middle East has added significant headwinds to an already challenging environment. Through its effects on commodity markets, inflation expectations, and financial conditions, impacts are expected to be more severe for emerging markets and developing economies compared to that of advanced economies. Other downside risks include larger fiscal deficits and increasing public debt, which could put pressure on long term interest rates and overall broader financial conditions.

Global inflation is projected to increase reflecting expected higher energy and food prices, with headline inflation increasing from 4.1% in 2025 to 4.4% in 2026, before falling back to 3.7% in 2027. Sustained strong productivity growth slowly converging back to historical norms would provide support for disinflation. While artificial intelligence ("AI") adoption and productivity gains continue to present an upside, a re-evaluation of profit expectations from AI could lead to a decline in investment and trigger a correction in financial markets. Upside activity could also be supported by renewed momentum for structural reforms and by a sustained easing in trade tensions.

Indian Economy

According to latest data released by the Government of India, India's GDP growth is projected at 6.9% for fiscal year 2027, which is subdued compared to the 7.6% growth estimated for fiscal year 2026. The recent volatility stemming from the conflict in the Middle East, principally from supply chain disruptions and elevated energy prices, is expected to impact momentum in the near term, however growth is expected to improve in the latter half of fiscal year 2027. While risks to inflation were also identified due to higher energy prices and potential weather disruptions impacting food prices, headline inflation in India is still expected to remain contained and within the target range, at around 4.6% for fiscal year 2027. Additionally, the recent GST rationalization, rising capacity utilization in manufacturing, and healthy balance sheets of financial institutions should continue to support domestic demand. In the April 2026 World Economic Outlook, the IMF estimated India's GDP growth to be 6.5% for fiscal year 2027, supported by strong momentum from the prior year and lower U.S. tariffs on Indian goods, which will help offset adverse impacts of the Middle East conflict.

The Reserve Bank of India ("RBI") maintained its benchmark rate at 5.25% during both of its monetary policy meetings in February and April 2026. The RBI noted it is prudent to assess the changing circumstances and balance of risks. While geopolitical conflicts and supply chain disruptions present a challenging environment, India's strong economic fundamentals provide it with the resilience to withstand these shocks. As such, the RBI also maintained its monetary policy stance at 'neutral'.

Indian Market Indices and Foreign Exchange Rate

Global equity markets fell during the first quarter of 2026. A sharp geopolitical shock came in February 2026 with the escalation of conflict in the Middle East, triggering a surge in oil prices, and higher inflation and interest rate expectations. While some net exporters of oil may have benefitted from the elevated oil prices, India underperformed compared to other emerging markets due to its reliance on imported oil, in addition to currency exposure and as foreign selling intensified due to the oil shock.

The U.S. dollar S&P BSE Sensex decreased by 19.6% in the first quarter of 2026 primarily reflecting increased market uncertainty arising from the conflict in the Middle East. The Indian rupee weakened against the U.S. dollar, reflecting depreciation of 5.2% in the first quarter of 2026.

Consistent with the performance of the U.S. dollar S&P BSE Sensex, the fair values of the company's publicly traded Indian Investments experienced heightened volatility during the first quarter of 2026. In line with the depreciation of the Indian rupee, the company recorded unrealized foreign currency translation losses as the company's net assets and net earnings are primarily denominated in Indian rupees.

The company's Indian Investments face varying degrees of impact in response to changes in the global economic environment. Further discussion specific to each Indian Investment, including potential impacts related to U.S. tariffs and the conflict in the Middle East, are included in the Indian Investments section under the respective heading of each Indian Investment of this MD&A.

Business Objectives

Investment Objective

Fairfax India is an investment holding company whose objective is to achieve long term capital appreciation, while preserving capital, by investing in public and private equity securities and debt instruments in India and Indian businesses or other businesses with customers, suppliers or business primarily conducted in, or dependent on, India ("Indian Investments"). The company makes all or substantially all of its investments either directly or through one of its wholly-owned consolidated subsidiaries based in Mauritius, FIH Mauritius Investments Ltd ("FIH Mauritius") and FIH Private Investments Ltd ("FIH Private"). In 2019 the company formed Anchorage, a consolidated subsidiary of FIH Mauritius based in India.

Investment Restrictions

There have been no changes in the first quarter of 2026 to the company's investment restrictions. At March 31, 2026 the company determined that it was in compliance with the Investment Concentration Restriction as defined in the company's 2025 Annual Report.

Indian Investments

Cautionary Statement Regarding Financial Information of Significant Indian Investments

Fairfax India has agreed to voluntarily provide within the MD&A, summarized financial information prepared in accordance with recognition, measurement and presentation principles consistent with IFRS Accounting Standards for Indian Investments for which it had previously filed a business acquisition report in accordance with section 8.2 of National Instrument 51-102 *Continuous Disclosure Obligations*. IIFL Finance Limited, IIFL Capital Services Limited, Bangalore International Airport Limited and CSB Bank Limited (collectively, "Significant Indian Investments"), prepare their financial statements in accordance with Indian Accounting Standards ("Ind AS"), with the exception of the financial statements of CSB Bank, which are prepared in accordance with Indian Generally Accepted Accounting Principles ("Indian GAAP") as a result of the RBI's decision to defer implementation of Ind AS for scheduled commercial banks until further notice. Ind AS are based on and substantially converged with IFRS Accounting Standards. Fairfax India is limited with respect to the amount of independent verification it is able to perform on the Significant Indian Investments' financial statements. The summarized financial information contained in this MD&A was prepared exclusively for Fairfax India. Such financial information is the responsibility of the respective management teams and has been prepared by them using recognition, measurement and presentation principles consistent with IFRS Accounting Standards, and provided to the company in Indian rupees.

The company's Significant Indian Investments' fiscal years each end on March 31. Summarized financial information of the company's Significant Indian Investments has generally been provided for the periods subsequent to the company's investment and to the extent that the most recent interim financial information is available to the company's management. Significant Indian Investments' summarized financial information should be read in conjunction with Fairfax India's historical consolidated financial statements including the notes thereto and the related MD&A as well as Fairfax India's other public filings.

Fairfax India has no knowledge that would indicate that the Significant Indian Investments' summarized financial information contained herein requires material modifications. However, readers are cautioned that the Significant Indian Investments' summarized financial information contained in this MD&A may not be appropriate for their purposes.

Public Indian Investments

The fair values of Fairfax India's Public Indian Investments, with shares listed on both the BSE and the National Stock Exchange of India ("NSE of India"), are determined using the bid prices of those investments (without adjustments or discounts) at the balance sheet date.

The changes in fair value of the company's Public Indian Investments for the first quarters of 2026 and 2025 are presented in the tables disclosed in note 5 (Indian Investments) to the interim consolidated financial statements.

Investment in IIFL Finance Limited

Business Overview

IIFL Finance Limited ("IIFL Finance") is a publicly traded retail-focused non-bank financial company ("NBFC") located in Mumbai, India that offers diversified loan products, including home loans, gold loans, micro, small and medium enterprise loans and microfinance loans, in addition to its non-core segments of loans for construction and real estate finance, and capital market finance.

Key Business Drivers, Events and Risks

IIFL Finance's key business drivers include its access to well-diversified sources of funds, a diversified asset portfolio with a strategic focus on households, and its extensive network of physical branches and various digital channels, which enable it to deliver credit to underserved segments and under penetrated geographical areas in India. At March 31, 2026 IIFL Finance had over 4,800 branches across India, making it one of the largest retail focused non-banking financial companies.

IIFL Finance's current strategy focuses on driving growth through collateral-backed retail lending across high-growth and resilient segments by leveraging its vast distribution network, and strategic alliances with banks and fintech institutions. This strategy is underscored by IIFL Finance's deep management expertise, a technology-driven operating model, and its commitment to maintaining a strong risk and compliance framework through multi-layered monitoring and robust controls.

At March 31, 2026 IIFL Finance had assets under management ("AUM") of approximately \$11.4 billion (1,082 billion Indian rupees) (December 31, 2025 - \$10.9 billion (983 billion Indian rupees)), comprised of gold loans (49%), home loans (30%), micro, small and medium enterprise loans (10%), and microfinance (8%), with the remainder relating to non-core and discontinued segments. Consistent with broader macroeconomic trends, certain microfinance, housing and unsecured business loan segments have faced higher asset quality stress, prompting IIFL Finance to adopt a disciplined risk approach by exiting select higher-risk segments and rebalancing its loan portfolio. IIFL Finance's well-diversified asset portfolio is predominantly retail in nature with small loan ticket sizes, mitigating the risk of asset concentration and exposure to cyclical movements.

Valuation and Interim Consolidated Financial Statement Impact

At March 31, 2026 the fair value of the company's investment in IIFL Finance was \$290,677 (December 31, 2025 - \$438,146) comprised of 64,552,521 common shares representing a 15.2% equity interest (December 31, 2025 - 15.2%). IIFL Finance's share price decreased by 30.0% from 610.05 Indian rupees per share at December 31, 2025 to 427.10 Indian rupees per share at March 31, 2026.

In the first quarter of 2026 the consolidated statements of earnings (loss) included dividend income earned from the company's investment in IIFL Finance of \$2,820 (2025 - nil).

IIFL Finance's Summarized Financial Information

IIFL Finance's fiscal year ends on March 31. Summarized below are IIFL Finance's balance sheets at December 31, 2025 and March 31, 2025.

Balance Sheets

(unaudited - US\$ thousands)

	December 31, 2025⁽¹⁾	March 31, 2025⁽¹⁾
Financial assets	8,765,913	7,639,273
Non-financial assets	284,270	274,880
Financial liabilities	7,316,015	6,239,646
Non-financial liabilities	48,331	41,822
Total equity	1,685,837	1,632,685

(1) The net assets of IIFL Finance were translated at December 31, 2025 at \$1 U.S. dollar = 89.88 Indian rupees and at March 31, 2025 at \$1 U.S. dollar = 85.47 Indian rupees. The exchange rates used were the spot rates prevailing on those respective dates.

Financial assets increased principally reflecting increases to its loan portfolio and investments. Non-financial assets increased primarily due to higher prepaid expenses and other advances, partially offset by a decrease in deferred tax assets. Financial liabilities increased primarily reflecting net proceeds from borrowings and debt securities, in addition to higher payables principally related to IIFL Finance's assigned and securitized loan portfolio. Non-financial liabilities increased primarily due to an increase in deferred tax liabilities and provisions.

Summarized below are IIFL Finance's statements of earnings for the nine months ended December 31, 2025 and 2024.

Statements of Earnings

(unaudited - US\$ thousands)

	Nine months ended December 31, 2025 ⁽¹⁾	Nine months ended December 31, 2024 ⁽¹⁾
Revenue	1,109,508	911,176
Earnings before income taxes	180,474	47,394
Net earnings	136,673	38,962

(1) Amounts for the nine months ended December 31, 2025 and 2024 were translated using the average exchange rates of \$1 U.S. dollar = 87.32 Indian rupees and \$1 U.S. dollar = 83.88 Indian rupees prevailing during those periods.

Revenue increased primarily reflecting higher interest income consistent with an increase in AUM, combined with net gains on derecognition of financial instruments compared to net losses in the prior period. Earnings before income taxes and net earnings increased primarily due to higher revenue, and the impact of a provision of approximately \$70 million (5.9 billion Indian rupees) recorded in the prior period related to the restructuring of certain assets. This was partially offset by higher finance costs, impairment provisions (excluding the provision described above), and other administrative expenses, as well as higher tax expenses compared to the prior period.

Investment in CSB Bank Limited

Business Overview

CSB Bank Limited ("CSB Bank") is a publicly traded company located in Thrissur, India, established in 1920 and is a full-service bank offering retail banking, non-resident Indian banking services, small-to-medium enterprise ("SME") and wholesale banking services through 862 branches and 832 automated teller machines across India.

Key Business Drivers, Events and Risks

CSB Bank's key business drivers relate to its ability to provide financial services in India, particularly in the areas of retail, SMEs, gold and corporate lending and to mobilize low cost deposits in the form of current accounts, savings accounts and non-resident Indian deposits. CSB Bank's vision is to transition from a small bank to mid-sized bank by fiscal year 2030 ("Sustain Build and Scale", or "SBS 2030"), by focusing on the following pillars: (i) culture and leadership; (ii) governance and compliance; (iii) risk management; (iv) customer centricity; and (v) technology. As part of its 2030 vision, CSB Bank also aims to leverage its universal banking license and expand its services in the non-gold loan portfolio. During the "Sustain" and "Build" phases, CSB Bank diversified and enhanced its product portfolio, maintained a strategic emphasis on its gold loan segment, and successfully transitioned to its new centralized banking system which will enable consistent service and accelerate growth. CSB Bank will embark on the "Scale" phase beginning fiscal year 2027 with a focus on retail growth by further enhancing its product suite to cater to diverse customer segments, while delivering sustained value creation. Additionally, CSB Bank has substantially implemented its loan management and origination systems and is leveraging enhanced technology to ensure seamless processes, well-customized products and a superior digital experience. These initiatives are expected to translate to improved customer experience and acquisition rates.

CSB Bank emphasizes a balance between advances and deposits, both of which demonstrated growth that outpaced industry trends during 2025. At December 31, 2025 CSB Bank reported gross loans and advances of \$4.1 billion (372 billion Indian rupees) comprised of gold loans (51%), wholesale loans (24%), retail loans (13%) and SME loans (12%), and deposits of \$4.5 billion (405 billion Indian rupees), of which 21% was comprised of lower cost, current and savings accounts. While gold loans continue to drive growth, CSB Bank aims to strengthen its SME, wholesale and retail lending segments.

Banks in India are highly regulated by the RBI including specific regulations on shareholder voting rights, shareholdings and board representation. The company is subject to a dilution schedule from the RBI, requiring the company to bring down its shareholding in CSB Bank to 30.0% within 10 years and 26.0% within 15 years of the investment completion date of August 7, 2019.

Valuation and Interim Consolidated Financial Statement Impact

At March 31, 2026 the fair value of the company's investment in CSB Bank was \$246,743 (December 31, 2025 - \$353,575) comprised of 69,394,331 common shares representing a 40.0% equity interest (December 31, 2025 - 40.0%). CSB Bank's share price decreased by 26.4% from 457.95 Indian rupees per share at December 31, 2025 to 337.25 Indian rupees per share at March 31, 2026.

CSB Bank's Summarized Financial Information

CSB Bank's fiscal year ends on March 31. Summarized below are CSB Bank's balance sheets at December 31, 2025 and March 31, 2025.

Balance Sheets

(unaudited - US\$ thousands)

	December 31, 2025⁽¹⁾	March 31, 2025⁽¹⁾
Financial assets	5,903,765	5,514,085
Non-financial assets	145,835	142,805
Financial liabilities	5,513,172	5,141,012
Non-financial liabilities	11,426	7,379
Shareholders' equity	525,002	508,499

(1) The net assets of CSB Bank were translated at December 31, 2025 at \$1 U.S. dollar = 89.88 Indian rupees and at March 31, 2025 at \$1 U.S. dollar = 85.47 Indian rupees. The exchange rates used were the spot rates prevailing on those respective dates.

Financial assets increased primarily due to increased loans and advances to customers. Non-financial assets increased primarily due to intangible asset additions related to software purchases. Financial liabilities increased primarily due to higher deposits and net proceeds from borrowings. Non-financial liabilities increased primarily due to an increase in other provisions.

Summarized below are CSB Bank's statements of earnings for the nine months ended December 31, 2025 and 2024.

Statements of Earnings

(unaudited - US\$ thousands)

	Nine months ended December 31, 2025⁽¹⁾	Nine months ended December 31, 2024⁽¹⁾
Revenue	240,837	200,112
Earnings before income taxes	70,103	68,122
Net earnings	52,212	50,670

(1) Amounts for the nine months ended December 31, 2025 and 2024 were translated using the average exchange rates of \$1 U.S. dollar = 87.32 Indian rupees and \$1 U.S. dollar = 83.88 Indian rupees prevailing during those periods.

Revenue increased primarily due to higher net interest income principally reflecting higher loans and advances, and higher net fee and commission income. Earnings before income taxes and net earnings increased primarily due to higher revenue described above, partially offset by higher impairment losses on financial assets and employee benefits expenses.

Investment in IIFL Capital Services Limited

Business Overview

IIFL Capital Services Limited ("IIFL Capital") is a publicly traded independent full-service retail and institutional brokerage and investment advisory firm located in Mumbai, India, providing diversified financial services which include broking services, wealth management, financial products distribution, institutional research and investment banking services.

Key Business Drivers, Events and Risks

IIFL Capital is a key player in both retail and institutional segments of the capital market, with a wide distribution network of over 3,100 external wealth managers and over 100 branches across India. IIFL Capital's current strategy for growth involves the transformation of its legacy execution-focused platform into a comprehensive wealth management platform with a focus on the affluent segment, while leveraging its market-leading institutional broking and investment banking franchises. As the wealth management business gains momentum, IIFL Capital expects its revenue profile to diversify further and recalibrate towards a higher share of recurring revenue, thereby reducing the risk of market-related volatility. IIFL Capital's significant presence in investment banking and institutional broking businesses is expected to offer synergies through the wide customer base of diverse investors, shared market intelligence, and strong capabilities in research and execution.

At December 31, 2025 IIFL Capital's non-institutional business segment had AUM of approximately \$29.0 billion (2,606 billion Indian rupees). IIFL Capital's institutional broking franchise business provides comprehensive research coverage for 315 stocks in more than 20 sectors, accounting for over 70% of India's market capitalization. The investment banking business continues to have a strong deal pipeline despite recent volatility across capital markets, completing 45 transactions during 2025, including the largest IPO in India during the year.

Valuation and Interim Consolidated Financial Statement Impact

At March 31, 2026 the fair value of the company's investment in IIFL Capital was \$216,626 (December 31, 2025 - \$341,610) comprised of 84,641,445 common shares representing a 27.2% equity interest (December 31, 2025 - 27.2%). IIFL Capital's share price decreased by 33.1% from 362.75 Indian rupees per share at December 31, 2025 to 242.75 Indian rupees per share at March 31, 2026.

In the first quarter of 2026 the consolidated statements of earnings (loss) included dividend income earned from the company's investment in IIFL Capital of \$2,774 (2025 - \$2,932).

IIFL Capital's Summarized Financial Information

IIFL Capital's fiscal year ends on March 31. Summarized below are IIFL Capital's balance sheets at September 30, 2025 and March 31, 2025.

Balance Sheets

(unaudited - US\$ thousands)

	September 30, 2025⁽¹⁾	March 31, 2025⁽¹⁾
Financial assets	957,147	866,780
Non-financial assets	66,756	64,027
Financial liabilities	695,755	623,202
Non-financial liabilities	11,104	13,944
Total equity	317,044	293,661

(1) IIFL Capital's balance sheet information is only available on a semi-annual basis at March 31 and September 30. The net assets of IIFL Capital were translated at September 30, 2025 at \$1 U.S. dollar = 88.79 Indian rupees and at March 31, 2025 at \$1 U.S. dollar = 85.47 Indian rupees. The exchange rates used were the spot rates prevailing on those respective dates.

Financial assets increased principally reflecting higher loan receivables related to margin trading facilities, in addition to higher client and exchange receivables. Non-financial assets increased primarily due to an increase in capital and other advances and current tax assets, partially offset by lower fixed assets and right of use assets. Financial liabilities increased primarily reflecting net proceeds from debt securities during the period, partially offset by net repayments on other borrowings. Non-financial liabilities decreased primarily due to a decrease in statutory dues and advances from customers.

Summarized below are IIFL Capital's statements of earnings for the nine months ended December 31, 2025 and 2024.

Statements of Earnings

(unaudited - US\$ thousands)

	Nine months ended December 31, 2025⁽¹⁾	Nine months ended December 31, 2024⁽¹⁾
Revenue	223,117	237,722
Earnings before income taxes	68,903	90,765
Net earnings	51,364	69,727

(1) Amounts for the nine months ended December 31, 2025 and 2024 were translated using the average exchange rates of \$1 U.S. dollar = 87.32 Indian rupees and \$1 U.S. dollar = 83.88 Indian rupees prevailing during those periods.

Revenue decreased primarily due to lower retail brokerage income, largely reflecting the impact from regulatory changes implemented since December 2024, partially offset by higher other income primarily related to gains on sales of properties. Earnings before income taxes decreased primarily due to higher employee and administrative expenses, principally arising from investments to support the growth of the new wealth management business, in addition to lower revenue as discussed above. The decrease in net earnings was additionally impacted by an adjustment to prior period taxes relating to incremental taxes paid in connection with an ongoing tax assessment, partially offset by lower current tax expenses.

Investment in Fairchem Organics Limited

Business Overview

Fairchem Organics Limited ("Fairchem Organics") is a publicly traded specialty chemical manufacturer located in Ahmedabad, India. Fairchem Organics manufactures oleochemicals used in the paints, inks, adhesives, lubricants and cosmetics industries, as well as intermediate neutraceutical and health products. It has developed an in-house technology that uses machinery designed and manufactured by leading European companies to physically separate and convert waste generated during the production of soya, sunflower and corn oils into valuable neutraceutical and fatty acids.

Key Business Drivers, Events and Risks

Fairchem Organics' key business drivers relate to the success of its oleochemicals business and vertical integration into value added products, such as fatty acids and natural vitamin E. As environmental concerns have increased, the demand for sustainable and biodegradable oleochemicals used in lubricants, paper printing, paints and coatings, and animals feed industries experienced strong growth in recent years.

The close proximity to raw materials available in Asia (India, Malaysia and Indonesia) has resulted in a shift of oleochemical production away from the U.S. and Europe. As India is one of the largest consumers of soft oils, the easy access to raw materials and lower costs, combined with efficient manufacturing processes and strong customer and supplier relationships have provided Fairchem Organics with certain competitive advantages over its international peers. Fairchem Organics also has little or no direct competition for some of its products and is recognized for the superior quality of its products. These competitive advantages continue to be maintained through research and development aimed at improving product yield, and optimizing manufacturing processes while ensuring quality.

Fairchem Organics' current growth initiatives include investing in the development of new value-added oleochemical products through forward integration processes and introduction of new raw materials, increasing capacity, and enhancing its customer base by diversifying into new geographical markets and creating new applications for prime products. Fairchem Organics expects significant growth in the application of its new high-grade isostearic product in the cosmetics industry as certifications have been received and trials by international consumers have been completed.

The closure of a U.S. dimer acid manufacturing facility in 2025 tightened market supply, leading to higher demand and improved pricing realizations for Fairchem Organics' products. Furthermore, competitive pricing for exports is expected to improve in the near term as a result of the reduction in the tariffs imposed by the U.S. on Indian goods, in addition to the free trade agreements with the United Kingdom and European Union.

Valuation and Interim Consolidated Financial Statement Impact

In January 2026, Fairchem Organics completed a share buyback from its shareholders, resulting in the purchase for cancellation of 425,000 shares for approximately \$3.7 million (340 million Indian rupees). The company did not tender any shares and as a result, its equity interest in Fairchem Organics increased from 55.3% to 57.2%.

At March 31, 2026 the fair value of the company's investment in Fairchem Organics was \$32,957 (December 31, 2025 - \$57,971) comprised of 7,202,656 common shares representing a 57.2% equity interest (December 31, 2025 - 55.3%). Fairchem Organics' share price decreased by 40.0% from 723.40 Indian rupees per share at December 31, 2025 to 434.00 Indian rupees per share at March 31, 2026.

Investment in 5paisa Capital Limited

Business Overview

5paisa Capital Limited ("5paisa") is a publicly traded online financial services provider located in Mumbai, India with a "do-it-yourself" investment brokerage model that allows customers to execute investment transactions for low brokerage fees. 5paisa is primarily engaged in providing a technology platform through online and mobile applications for trading securities on the BSE and NSE of India.

Key Business Drivers, Events and Risks

5paisa's key business driver relates to its ability to provide digital investment and lending solutions, a relatively newer segment with the potential to achieve critical mass in the near future with the spread of the Internet, mobile penetration, telecommunication and data services throughout India. 5paisa's services are targeted towards retail investors and high volume traders who actively invest and trade in securities markets, and seek "do-it-yourself" services at a low cost. 5paisa remains focused on innovation, driven by an understanding of customer behaviour, and constantly strives to achieve technological superiority through the developments of its robust trading platform, advanced mobile app, its AI powered robo-advisory platform, and the paperless account opening process.

As previously noted, the Securities and Exchange Board of India ("SEBI"), the principal regulator of the securities market in India, announced several regulatory changes during 2024 to reduce market speculation and volatility, promote fairness in the industry, and increase transparency for retail investors. These regulatory modifications contributed to reduced client participation particularly in the derivatives segment, resulting in subdued exchange turnover over 2025. While these changes had an adverse impact on 5paisa's profitability, market participants have largely adjusted to the new regulatory norms and turnover volumes are recovering, with strong domestic institutional investment and traction in retail participation reflecting improved market sentiment.

At March 31, 2026 the 5paisa mobile application reached 23.4 million users and its total customer base exceeded 5.2 million. During the first quarter of 2026, over 97% of customer acquisitions were attributed to customers onboarded to the digital platform without intervention or assistance. 5paisa continues to focus on innovation and investing in new technologies to elevate the trading experience, improving the quality of customer acquisitions, as well as strengthening revenue and optimizing costs.

On March 11, 2026 5paisa announced a rights offering for existing shareholders to participate in a common shareholder issuance on a pro rata basis of 1 newly issued equity share for every 2 equity shares held, at a price of 300.00 Indian rupees per share ("5paisa Rights Offer"). The 5paisa Rights Offer was completed in April 2026 and raised aggregate proceeds of approximately \$50 million (4.7 billion Indian rupees), which will be used towards the repayment of borrowings and to strengthen the capital base of 5paisa.

Valuation and Interim Consolidated Financial Statement Impact

At March 31, 2026 the fair value of the company's investment in 5paisa was \$19,853 (December 31, 2025 - \$28,759) comprised of 7,670,130 common shares representing a 24.5% equity interest (December 31, 2025 - 24.6%). 5paisa's share price decreased by 27.2% from 337.00 Indian rupees per share at December 31, 2025 to 245.50 Indian rupees per share at March 31, 2026.

Subsequent to March 31, 2026

In connection with the 5paisa Rights Offer, on April 15, 2026 the company acquired 3,835,065 equity shares of 5paisa for cash consideration of \$12,320 (1.2 billion Indian rupees). As the company participated at its proportionate rights entitlement, the company's equity interest in 5paisa remained unchanged at 24.5%.

Private Indian Investments

Cautionary Statement Regarding the Valuation of Private Indian Investments

In the absence of an active market for the company's Private Indian Investments, fair values for these investments are determined by management using industry acceptable valuation methodologies after considering the history and nature of the business, operating results and financial conditions, outlook and prospects, general economic, industry and market conditions, contractual rights relating to the investment, public market comparables (if available) and, where applicable, other pertinent considerations. The process of valuing investments for which no active market exists is inevitably based on inherent uncertainties and the resulting values may differ from values that would have been used had an active market existed. The amounts at which the company's Private Indian Investments could be disposed of may differ from the fair values assigned and those differences may be material.

The changes in fair value of the company's Private Indian Investments for the first quarters of 2026 and 2025, including details on valuation methodologies and current model assumptions are discussed in note 5 (Indian Investments) to the interim consolidated financial statements.

Investment in Bangalore International Airport Limited

Business Overview

Bangalore International Airport Limited ("BIAL") is a private company located in Bengaluru, India. BIAL, under a concession agreement with the Government of India until the year 2068, has the exclusive rights to carry out the development, design, financing, construction, commissioning, maintenance, operation and management of the Kempegowda International Airport Bengaluru ("KIAB") through a public-private partnership. KIAB is the first greenfield airport in India built to the highest level of international standards through a public-private partnership. BIAL's principal lines of business are aeronautical and non-aeronautical revenue from the airport, real estate monetization and other non-airport related revenue, which includes a five-star hotel operated under the Taj brand and the operation of domestic and international lounge services at KIAB's Terminal 2.

Key Business Drivers, Events and Risks

KIAB is the busiest airport in South India, and the third largest in the country. The airport handled domestic passenger traffic of 9.5 million and international passenger traffic of 1.8 million during the first quarter of 2026, representing year over year growth of 4.8% and 13.9%, respectively. This growth has been supported by increased capacity from domestic and international carriers, and the launch of new routes. The recent escalation of geopolitical tensions in the Middle East resulted in a slowdown in international passenger traffic during March 2026, and may contribute to softer passenger traffic growth over the coming year. However, the overall impact to BIAL is mitigated by the tariff-setting mechanism (designed to generate a regulated return) and healthy coverage metrics.

In anticipation of long term growth in passenger and air traffic, BIAL's current airport infrastructure expansion plan focuses on enhancing accessibility and optimizing existing airport operations. Such plans include new airport metro stations, upgrades to existing terminals, additional airplane taxiways, and new tunnels, connectors and walkways. BIAL's plans to increase the overall capacity of

the airport also remain underway, and include the construction of the second phase of Terminal 2 by fiscal year 2029 and a third terminal building by fiscal year 2034. The combined capacity of the existing terminal, Terminal 2 and Terminal 3 is expected to be beyond 90 million passengers per annum.

BIAL, with support from the Government of Karnataka, has also entered into various partnerships with major Indian airlines (Air India and IndiGo) and aerospace companies for the construction of comprehensive maintenance, repair and overhaul facilities for aircrafts and other aerospace facilities on BIAL's monetizable leasehold land. These strategic alliances are expected to boost air travel connectivity to and from India and will help establish KIAB as a premier aviation hub for Southern India, driving growth in both domestic and international passenger traffic.

As Bengaluru's historically populated areas have become congested, the city is expanding towards the airport's direction. Therefore, BIAL's growth will also be supported by its real estate monetization plans, which include the development of Bengaluru Airport City as a world class mixed-use destination. Several key assets are in varying stages of development and construction.

In 2025, BIAL refinanced its borrowings through the issuance of non-convertible debentures for approximately 90 billion Indian rupees (approximately \$1.0 billion), representing the largest unlisted private placement of non-convertible debentures in India's airport sector. The refinancing provides for a 15-year tenure and significant savings in borrowing costs due to an AAA credit rating, enabling BIAL to conserve capital and focus resources on funding its capital expansion plans.

Valuation and Interim Consolidated Financial Statement Impact

On February 20, 2025 the company, through FIH Mauritius, completed the acquisition of an additional 10.0% equity interest in BIAL from Siemens Project Ventures GmbH ("Siemens") for a purchase price of \$255,000 (22.1 billion Indian rupees) ("Additional BIAL Investment").

In accordance with the terms of the transaction, on the closing date, the company paid an initial installment of \$84,150 and delivered a letter of credit in favour of Siemens, representing the deferred purchase price of \$170,850. On August 26, 2025 the company paid the second installment of \$94,350, and subsequently reduced the outstanding letter of credit to \$76,500. Refer to note 7 (Borrowings, under the heading Revolving Credit Facility) to the interim consolidated financial statements for the three months ended March 31, 2026 for further details. At March 31, 2026 the payable for securities purchased of \$76,500 presented in the company's consolidated balance sheet reflects the third and final installment to be paid to Siemens in the third quarter of 2026.

At March 31, 2026 the company held a 74.0% equity interest in BIAL (December 31, 2025 - 74.0%), and its internal valuation model indicated that the fair value of the company's investment in BIAL was \$2,152,384 (December 31, 2025 - \$2,187,387).

At March 31, 2026 the company held 43.6% out of its 74.0% (December 31, 2025 - 43.6% out of its 74.0%) equity interest in BIAL through Anchorage. As a result, the company's fully-diluted equity interest in BIAL was 69.0% (December 31, 2025 - 69.0%). Refer to note 8 (Total Equity, under the heading Non-controlling interests) to the interim consolidated financial statements for the three months ended March 31, 2026 for further discussion on Anchorage.

BIAL's Summarized Financial Information

BIAL's fiscal year ends on March 31. Summarized below are BIAL's balance sheets at December 31, 2025 and March 31, 2025.

Balance Sheets

(unaudited - US\$ thousands)

	December 31, 2025⁽¹⁾	March 31, 2025⁽¹⁾
Current assets	613,444	441,651
Non-current assets	1,448,886	1,464,611
Current liabilities	147,197	185,861
Non-current liabilities	1,476,089	1,348,890
Shareholders' equity	439,044	371,511

(1) The net assets of BIAL were translated at December 31, 2025 at \$1 U.S. dollar = 89.88 Indian rupees and at March 31, 2025 at \$1 U.S. dollar = 85.47 Indian rupees. The exchange rates used were the spot rates prevailing on those respective dates.

Current assets increased primarily reflecting higher cash flows from operations, in addition to an increase in other assets relating to subleases and statutory tax advances. Non-current assets in U.S. dollars decreased principally due to the weakening of the Indian rupee relative to the U.S. dollar compared to the prior period, in addition to the depreciation of property, plant and equipment and lower deferred tax assets. This was partially offset by capital expenditure additions related to BIAL's airport infrastructure expansion plan and an increase in investments in subleases. Current liabilities decreased and non-current liabilities increased, primarily reflecting the refinancing of BIAL's term loans through longer-tenured non-convertible debentures as described above. The increase in non-current

liabilities was additionally impacted by increased rent and security deposits received from subleases, as well as long term capital expenditure holdback payables.

Summarized below are BIAL's statements of earnings for the nine months ended December 31, 2025 and 2024.

Statements of Earnings

(unaudited - US\$ thousands)

	Nine months ended December 31, 2025 ⁽¹⁾	Nine months ended December 31, 2024 ⁽¹⁾⁽²⁾
Revenue	411,097	351,310
EBITDA	292,021	245,119
Net earnings	88,316	50,717

(1) Amounts for the nine months ended December 31, 2025 and 2024 were translated using the average exchange rates of \$1 U.S. dollar = 87.32 Indian rupees and \$1 U.S. dollar = 83.88 Indian rupees prevailing during those periods.

(2) Certain prior period comparative figures have been restated for comparability to be consistent with current period's presentation.

The increase in revenue primarily reflected higher passenger traffic and air traffic movement levels across both domestic and international segments, which further translated into higher non-aeronautical revenues, and reflected higher spend by passengers. In addition, revenue benefited from higher gains recognized on sublease arrangements and increased income from hospitality and lounge services. The increase in EBITDA was principally attributable to the higher revenues as discussed above, partially offset by an increase in employee expenses, primarily arising from changes to India's labour codes implemented in November 2025. Net earnings increased primarily due to higher EBITDA, partially offset by higher tax expense consistent with improved earnings.

Investment in Seven Islands Shipping Limited

Business Overview

Seven Islands Shipping Limited ("Seven Islands"), a private company located in Mumbai, India, is the second largest private sector tanker shipping company in India and transports liquid and gas cargo along the Indian coast as well as in international waters. Its vessels are Indian owned and primarily operate as Indian registered and flagged vessels. Seven Islands' subsidiary, Seven Islands Shipping International FZE ("SISIF"), is located in the United Arab Emirates and operates foreign-flagged vessels. At March 31, 2026 Seven Islands, together with SISIF, owned 29 vessels, including 2 gas carriers, with a total deadweight capacity of approximately 1.4 million metric tons.

Key Business Drivers, Events and Risks

Seven Islands' key business drivers relate to its ability to acquire vessels from reputable vessel owners within the international market and quickly deploy those vessels through charter contracts with India's largest oil and gas companies. Seven Islands' business model is susceptible to overall shipping cycles and could be impacted by industry downturns in terms of lower rates and increased competition. However, Seven Islands operates primarily in the crude oil, oil products and liquefied petroleum gas transport segments wherein India has one of the fastest growing energy consumption rates, mitigating business deployment risk for oil and gas tankers in India in comparison with other countries. In addition, India has witnessed a decline in the fleet of other shipping companies, due to lower operational efficiencies, forming a gap that Seven Islands has been able to fill.

Seven Islands currently operates three foreign-flagged vessels under its wholly-owned subsidiary, SISIF, which is based in a free economic trade zone within the United Arab Emirates. These vessels can employ both Indian and foreign crew members, and receive certain benefits comparable to Indian owned and flagged vessels, including the absence of corporate tax.

A key focus for Seven Islands is the modernization of its fleet, as regulations currently dictate a maximum age limit for Indian vessels. India's maritime regulator has proposed a sustainability-based framework, referred to as the Revised Age Norms and Sustainability Indexing for Ships, which will use environmental and efficiency criteria to evaluate the exit age of ships. While the age norms were recently revised in January 2026 to allow certain older vessels to operate until March 31, 2029, the Sustainability Indexing of Ships remains under consideration, and could further extend the operational life of older vessels if adopted.

Geopolitical tensions continue to impact the crude oil market, affecting both oil supply chains and demand patterns. As the ban on Russian oil by western nations and the European Union remains intact, Russia has been exporting oil to China and India at higher volumes, a shift now further strengthened by the recent closure of the Strait of Hormuz, which limited India's access to Middle Eastern supply. The uncertainty arising from the escalation of conflict in the Middle East has contributed to heightened volatility in spot charter rates, however, Seven Islands remains somewhat insulated from the volatility, as the majority of its revenue contracts are on time charter for six months to over two years. Seven Islands primarily operates along the Indian coast, Persian Gulf, and Southeast

Asia, shipping oil for Indian oil companies. Seven Islands' vessels will refrain from traversing the Strait of Hormuz and Persian Gulf until there is clarity on safety of passage.

Although the majority of Seven Islands' expenses are denominated in Indian rupees, its revenues and vessel acquisitions and dispositions are denominated in U.S. dollars, mitigating the exposure to the depreciation of the Indian rupee.

Valuation and Interim Consolidated Financial Statement Impact

At March 31, 2026 the company held a 48.5% equity interest in Seven Islands (December 31, 2025 - 48.5%), and its internal valuation model indicated that the fair value of the company's investment in Seven Islands was \$167,311 (December 31, 2025 - \$162,379).

Investment in Maxop Engineering Company Private Limited

Business Overview

Maxop Engineering Company Private Limited ("Maxop"), a private company located in New Delhi, India, is a precision aluminum die casting and machining solution provider for customers in the automotive and industrial sectors. Maxop operates from ten manufacturing facilities located in India with total installed casting capacity of over 20,000 metric tons, and caters to customers in Asia, North America and Europe.

Key Business Drivers, Events and Risks

Maxop's key business drivers relate to the growing demand and increasing scope of industrial applications for aluminum die casting, a process which manufactures lightweight parts and provides high flexibility for complex shapes. The automotive industry is a major consumer of aluminum die-cast products as it provides an effective alternative to reduce vehicle weight in order to meet increasingly strict fuel economy standards. The die casting market is expected to benefit from significant growth in global demand for vehicle production, in large part due to the rising popularity of electric vehicles.

Accordingly, the automotive parts die casting segment makes up a significant portion of Maxop's revenue profile across domestic and export sales. Maxop is also a supplier of fully machined precision components, and diversifies its revenue mix by catering to general engineering product segments in the non-automotive sector with applications such as air conditioning and food processing machine parts. Maxop has also undertaken the construction of a new plant dedicated to manufacturing aluminum extrusion products, primarily catering to its existing customer base in the automotive sector. The new plant is expected to commence operations in fiscal year 2027.

The outlook for the global automotive market in 2026 is subdued amid concerns over international trade and geopolitical conflicts impacting supply chains, with wider variations notable on a regional basis. While tariffs imposed by the U.S. have raised manufacturing costs and reduced demand in the U.S., demand for automotive parts in India has risen in the near term, benefitting from recent GST reforms as the tax savings helped make vehicles more affordable. Maxop continues to actively work with customers to mitigate impacts from tariffs, but has also shifted focus to the domestic market to take advantage of the increase in demand, and has diversified further into non-automotive sectors. The ongoing conflict in the Middle East may also lead to higher fuel costs, supply chain disruptions, and more muted customer demand. Maxop is monitoring these risks and is poised to implement operational efficiencies and other mitigating measures as appropriate.

Maxop continues to successfully pursue new contracts and part nominations from both new and existing customers, and remains focused on key initiatives including improving operational and manufacturing processes, and expanding manufacturing facilities to serve regions and industries with significant growth outlooks. Maxop also mitigates its exposure to volatility in input prices through its aluminum processing plants, which transform scrap metal to aluminum ingots for its aluminum die casting and machinery supply segment.

Valuation and Interim Consolidated Financial Statement Impact

At March 31, 2026 the company held a 67.0% equity interest in Maxop (December 31, 2025 - 67.0%), and its internal valuation model indicated that the fair value of the company's investment in Maxop was \$88,740 (December 31, 2025 - \$95,486).

Investment in Global Aluminium Private Limited

Business Overview

Global Aluminium Private Limited ("Global Aluminium"), a private company located in Hyderabad, India, is an aluminum extrusions manufacturer with in-house capabilities to produce anodized and powder-coated aluminum products. Global Aluminium operates from two manufacturing facilities located in India with total production and value-addition capacity of approximately 65,000 metric tons.

Key Business Drivers, Events and Risks

Global Aluminium's key business drivers relate to the wide ranging application of aluminum extrusion products, particularly for premium industrial uses across diverse industries including architecture, aeronautics, electronics and electrical, and automotive sectors. As environmental concerns have increased in recent years, demand for aluminum products has particularly grown in the building and construction, automotive and renewable energy industries. A push towards electric vehicles and tightening fuel efficiency standards have increased the usage of aluminum in the automotive industry.

Global Aluminium has invested in design capabilities which allows it to focus on industrial customers with requirements for complex profiles subject to high value-addition processes. Additionally, Global Aluminium has developed a reputation for high quality products with minimal defects, quick turnaround times and highly responsive after-sales service. Its current strategic initiatives include technological upgrades to improve efficiency and customization capabilities, increasing production capacity, and expanding export revenues and value-added services. As part of these initiatives, Global Aluminium is pursuing various certifications related to sustainability as well as quality to strengthen their product offerings and enable entry into different markets.

The tariffs imposed by the U.S. remain a challenge for Global Aluminium, resulting in softer demand in the U.S. and increased competitive pressures in the European and Australian markets as Chinese exporters redirect volumes away from the U.S. Additionally, the recent escalation of conflict in the Middle East has led to elevated energy prices, which, if sustained, may adversely impact Global Aluminium's production costs. Global Aluminium intends to mitigate this risk by diversifying their fuel sources, in addition to leveraging pricing pass-through mechanisms and making a strategic shift toward segments with better cost absorption.

Global Aluminium continues to focus on growing its export sales in other countries, in addition to developing more value-added services to mitigate the impacts of tariffs and volatility arising from the conflict in the Middle East.

Valuation and Interim Consolidated Financial Statement Impact

At March 31, 2026 the company held a 65.0% equity interest in Global Aluminium (December 31, 2025 - 65.0%) and its internal valuation model indicated that the fair value of the company's investment in Global Aluminium was \$84,736 (December 31, 2025 - \$90,768).

Investment in Jaynix Engineering Private Limited

Business Overview

Jaynix Engineering Private Limited ("Jaynix"), a private company based in Gujarat, India, is a manufacturer of non-ferrous electrical connectors and electrical assemblies, and is a critical Tier 1 supplier to major electrical original equipment manufacturers primarily in North America.

Key Business Drivers, Events and Risks

Jaynix's key business drivers relate to its ability to grow its customer base and product offerings in North America and Europe while maintaining high product quality. Jaynix leverages its low-cost manufacturing operations across five manufacturing plants in India to cater to markets in North America, and has in-house capabilities to design products and scale its manufacturing production capacities. Its current growth initiatives involve increasing production capacity and developing new products, including Jaynix-branded lugs and neutral bars. Accordingly, two new factory buildings are under construction and are expected to commence operations over the next year. Additionally, investments have been made to upgrade existing machinery and acquire new machinery, including the installation of specialized sheet metal machinery to meet customer demand for complete product assemblies. Jaynix is also currently evaluating options to expand its manufacturing presence to North America.

Jaynix is able to maintain its competitive advantage as the requirement for specific certifications presents a barrier to entry for other competitors seeking to enter the North American markets, while Jaynix's management has operational expertise in obtaining and maintaining these certifications. Jaynix is also able to maintain stable product margins as raw material costs (primarily aluminum costs), are passed through to the customer.

While the tariffs imposed by the U.S. resulted in an overall slowdown in consumption in the U.S. during fiscal year 2026, the recent announcement of lower tariffs on Indian goods has improved customer sentiment, leading to resumed momentum for procurement discussions. Furthermore, in April 2026, the U.S. government signed a proclamation applicable to steel, aluminum and copper imports, which may allow Jaynix's products to qualify for a reduced 15% tariff. The recent changes to tariffs, in addition to the development of Jaynix-branded products, are expected to support growth in fiscal year 2027.

Valuation and Interim Consolidated Financial Statement Impact

At March 31, 2026 the company held a 70.0% equity interest in Jaynix (December 31, 2025 - 70.0%), and its internal valuation model indicated that the fair value of the company's investment in Jaynix was \$59,531 (December 31, 2025 - \$65,930).

Investment in National Commodities Management Services Limited

Business Overview

National Commodities Management Services Limited ("NCML"), a private company located in Gurugram, India, is an integrated agriculture value chain solutions provider, with services including grain procurement, storage and preservation, testing and certification, collateral management, and commodity and weather intelligence. NCML also operates silos constructed under concession agreements with the Food Corporation of India ("FCI"), and an NBFC which focuses on rural and agri-business financing.

Key Business Drivers, Events and Risks

NCML's key business drivers relate to its ability to achieve long term modernization of its grain storage facilities, the expansion of its commodity management solutions line of business with adjacent services, and the stable operation of its silo assets under concession agreements with the FCI.

At March 31, 2026, all seven of NCML's silo projects were operational. The successful completion and handover of these projects to the FCI represents a significant operational milestone, and reflects the conclusion of a multi-year construction and commissioning phase. While construction delays resulted in certain penalties imposed by the FCI that temporarily restricted profitability, the commencement of operations is expected to contribute to a more stable and predictable operating profile going forward.

Market conditions for the Indian agriculture business are influenced by a range of factors, including weather conditions, crop production and demand, and government policy. Against a backdrop of higher stock availability, softening prices and improved production estimates, the Indian government has recently lifted certain export restrictions and stock limits on commodities. These measures are expected to support domestic price stability, enhance market liquidity, and facilitate more efficient stock rotation. NCML continues to closely monitor market demand in order to optimize its warehousing capacity and utilization, while also implementing cost rationalization initiatives to mitigate margin pressures from rising operating costs under current market conditions.

NCML's overall business growth continues to be constrained by funding limitations, therefore NCML has focused on strengthening its liquidity. Additional capital may also be released through the sale of excess land parcels and warehouse assets, and the scaling down of businesses with less favourable risk-reward characteristics.

Valuation and Interim Consolidated Financial Statement Impact

NCML Common Shares

At March 31, 2026 the company held a 91.0% equity interest in NCML (December 31, 2025 - 91.0%), and its internal valuation model indicated that the fair value of the company's equity investment in NCML was \$39,691 (December 31, 2025 - \$41,896).

NCML Non-convertible Debentures

In 2023 the company invested \$24,013 (2.0 billion Indian rupees) in 9.47% unsecured non-convertible debentures ("NCML NCD"), due November 8, 2028. At March 31, 2026 the fair value of the company's investment in the NCML NCD was \$21,086 (including a deferred loss of \$1,943) (December 31, 2025 - \$22,252, including a deferred loss of \$2,220), and is presented within Other Indian Fixed Income in the table disclosed earlier in the Summary of Indian Investments section.

At March 31, 2026 the company's interest receivable included a carrying value of \$2,303 (December 31, 2025 - \$2,430) related to interest receivable on the NCML NCD. To help alleviate NCML's liquidity challenges due to delays in asset monetizations, the company has allowed NCML to defer interest payments on the NCML NCD accrued since January 1, 2024.

Investment in Sanmar Chemical Enterprises Limited

Sanmar Chemical Enterprises Limited ("Sanmar"), a private company located in Chennai, India, is one of the largest polyvinyl chloride manufacturers in India.

At March 31, 2026 the company's investment in Sanmar had a fair value of \$26,147 based on the transaction price of 2.5 billion Indian rupees in connection with the sale of its entire investment to an affiliate of Sanmar on April 9, 2026. At December 31, 2025 the company's internal valuation model indicated that the fair value of the company's investment in Sanmar was \$101,621.

Investment in India Housing Fund

India Housing Fund ("IH Fund") is a closed-ended fund of 360 ONE Private Equity Fund registered as a Category II Alternative Investment Fund ("AIF") under SEBI AIF Regulations.

At March 31, 2026 the company estimated the fair value of its investment in IH Fund was \$6,625 (December 31, 2025 - \$6,996).

During the first quarter of 2026 the company did not receive distributions or dividend income from its investment in IH Fund. During the first quarter of 2025 the company received distributions from IH Fund of \$85 and the consolidated statements of earnings (loss) included dividend income earned from IH Fund of \$66.

Results of Operations

Fairfax India's consolidated statements of earnings (loss) for the three months ended March 31 are shown in the following table:

	First quarter	
	2026	2025
Income		
Interest	626	3,196
Dividends	5,594	2,998
Net realized gains on investments	826	616
Net change in unrealized losses on investments	(345,375)	(222,862)
Net foreign exchange gains (losses)	(30,837)	3,245
	<u>(369,166)</u>	<u>(212,807)</u>
Expenses		
Investment and advisory fees	10,803	9,399
General and administration expenses	1,944	1,648
Interest expense	6,757	6,755
	<u>19,504</u>	<u>17,802</u>
Loss before income taxes	(388,670)	(230,609)
Recovery of income taxes	(24,319)	(19,142)
Net loss	<u>(364,351)</u>	<u>(211,467)</u>
Attributable to:		
Shareholders of Fairfax India	(370,806)	(211,224)
Non-controlling interests	6,455	(243)
	<u>(364,351)</u>	<u>(211,467)</u>
Net loss per basic and diluted share	\$ (2.76)	\$ (1.57)

The key components of results of operations for and first quarter of 2026 (with comparisons to the first quarter of 2025, except as otherwise noted) included the following:

Net change in unrealized losses on investments of \$345,375 in the first quarter of 2026 (2025 - \$222,862) were principally driven by changes in market prices of Public Indian Investments and fair values of Private Indian Investments determined using industry accepted valuation techniques and models. For more information on Indian Investments, see the Indian Investments section of this MD&A. For further analysis of the changes in fair value of Indian Investments for the first quarters of 2026 and 2025, refer to note 5 (Indian Investments) to the interim consolidated financial statements for the three months ended March 31, 2026.

Net realized gains on investments of \$826 and \$616 in the first quarters of 2026 and 2025 principally related to realized gains on sales of Government of India bonds.

Net foreign exchange losses of \$30,837 compared to net foreign exchange gains of \$3,245 were principally due to the depreciation of the Indian rupee against the U.S. dollar during the first quarter of 2026, and primarily arose from foreign exchange losses on the company's U.S. dollar denominated borrowings.

Interest income of \$626 decreased from \$3,196 principally as a result of decreased holdings of Government of India bonds.

Dividends of \$5,594 in the first quarter of 2026 were comprised of dividends received from IIFL Finance and IIFL Capital, compared to dividends received of \$2,998 in the first quarter of 2025 from IIFL Capital and IH Fund.

Total expenses of \$19,504 increased from \$17,802, primarily due to higher investment and advisory fees and general and administration expenses.

Recovery of income taxes of \$24,319 in the first quarter of 2026 (2025 - \$19,142) primarily reflected a recovery of deferred income taxes as a result of net unrealized losses on the company's investments in equity shares acquired or spun out subsequent to April 1, 2017, in addition to current taxes recognized related to withholding taxes on dividends received. Refer to note 9 (Income Taxes) to the interim consolidated financial statements for the three months ended March 31, 2026.

Consolidated Balance Sheet Summary

The company's consolidated balance sheet at March 31, 2026 (with comparisons to December 31, 2025, except as otherwise noted) was primarily comprised of the following:

Total Assets

Total assets at March 31, 2026 of \$3,485,705 (December 31, 2025 - \$4,049,757) were principally comprised as follows:

Cash and cash equivalents increased to \$25,577 at March 31, 2026 from \$8,112 at December 31, 2025 principally due to sales of Government of India bonds and receipt of dividend and interest income, partially offset by payments of interest on borrowings, letter of credit fees, and investment and advisory fees.

Bonds and Common stocks - The company is actively seeking investment opportunities in India and will continue to redirect capital from its cash and cash equivalents and Government of India bonds into Indian Investments as and when those opportunities are identified. For more information, see the Indian Investments section of this MD&A. For more information on the company's total cash and investments holdings of \$3,481,923 at March 31, 2026 (December 31, 2025 - \$4,045,446) see note 6 (Cash and Investments) to the interim consolidated financial statements for the three months ended March 31, 2026.

Interest receivable decreased to \$2,507 at March 31, 2026 from \$2,996 at December 31, 2025, principally due to the receipt of interest income from the company's investments in Government of India bonds.

Total Liabilities and Equity

Total liabilities at March 31, 2026 of \$772,002 (December 31, 2025 - \$814,941) were principally comprised as follows:

Accrued interest expense of \$2,529 at March 31, 2026 (December 31, 2025 - \$8,787) was comprised of accrued interest expense for the company's \$500,000 principal, 5.0% unsecured senior notes ("Unsecured Senior Notes") which are due in semi-annual installments, and accrued letter of credit fees.

Income taxes payable of \$891 at March 31, 2026 (December 31, 2025 - \$922) was primarily comprised of a provision relating to a prior year tax assessment.

Payable to related parties of \$9,385 at March 31, 2026 (December 31, 2025 - \$10,960) was comprised of investment and advisory fees payable to Fairfax. At March 31, 2026 and December 31, 2025 the company determined that no performance fee accrual was required related to the fourth calculation period.

Payable for securities purchased of \$76,500 at March 31, 2026 (December 31, 2025 - \$76,500) was comprised of the third installment payment related to the Additional BIAL Investment to be paid in the third quarter of 2026.

Deferred income taxes decreased to \$182,684 at March 31, 2026 from \$217,859 at December 31, 2025 primarily as a result of the reversal of prior period deferred taxes recognized due to unrealized losses on the company's investments in IIFL Capital, CSB Bank, Sanmar and IIFL Finance, in addition to foreign currency translation impact due to the depreciation of the Indian rupee against the U.S. dollar during the period. The above was partially offset by deferred taxes recognized resulting from unrealized gains on the company's investments in BIAL and Seven Islands.

Borrowings increased to \$499,001 at March 31, 2026 from \$498,870 at December 31, 2025 reflecting the amortization of issuance costs on the Unsecured Senior Notes.

Total equity at March 31, 2026 of \$2,713,703 (December 31, 2025 - \$3,234,816) was comprised of common shareholders' equity of \$2,560,434 (December 31, 2025 - \$3,079,648) and non-controlling interests of \$153,269 (December 31, 2025 - \$155,168). Refer to note 8 (Total Equity) to the interim consolidated financial statements for the three months ended March 31, 2026 for further details.

Financial Risk Management

The primary goals of the company's financial risk management program are to ensure that the outcomes of activities involving elements of risk are consistent with the company's objectives and risk tolerance, while maintaining an appropriate balance between risk and reward and protecting the company's consolidated balance sheets from events that have the potential to materially impair its financial strength. There were no significant changes in the types of the company's risk exposures or the process used by the company for managing those risk exposures at March 31, 2026 compared to those identified at December 31, 2025 and disclosed in the company's 2025 Annual Report, other than as outlined in note 10 (Financial Risk Management) to the interim consolidated financial statements for the three months ended March 31, 2026.

Capital Resources and Management

For a detailed analysis, refer to note 10 (Financial Risk Management, under the heading Capital Management) to the interim consolidated financial statements for the three months ended March 31, 2026.

Liquidity

For a detailed discussion on short term and long term liquidity requirements and sources of liquidity, refer to note 10 (Financial Risk Management, under the heading Liquidity Risk) to the interim consolidated financial statements for the three months ended March 31, 2026.

Highlights in the first quarter of 2026 (with comparisons to the first quarter of 2025) of major components of the statements of cash flows are presented in the following table:

	First quarter	
	2026	2025
Operating activities		
Cash used in operating activities excluding the impact of net sales (purchases) of investments	(19,583)	(18,866)
Purchases of investments	—	(87,660)
Sales of investments	37,791	69,071
Cash provided by (used in) operating activities	18,208	(37,455)
Increase (decrease) in cash and cash equivalents during the period	18,208	(37,455)

"Cash used in operating activities excluding the impact of net sales (purchases) of investments" provides a measure of cash generated by (used in) the company's head office operations, primarily comprised of cash inflows (outflows) from interest and dividend income, performance fees, investment and advisory fees, interest expense, current income taxes and general and administration expenses, and excludes the impact of purchases and sales of investments. Cash used in operating activities excluding the impact of net sales (purchases) of investments of \$19,583 in the first quarter of 2026 increased from \$18,866 in the first quarter of 2025 primarily due to lower cash received from interest and dividends and higher investment and advisory fees paid, partially offset by decreased income taxes paid.

Purchase of investments of \$87,660 in the first quarter of 2025 related to the first installment payment on the Additional BIAL Investment and purchases of Government of India bonds.

Sales of investments of \$37,791 in the first quarter of 2026 related to sales of Government of India bonds. Sales of investments of \$69,071 in the first quarter of 2025 primarily related to sales of Government of India bonds and redemption of Other Indian Fixed Income.

Contractual Obligations

The company's contractual obligations principally relate to its borrowings, fees due to Fairfax under the terms of the Investment Advisory Agreement, and the remaining installment payment related to the Additional BIAL Investment as discussed in the Indian Investments section of this MD&A. Refer also to note 7 (Borrowings) and note 11 (Related Party Transactions) to the interim consolidated financial statements for the three months ended March 31, 2026 for further details on borrowings and fees due to Fairfax.

Other

Quarterly Data (unaudited)

<i>US\$ thousands, except per share amounts</i>	March 31, 2026	December 31, 2025	September 30, 2025	June 30, 2025	March 31, 2025	December 31, 2024	September 30, 2024	June 30, 2024
Income (loss)	(369,166)	441,701	49,034	330,925	(212,807)	2,824	88,724	290,795
Expenses	19,504	22,358	19,886	19,238	17,802	18,367	18,462	18,611
Provision for (recovery of) income taxes	(24,319)	60,158	13,333	33,128	(19,142)	15,444	32,950	18,037
Net earnings (loss)	(364,351)	359,185	15,815	278,559	(211,467)	(30,987)	37,312	254,147
Net earnings (loss) attributable to shareholders	(370,806)	340,415	3,222	278,113	(211,224)	(35,782)	33,971	254,142
Net earnings (loss) per basic and diluted share	\$ (2.76)	\$ 2.53	\$ 0.02	\$ 2.06	\$ (1.57)	\$ (0.27)	\$ 0.25	\$ 1.88
<i>Indian rupees and in millions, except per share amounts ⁽¹⁾</i>	March 31, 2026	December 31, 2025	September 30, 2025	June 30, 2025	March 31, 2025	December 31, 2024	September 30, 2024	June 30, 2024
Income (loss)	(33,799)	38,602	4,291	28,602	(18,433)	261	7,403	24,151
Expenses	1,786	1,985	1,736	1,647	1,542	1,551	1,547	1,553
Provision for (recovery of) income taxes	(2,226)	5,261	1,159	2,862	(1,658)	1,303	2,751	1,500
Net earnings (loss)	(33,359)	31,356	1,396	24,093	(18,317)	(2,593)	3,105	21,098
Net earnings (loss) attributable to shareholders	(33,949)	29,713	307	24,054	(18,296)	(2,995)	2,827	21,098
Net earnings (loss) per basic and diluted share	(252.94)	220.57	2.28	178.42	(135.69)	(22.19)	20.92	156.11

(1) Presented in the company's functional currency.

Forward-Looking Statements

This interim report may contain forward-looking statements within the meaning of applicable securities legislation. Forward-looking statements may relate to the company's or an Indian Investment's future outlook and anticipated events or results and may include statements regarding the financial position, business strategy, growth strategy, budgets, operations, financial results, taxes, dividends, plans and objectives of the company. Particularly, statements regarding future results, performance, achievements, prospects or opportunities of the company, an Indian Investment, or the Indian market are forward-looking statements. In some cases, forward-looking statements can be identified by the use of forward-looking terminology such as “plans”, “expects” or “does not expect”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates” or “does not anticipate” or “believes”, or variations of such words and phrases or state that certain actions, events or results “may”, “could”, “would”, “might”, “will” or “will be taken”, “occur” or “be achieved”.

Forward-looking statements are based on our opinions and estimates as of the date of this interim report and they are subject to known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, level of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking statements, including but not limited to the following factors: oil price risk; geographic concentration of investments; potential lack of diversification; foreign currency fluctuation; volatility of the Indian securities markets; investments may be made in foreign private businesses where information is unreliable or unavailable; valuation methodologies involve subjective judgments; financial market fluctuations; pace of completing investments; minority investments; reliance on key personnel and risks associated with the Investment Advisory Agreement; disruption of the company's information technology systems could significantly affect the company's business; lawsuits; use of leverage; significant ownership by Fairfax may adversely affect the market price of the subordinate voting shares; trading price of subordinate voting shares relative to book value per share; weather risk; taxation risks; emerging markets; legal, tax and regulatory risks; MLI; economic risk; reliance on trading partners; and economic disruptions from global conflicts and the development of other geopolitical events worldwide. Additional risks and uncertainties are described in the company's annual information form dated March 6, 2026 which is available on SEDAR+ at www.sedarplus.ca and on the company's website at www.fairfaxindia.ca. These factors and assumptions are not intended to represent a complete list of the factors and assumptions that could affect the company. These factors and assumptions, however, should be considered carefully.

Although the company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The company does not undertake to update any forward-looking statements contained herein, except as required by applicable securities laws.

Glossary of Non-GAAP and Other Financial Measures

Management analyzes and assesses the financial position of the consolidated company in various ways. Certain of the measures included in this interim report, which have been used consistently and disclosed regularly in the company's Annual Reports and interim financial reporting, do not have a prescribed meaning under IFRS Accounting Standards and may not be comparable to similar measures presented by other companies.

Supplementary Financial Measures

Book value per share – The company considers book value per share a key performance measure in evaluating its objective of long term capital appreciation, while preserving capital. This measure is also closely monitored as it is used to calculate the performance fee, if any, to Fairfax. This measure is calculated by the company as common shareholders' equity divided by the number of common shares outstanding. Those amounts are presented in the consolidated balance sheet and note 8 (Total Equity, under the heading Common Stock) respectively within the interim consolidated financial statements for the three months ended March 31, 2026.

Cumulative interest and dividends – The company uses this measure to monitor cash flows generated from interest and dividend income for each Indian Investment. This measure is calculated by the company as the sum of interest and dividend income recorded and received over the period of the company's investment.

Compounded annualized return – The company uses this measure to assess the performance of its investments. This measure represents the U.S. dollar annualized internal rate of return and is calculated for each of the company's existing and monetized Indian Investments, taking into account (i) the timing of cash flows (including cash consideration of purchases, cash proceeds on sales, cumulative interest and dividends received, and return of capital distributions) over the period of the company's investment, and (ii) the fair value at the end of the reporting period for existing Indian Investments.

Non-GAAP Financial Measures

Cash used in operating activities excluding the impact of net sales (purchases) of investments – The company uses this measure to monitor the cash generated by (used in) the company's head office operations, primarily comprised of cash inflows (outflows) from interest and dividend income, performance fees, investment and advisory fees, interest expense, current income taxes and general and administration expenses, and excludes the impact of purchases and sales of investments. This measure is a component of cash provided by (used in) operating activities as presented in the consolidated statement of cash flows within the interim consolidated financial statements for the three months ended March 31, 2026.

Cash and marketable securities – The company uses this measure to monitor short term liquidity risk. This measure is calculated by the company as the sum of cash, cash equivalents, short term investments and Government of India bonds. Those amounts are presented in note 6 (Cash and Investments) within the interim consolidated financial statements for the three months ended March 31, 2026.

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