

Quarterly Financial Report

VIA HFR – VIA TGF Inc.
For the Period Ended June 30, 2025



Table of Contents

Management's Discussion and Analysis _____ 3

VIA HFR – VIA TGF Inc. Mandate _____ 3

High-Speed Rail Network Project _____ 3

Objectives, Activities, and Expected Results for 2025-26 _____ 5

Risk Management _____ 7

Analysis of Financial Results _____ 9

Quarterly Financial Statements (unaudited) _____ 10

Statement of Management Responsibility (unaudited) _____ 10

Statement of Financial Position (unaudited) _____ 11

Statement of Operations (unaudited) _____ 12

Statement of Change in Net Financial Assets (Net Debt) (unaudited) _____ 13

Statement of Cash Flow (unaudited) _____ 14

Notes to the Financial Statements (unaudited) _____ 15

1. Authority, Mandate and Activities _____ 15

2. Basis of Financial Statement Presentation _____ 16

3. Contingent Asset _____ 16

4. Tangible Capital Assets _____ 16

5. Accounts Payable and Accrued Liabilities _____ 17

6. Commitments _____ 17

7. Operating Expenses / Additional Information by Expense Type _____ 17

Management's Discussion and Analysis

VIA HFR – VIA TGF Inc. Mandate

Mandate

The mandate of VIA HFR–VIA TGF Inc. (the Corporation or Alto), is to develop and implement the High-Speed Rail Network project, including the design, construction, financing, operation and maintenance of a passenger rail service in Ontario and Québec through one or more agreements with the private sector, in cooperation with the Minister of Transport and Internal Trade and in accordance with the Minister's Statement of Priorities and Accountabilities.

Vision

Building the train Canada needs.

Mission

Together, we're connecting communities and driving society's progress by building a high-speed rail network.

High-Speed Rail Network Project

Shaping The Canada of Tomorrow with High-Speed Rail

The High-Speed Rail Network project is a transformational initiative by the Government of Canada to revolutionize intercity travel in the country's most densely populated corridor. This ambitious project will include the construction of nearly 1,000 km of dedicated tracks linking Québec City, Trois-Rivières, Laval, Montréal, Ottawa, Peterborough and Toronto (the Corridor). The service will operate primarily on electrified tracks, significantly reducing greenhouse gas emissions and providing a more sustainable alternative to existing intercity travel options, while driving the economy and productivity.

The project will transform the intercity travel landscape in Canada. Fast, frequent and reliable service will enable Alto to achieve the seven project outcomes set by the Government of Canada:

1. Significantly increase intercity rail passengers
2. Enhance passenger experience in the Corridor
3. Provide meaningful environmental benefits to support the Government of Canada's net-zero commitment
4. Significantly increase availability of accessible and affordable services
5. Enable safe intercity journeys
6. Minimize financial costs to taxpayers
7. Contribute positively to the Government of Canada's commitment to reconciliation with Indigenous Peoples

By increasing the service's speed, frequency and reliability, the project aims to significantly increase the number of intercity rail passengers.

The project also aims to maintain connections with the cities currently served. The High-Speed Rail Network will create opportunities to optimize local services, ensuring that all regions continue to benefit from rail connectivity.

There will be significant socio-economic benefits from the project. This structuring investment will strengthen ties between communities, improve the quality of life across populations and drive economic growth. Alto will boost prosperity and generate a 1.1% annual increase in Canada's GDP. The project will support more than 50,000 jobs during the construction period, contribute to Canada's climate goals, foster meaningful partnerships with Indigenous communities, and save travellers money. This is consistent with the Government of Canada's priorities for economic prosperity and sustainable growth. The project will support the predicted population increase within the Corridor, which is expected to increase by 30% by 2041.

Engagement with Indigenous communities is critical to the project's success. Alto aims to create mutually beneficial opportunities and contribute to the reconciliation journey by reflecting and supporting Indigenous Peoples, as well as their cultures and territories.

The Alto project is designed to be eco-conscious, with a focus on reducing emissions and promoting sustainable transportation options. This is consistent with Canada's environmental objectives and climate change commitments.

In conclusion, Alto is an important step forward for Canada's transportation sector, as it offers an innovative, environmentally friendly and cost-effective solution for intercity travel. This is a strategic initiative intended to improve the quality of life of Canadians, drive economic growth and foster a more sustainable future.

Objectives, Activities, and Expected Results for 2025-26

Objective 1: Drive The Design Development of a Passenger Rail Service in the Corridor

Activities:

- In 2025-26, Alto will focus on the completion of stage 1 and the progression to stage 2 of the co-development phase of the project. Initial stages of the Co-Development include the establishment of Projet Cadence Rail S.E.C. (Cadence) as the private developer partner (PDP) and their mobilisation while Alto becomes the project authority.

Expected results:

- Cadence project team mobilized.
- Governance and Collaboration Plan agreed upon with governance working groups and joint project charter established with PDP.
- Strategy established for engagement with Host Railways.
- Land Management Plan validated with systems and processes implemented with identification of initial landowners complete.
- Stage 1 pre-development agreement plans and submittals validated.
- Procurement strategy and way forward agreed on between Alto and the PDP with procurement plan approved and procurement register updated.

Status:

- On track, stage 1 was well underway at June 30, 2025 and expected to conclude as planned in July 2025.

Objective 2: Foster Indigenous Partnerships, Engage Stakeholders, and Other Partners Effectively

Activities:

- Continue to foster partnerships through relationship building with Indigenous communities, entities, and organizations and engage stakeholders and other partners effectively in order to ensure, enhance and broaden public support for the project. The project needs to be known, required and desired.

Expected results:

- Advance Indigenous reconciliation, participation and collaboration, including fulfilling the duty to consult.
- Support relations with the Government of Canada and federal partners.
- Work with provinces to advance cooperation and support of the project.
- Continue engagement with municipalities and interest groups.
- Strengthen public awareness of the project.

Status:

- On track. Engagement with Indigenous communities and key stakeholders has continued to advance. Statements of intent are progressing and anticipated to be signed in fall of 2025. Design and implementation of Indigenous collaboration readiness initiatives continues to advance as well.

Objective 3: Strengthen The Corporation**Activities:**

- Demonstrate financial sustainability and responsibility for prudent resource management while delivering on the Government mandate.

Expected results:

- Continue strengthening of corporate governance and stewardship of resources.
- Strengthen corporate services such as finance, human resources, information management (IM) and information technology (IT), facilities management and corporate infrastructure in order to support the expansion of the organization so that it can effectively advance the High-Speed Rail project.
- Corporate Plan 2025-26 is expected to seek borrowing authority that will enable Alto to enter into a lease for new office space in Ottawa.
- Recruit and retain talent and foster a culture of engagement and collaboration.
- Establish a safe and healthy workplace.
- Position the legal function to support ongoing developments with potential legislative changes and Bill C-5 affecting the Corporation and its activities.

Status:

- On track. The Corporation continues to establish its systems and processes and ensure there are proper resources in place to successfully advance the project. In particular, Alto launched a new Enterprise Resource Planning system on April 1, 2025.

Risk Management

Alto is committed to managing risk in a proactive, transparent, and consistent manner.

Through the implementation of an Enterprise Risk Management framework, Alto:

- Identifies, assesses and manages risks that may affect the achievement of its objectives,
- Integrates risk management into strategic planning and decision-making processes, and
- Creates a strong risk culture by promoting accountability and ownership of risk at all levels of the organization.

Alto has identified 21 key enterprise risks across 6 risk pillars – Strategic Risks, Financial Risks, Operational Risks, Organizational Risks, Co-Development Risks and Future Phase Risk. These enterprise level risks cascade into one or more risks as outlined in Alto's risk register and enable Alto's management and Board of Directors to focus on the most significant risks currently facing the Corporation. The risk register and taxonomy will continue to evolve over time as new risks are identified, or existing risks become more prominent or conversely are no longer considered to be significant.

All risks are defined along with their potential impact and are assessed based on likelihood and impact. If required, risk mitigation activities are identified to manage down risks to acceptable levels. Risk analysis and reporting is detailed, consistently structured and systematized to enable holistic understanding and inform discussions and decisions.

Given the status of the Alto's work, the key risks are related to the co-development work of the project. The most significant current risks and accompanying mitigation activities are summarized below:

Risk	Risk Description	Risk Mitigation Activities
Land Acquisition and Real Property	Alto incurs significant delays and/or additional costs during the design phase due to land acquisitions not progressing at the pace required to protect the project schedule.	– Work with the Government of Canada on options to streamline legislative measures by adapting them to the Alto project context and reality – Provide more efficiency and predictability with regards to the expropriation process – Request and secure the initial amount of funding to kickstart early strategic acquisitions – Following receipt of the alignment, review funding request to enable acquisitions for volume needed (12-18 month outlook) – Identify and secure the required professional services to be ready for Day 1 of the acquisition campaign – Developed an early acquisition strategy
Sustainable Development and Environment	Alto incurs significant delays and/or additional costs during the design phase due to inability or delays in obtaining the Impact Assessment decision in a timely manner.	– Early engagement with Indigenous Peoples, Impact Assessment Agency of Canada, provincial authorities, other government departments, stakeholders, and provinces to build trust and achieve earlier buy in to the project – Active representation to GoC officials to ask to be designated a project of national interest under C-5 – Active outreach to IAA and PCO – Major Projects Office to understand requirements related to impact assessment, including any changes to the current

		Impact Assessment submission requirements, approval process, and timelines – Proactively advancing all “low risk” field studies along the existing corridor
Utilities	Alto experiences significant delays or additional costs due to utilities being unwilling or unable to meet the needs of Alto in one or more of the following areas: – Utility relocates to accommodate construction, and the final network once built – Utility infrastructure investments to connect the new network to the electrical grids in Ontario and Quebec, in particular in rural and remote areas – Delivering power supply sufficient for the needs of Alto during operations.	– Early stakeholder engagement with utilities to define needs and discuss requirements for development – Single point of contact for discussion with utilities – Confirmation of timeline and resources to support project delivery with Utilities
Host Railways	Alto incurs significant delays and/or additional costs during the design phase due to inability or delays in reaching necessary agreements with host railways.	– Decrease amount of shared track and property with host railways (initially by alignment selection while balancing cost and other project outcomes) – Engage with host railways early in Co-Development to negotiate minimum operating requirements thereby providing certainty in host approvals and maturing design through stages of Co-Development

Analysis of Financial Results

This document presents information about the first quarter of operations for fiscal year 2025-26, for the period from April 1, 2025 to June 30, 2025. Over the reporting period, the Corporation continued to advance its mandate by working with Cadence to further the development of the project and is on track to complete stage 1 in the second quarter. During the quarter, the Corporation also continued to engage with stakeholders and continued to onboard resources and invest in internal capabilities to strengthen the Corporation's ability to achieve its mandate.

Since the end of the previous fiscal year on March 31, 2025, the Corporation has grown to over 167 dedicated resources as at June 30, 2025. Increasing internal capacity continues to be critical to ensure the Corporation's success as the project authority in the co-development phase and to be an effective counterparty to PDP. The Corporation also continues to build corporate infrastructure to enable effective outcomes. At the beginning of the quarter, the Corporation launched an enterprise resource planning (ERP) system, SAP, and during the quarter continued to expand its usage, with the addition of the Concur expense management platform.

The Corporation recorded an operating deficit of \$3.8M for the three-month period ended June 30, 2025. This was due to the timing of the receipt of government transfers which led to a deficit in year-to-date results. The deficit was driven by increased professional services, including costs related to co-development with the PDP, and increased payroll costs from the onboarding of additional headcount.

The operating expense level of the first quarter for fiscal 2025-26 (\$27.6M) increased by 15% (\$3.6M) since the last quarter and by 54% (\$9.6M) quarter-over-quarter. Increases are noted across the majority of expenditure categories, particularly Professional services and Compensation & benefits, as the Corporation continues its work with Cadence and build internal capacity.

The decision to launch the co-development phase, at the very end of 2024-25, was several months later than anticipated by Alto. This delayed the planned ramp-up of spending by approximately one quarter and will require Alto to move significant amounts of funding from 2025-26 into the next fiscal year. This reallocation ensures that financial resources are aligned with current project timelines and deliverables. The Corporation will continue to manage spending to ensure proper stewardship of public funds while supporting strategic priorities.

Quarterly Financial Statements (unaudited)

Statement of Management Responsibility (unaudited)

For the three months ended June 30, 2025

Management is responsible for the preparation and fair presentation of these quarterly financial statements in accordance with the Treasury Board of Canada's Directive on Accounting Standards: GC 5200 Crown Corporations Quarterly Financial Reports, and for such internal controls as management determines are necessary to enable the preparation of quarterly financial statements that are free from material misstatement. Management is also responsible for ensuring all other information in this quarterly financial report is consistent, where appropriate, with the quarterly financial statements.

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

(signed)

Martin Imbleau
President & Chief Executive Officer

Montréal, Canada
August 27, 2025

(signed)

Tom Roberts
Chief Financial & Technology Officer

Statement of Financial Position (unaudited)

(In thousands of Canadian dollars, unless otherwise indicated)

As at	Notes	June 30, 2025	March 31, 2025
FINANCIAL ASSETS			
Cash		\$ 11,423	\$ 5,786
Government funding receivable		—	6,575
TOTAL FINANCIAL ASSETS		11,423	12,361
LIABILITIES			
Accounts payable and accrued liabilities	5	16,285	12,664
TOTAL LIABILITIES		16,285	12,664
NET DEBT¹		\$ (4,862)	\$ (303)
NON-FINANCIAL ASSETS			
Tangible capital assets	4	475	303
Prepaid expenses		1,708	1,152
TOTAL NON-FINANCIAL ASSETS		2,183	1,455
ACCUMULATED (DEFICIT) SURPLUS		\$ (2,679)	\$ 1,152
Commitments	6		

¹The Net debt is due to the timing of the reception of Government funding

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

Statement of Operations (unaudited)

(In thousands of Canadian dollars, unless otherwise indicated)

For the three months ended June 30,	Notes	Annual Budget 2025-26	2025	2024
REVENUES				
Government funding		\$ 597,071	\$ 23,700	\$ 7,459
Interest revenue		—	54	125
TOTAL REVENUES AND GOVERNMENT FUNDING		597,071	23,754	7,584
EXPENSES	7	595,071	27,585	17,920
TOTAL EXPENSES		595,071	27,585	17,920
OPERATING SURPLUS (DEFICIT)		\$ 2,000	\$ (3,831)	\$ (10,336)
ACCUMULATED OPERATING SURPLUS AT BEGINNING OF PERIOD		1,152	1,152	7,435
ACCUMULATED OPERATING SURPLUS (DEFICIT) AT END OF PERIOD		\$ 3,152	\$ (2,679)	\$ (2,901)

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

Statement of Change in Net Financial Assets (Net Debt) (unaudited)

(In thousands of Canadian dollars, unless otherwise indicated)

For the three months ended June 30,	Notes	Annual Budget 2025-26	2025	2024
OPERATING (DEFICIT) SURPLUS		\$ 2,000	\$ (3,831)	\$ (10,336)
Acquisition of Tangible capital assets	4	(2,000)	(192)	–
Amortization of Tangible capital assets	4	1,749	20	3
		1,749	(4,003)	(10,333)
Change in Prepaid expenses		–	(556)	(129)
CHANGE IN NET FINANCIAL ASSETS (NET DEBT)		\$ 1,749	\$ (4,559)	\$ (10,462)
(NET DEBT) NET FINANCIAL ASSETS AT BEGINNING OF PERIOD		(303)	(303)	6,822
NET FINANCIAL ASSETS (NET DEBT) AT END OF PERIOD		\$ 1,446	\$ (4,862)	\$ (3,640)

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

Statement of Cash Flow (unaudited)

(In thousands of Canadian dollars, unless otherwise indicated)

For the three months ended June 30,	Notes	2025	2024
OPERATING TRANSACTIONS			
Operating deficit ¹		\$ (3,831)	\$ (10,336)
<u>Changes in non-cash items</u>			
Amortization of Tangible capital assets	4	20	3
Accrued interest on Investment		—	(52)
<u>Changes in non-cash working capital items</u>			
Change in Accounts payable and accrued liabilities	5	3,621	634
Change in Government funding receivable		6,575	8,396
Change in Taxes receivable	3	—	(245)
Change in Prepaid expenses		(556)	(129)
CASH PROVIDED BY (USED FOR) OPERATING TRANSACTIONS		\$ 5,829	\$ (1,729)
CAPITAL TRANSACTIONS			
Acquisition of Tangible capital assets	4	(192)	—
CASH USED FOR CAPITAL TRANSACTIONS		\$ (192)	\$ —
NET INCREASE (DECREASE) IN CASH		5,637	(1,729)
CASH, BEGINNING OF PERIOD		5,786	3,060
CASH, END OF PERIOD		\$ 11,423	\$ 1,331

¹The Operating surplus (deficit) includes interest revenue of \$54 (\$125 – June 30, 2024) from the Corporation's working capital and investments

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

Notes to the Financial Statements (unaudited)

(In thousands of Canadian dollars, unless otherwise indicated)

1. Authority, Mandate and Activities

VIA HFR – VIA TGF Inc. (the Corporation or Alto) was incorporated on November 29, 2022, under the provisions of the Canada Business Corporations Act. The Corporation reports to Parliament directly through the Minister of Transport. The Corporation's mandate, per Order in Council P.C. 2022-0259, is to develop and implement the High Frequency Rail project with the private sector, including the design, construction, financing, operation, and maintenance of passenger rail services in Ontario and Quebec. The mandate may only be amended with the approval of the Governor in Council (Order in Council P.C. 2022-0261).

The Corporation has received additional direction from the Government of Canada. On February 19, 2025, the Government of Canada announced that the Corporation (which will operate under the name Alto) will develop a high-speed rail service, partnering with the Cadence consortium which was selected as the project's private developer partner. The Government announced an investment in the co-development phase of the project, amounting to \$3.9 billion over six years, starting in 2024-25. This is in addition to funding of \$371.8 million provided in Budget 2024. On March 18, 2025, the Minister of Transport and Internal Trade issued a letter to the Chair of the Corporation's Board of Directors, instructing the Corporation to launch the co-development phase for the design the High-Speed Rail Network and to advance development of all phases comprising the corridor between Toronto to Québec City. Subsequently, on March 19, 2025, the Corporation signed a contract with Cadence setting out the terms of the co-development phase, where the Corporation will act as the Project Authority, partnering with Cadence to leverage their expertise.

The Corporation is a wholly owned subsidiary of VIA Rail Canada Inc., from which it operates at arm's length. The Corporation must comply with all provisions of Part X of the Financial Administration Act that apply as if it were a parent Crown corporation – except for sections 104.1, 105, 106, 107 and 108 in accordance with Order in Council P.C. 2022-0260. The Corporation receives funding from the Government of Canada and is exempt from income taxes in Canada. The Corporation has received Treasury Board of Canada approval for its amended 2024-25 to 2028-29 Corporate Plan. The Corporate Plan is aligned with the direction provided by the Corporation's ultimate shareholder, the Government of Canada, and reflects its plans and priorities.

On June 20, 2024, Bill C-69, *An Act to implement certain provisions of the budget* tabled in Parliament on April 16, 2024, received Royal Assent. As a result, the Corporation is an agent of His Majesty in right of Canada, with retroactive effect to November 29, 2022, the date of its incorporation. A Crown corporation that has agent status enjoys constitutional immunities, privileges and prerogatives that are enjoyed by the Crown and can bind the Crown by its acts. `

The financial statements were approved by the Board of Directors on August 27, 2025.

2. Basis of Financial Statement Presentation

These unaudited quarterly financial statements have been prepared by Management in accordance with the *Directive on Accounting Standards: GC 5200 – Crown Corporations Quarterly Financial Report*, issued by the Treasury Board Secretariat, and in compliance with Canadian Public Sector Accounting Standards (PSAS).

These statements should be read in conjunction with the Corporation's most recent audited annual financial statements as at March 31, 2025. The significant accounting policies applied in the preparation of these quarterly statements are consistent with those used in the annual financial statements.

3. Contingent Asset

In 2024-25, the Corporation revised its estimate of taxes receivable based on updated information regarding the recoverability of sales taxes as an Agent Crown corporation. The change has been accounted for prospectively and has resulted in the disclosure of a contingent asset in the amount of \$7,633 at June 30, 2025 (\$5,097 – March 31, 2025). Prior period taxes receivable has not been restated.

4. Tangible Capital Assets

	It Hardware		It Software		Furniture And Equipment		Leasehold Improvements		Total
COST									
March 31, 2025	\$	52	\$	121	\$	137	\$	24	\$ 334
Additions		—		176		—		16	192
June 30, 2025		52		297		137		40	526
ACCUMULATED AMORTIZATION									
April 1, 2025		(14)		(6)		(9)		(2)	(31)
Amortization		(3)		(9)		(7)		(1)	(20)
June 30, 2025		(17)		(15)		(16)		(3)	(51)
NET BOOK VALUE									
As at March 31, 2025	\$	38	\$	115	\$	128	\$	22	\$ 303
As at June 30, 2025	\$	35	\$	282	\$	121	\$	37	\$ 475

5. Accounts Payable and Accrued Liabilities

Accruals are made at the end of the period to present expenses and liabilities for the period. The accounts payable and accrued liabilities include the following:

As at	June 30, 2025	March 31, 2025
Accrued vacation, wages and benefits payable	\$ 3,590	\$ 2,685
Accounts payable and accrued liabilities - other	12,695	9,979
TOTAL ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	\$ 16,285	\$ 12,664

Accounts payable and accrued liabilities are short-term in nature, except for obligations under a non-registered savings plan for executives of \$75 as at June 30, 2025 (\$59 – March 31, 2025) which are included in Accrued vacation, wages and benefits payable. These amounts are payable at a future date.

6. Commitments

The Corporation has commitments due in future years for expenditures for IT services, professional services and for rent on operating leases for office space, totaling \$18,160 (\$18,081 – March 31, 2025).

The minimum payments are as follows:

As at June 30, 2025	It Services	Professional Fees	Rent	Total
2026	\$ 1,182	\$ 203	\$ 1,427	\$ 2,812
2027	990	45	1,951	2,986
2028	920	–	1,945	2,865
2029	567	–	2,050	2,617
2030 & onwards	–	–	6,880	6,880
TOTAL	\$ 3,659	\$ 248	\$ 14,253	\$ 18,160

7. Operating Expenses / Additional Information by Expense Type

For the three months ended June 30,	2025	2024
Professional services	\$ 16,556	\$ 12,882
Compensation and benefits	9,175	4,076
Other	685	175
Property space rental	495	279
Business travel	403	73
Telecommunications	271	435
TOTAL OPERATING EXPENSES	\$ 27,585	\$ 17,920