

Quarterly Financial Report

VIA HFR – VIA TGF Inc.
For the Period Ended June 30, 2026



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Management's Discussion and Analysis

MANDATE

Alto, incorporated as VIA HFR – VIA TGF Inc. (the Corporation), is mandated to develop and implement the high-speed rail network project, including the design, construction, financing, operation and maintenance of a high-speed passenger rail service in Ontario and Québec through one or more agreements with the private sector, in cooperation with the Minister of Transport.

Vision

Building the train we need.

Mission

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

Values

Alto's values form the moral and cultural foundation of the Corporation. They guide how work is conducted, how collaboration occurs, and how decisions are made, bringing coherence to actions and shaping how the Corporation advances.

Collective Commitment: Together, we're leveraging individual effort to meet shared goals and achieve a social, environmental and economic impact that is positive, equitable and inclusive.

Responsible Velocity: Together, we're striking a balance between flexibility and rigour to maintain a high level of performance within an adaptable framework.

Spirit of Initiative: Together, we dare to explore promising new horizons and take calculated risks to optimize our success.

Inspiring Collaboration: Together, we're building an inclusive and collaborative environment based on trust where each person is valued for their expertise, respected for their ideas and recognized for their contributions.

THE PROJECT AT A GLANCE

Shaping Canada's future with high-speed rail

The project is a transformational initiative by the Government of Canada to revolutionize intercity travel in the country's most densely populated region. 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 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 productivity and boosting the economy.

Alto represents a significant evolution for Canada's transportation sector. By offering a modern, sustainable, and high-performance rail network, the project will support economic growth, environmental sustainability, reconciliation with Indigenous Peoples, and improved mobility for generations of Canadians to come. The high-speed rail network is a foundational investment that will drive a fundamental shift in how millions of Canadians live, connect, and move across the corridor.

Alto will transform the future of public transportation in Canada by delivering a high-speed rail network that will achieve the seven project outcomes established by the Government of Canada.

PROJECT OUTCOMES	ASSOCIATED CONTRIBUTIONS
1. Significantly increase intercity rail passengers	By providing faster, more reliable, and more frequent train services, the project aims to significantly increase the number of intercity rail passengers, reducing road congestion and potentially decreasing reliance on other modes of transportation.
2. Enhance passenger experience in the corridor	The project will improve travel times, service reliability, and overall efficiency for travellers. It will also aim to maintain connections with cities currently served by existing rail services and create opportunities to optimize local services, ensuring continued regional connectivity while strengthening integration with new high-speed services.
3. Provide safe intercity journeys	The project will deliver modern, high-quality rail infrastructure and operations designed to ensure safe, reliable intercity travel across the corridor, aligned with leading industry standards.
4. Contribute to reconciliation with Indigenous Peoples	Engagement and consultation with Indigenous communities is integral to the project's success. Alto is committed to meaningful participation by Indigenous Peoples and to advancing reconciliation through respectful engagement, collaboration, and the development of mutually beneficial economic opportunities that reflect and support Indigenous cultures, rights, and connections to their lands.
5. Significantly increase availability of accessible and affordable services	The project will support a more accessible and more affordable transportation system, improving mobility options for communities across the corridor.
6. Minimize ongoing financial costs to taxpayers	The project is being developed with a focus on long-term efficiency and financial stability, with the objective of reducing ongoing costs to taxpayers over time.
7. Provide meaningful environmental benefits to support the Government of Canada's net-zero commitment	The project will deliver a low-carbon, electrified transportation solution aligned with Canada's climate change commitments and net-zero objectives. By reducing reliance on higher-emission modes of transportation, it is expected to lower greenhouse gas emissions over the long term.

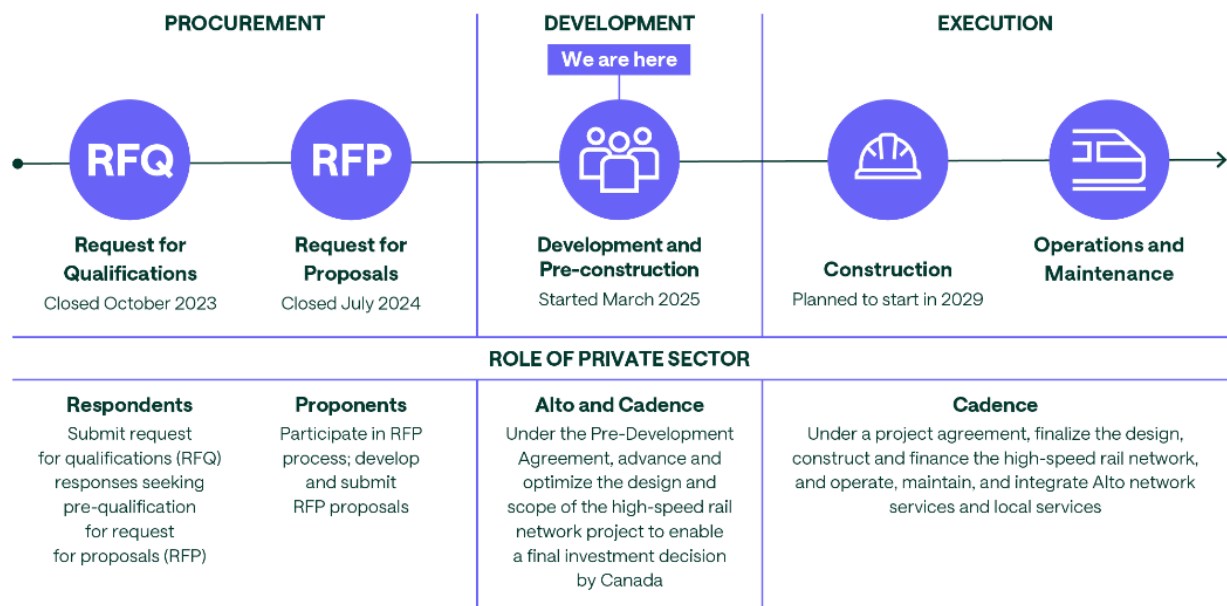
Overview of delivery phases

The Alto high-speed rail network project is advancing through a multi-year, phased approach to development and delivery, in collaboration with Cadence. This approach supports project advancement while fostering innovation, enhancing passenger rail service outcomes, strengthening risk management, with the objective of achieving better value for Canadians.

There are four stages within the development and pre-construction phase:

- Stage 1: plan validation and initial network development – *complete*
- Stage 2: network concept design development – *current stage*
- Stage 3: segment development
- Stage 4: transition to execution

In September 2025, the Government of Canada identified Alto as a transformative strategy that will receive support to accelerate development and begin construction years ahead of schedule. The start of this next phase—the construction phase—is planned for 2029.



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.

More information about the Corporation and its activities, operating environment, strategic objectives, and key planning highlights for 2026–27 to 2030–31 can be found in Alto's 2026–27 Corporate Plan Summary (the Corporate Plan Summary), available on Alto's website under About Us | Transparency and Trust (altotrain.ca).

Objectives, Activities, and Expected Results for 2026-27

KEY PRIORITY #1: DRIVE THE DESIGN AND DEVELOPMENT OF A HIGH-SPEED PASSENGER RAIL NETWORK IN THE CORRIDOR

Activities:

Accelerating the development and pre-construction phase (referred to as the “Co-development phase” in the 2026-27 Corporate Plan summary, available on Alto’s website) is a key priority for Alto in 2026-27. Alto will collaborate with and oversee the PDP to develop and optimize the whole network design, which will include establishing an initial alignment corridor and route alignment options. This work will inform future investment decisions by the Government before construction begins. Alto aims to deliver the benefits of the initiative sooner through a segmented (network approach) construction and implementation plan where city pairs are connected and commissioned before the entire network is built. This will allow Canadians to benefit sooner from more frequent, reliable, affordable and faster intercity train services. On December 12, 2025, the Government of Canada announced the Montréal to Ottawa segment as the first segment to be constructed.

Alto will continue to advance project activities in a concurrent manner leading up to key Government decision points. This approach reflects a shared commitment to timely delivery, and it will enable Alto to undertake preparatory activities and critical path decisions without waiting for sequential approvals.

Expected results:

Alto will advance the initiative by overseeing the PDP through Stage 2 of the development and pre-construction phase, developing and optimizing the design to meet or exceed project outcomes under the Pre-Development Agreement (the PDA), and presenting this work to Government to support a future investment decision on finalizing the design and advancing to execution.

Design & alignment

- Complete a detailed multicriteria analysis (MCA) and produce a preferred alignment
- Advance the design for each city-pair to a Class 3 cost estimate
- Advance technical specifications for rolling stock, civil works (grading, bridges), stations, electrification, and signaling/train control systems

Regulatory / impact assessment

- Advance the project description for the central segment with the Impact Assessment Agency of Canada
- Advance field studies, environmental compensation planning, and consultations needed to support the impact assessment

Commercial / financial

- Advance the existing business case to a higher level of financial maturity, supported by updated costs and revenues
- Progress deal structuring and negotiations with Cadence on the Execution Phase Term Sheet
- Continue overseeing PDA compliance, cost control, and contract administration
- Engage Indigenous communities and develop an Indigenous Financial Participation Strategy

Host railways, utilities, VIA Rail

- Advance memorandums of understanding (MOUs) and negotiations with host railways and utility companies
- Further develop the transition plan with VIA Rail for local services

Land acquisition

- Develop a detailed AACE Class 4 cost estimate for land acquisition
- Continue early/strategic acquisitions to protect the alignment and key parcels from speculation
- Build capacity (surveyors, appraisers, etc.) to support real property transactions

Southwestern Ontario

- Submit recommendations for enhanced passenger rail services in Southwestern Ontario to the Minister of Transport in 2026

In summary the year is about completing Stage 2 — refining a preferred alignment, advancing AACE class 4 design estimates, filing the central segment project description for impact assessment purposes, and setting up the commercial/financial and land acquisition groundwork needed to meet the 2029 construction start target date.

Status:

- On track.

KEY PRIORITY #2: FOSTER INDIGENOUS PARTNERSHIPS, ENGAGE STAKEHOLDERS, AND OTHER PARTNERS EFFECTIVELY

Activities:

Alto continues to build relationships with Indigenous groups and partners and engage stakeholders and other partners to secure and broaden public support for the initiative. Effective engagement fosters transparency, builds trust with communities along the corridor, and enables Alto to identify concerns early, which leads to more comprehensive planning and acceptable mitigation strategies. As the development and pre-construction phase advances, Alto will consult with Indigenous groups and engage with other stakeholders to collect data, receive input, and integrate that feedback into its development work.

Expected results:

Alto will foster partnerships by building relationships with Indigenous groups and partners and effectively engaging external stakeholders and other partners, including federal and other levels of government, to enhance public support. The initiative needs to be known, required, and desired. As a result, Alto will continue to establish and build awareness of the initiative and ensure that its merits are known. The Corporation will also listen to concerns early and proactively address them.

Indigenous relations

- Expand Collaboration Agreements and MOUs, work toward the 5% Indigenous procurement/employment target
- Identify adverse effects on Aboriginal/Treaty rights and produce an accommodation plan

Consultation

- Deepen engagement with stakeholders on alignment and design impacts

Government/community relations

- Build ties with provinces, municipalities, and local communities; formalize statements of intent with Ontario and Quebec

Public engagement

- Publish a report on the 2025-26 consultation campaign, hold another engagement round in 2026-27, and keep running public awareness campaigns

Community benefits

- Advance the Community Benefits Plan (local jobs, procurement, neighbourhood projects)

Knowledge partners

- Continue the Policy Innovation Lab and international rail-sector collaboration

Federal coordination

- Consulting and collaborating with Transport Canada and federal departments, including the Major Projects Office, to secure timely decisions

Status:

- On track.

KEY PRIORITY #3: ENABLE PROJECT ADVANCEMENT AND SUPPORT CORPORATE STEWARDSHIP**Activities:**

Demonstrate financial sustainability and responsibility for prudent resource management while delivering on the Government mandate. Alto will also continue to implement new strategic initiatives and build on existing tools for human resources management to shape and support the organizational culture needed to attract, mobilize, and retain a highly skilled workforce.

Expected results:

Alto will ensure effective corporate governance and prudent resource management. This will include demonstrating strong financial stewardship, seeking funding to enable the long-term stability of the Corporation, and building a strong project management culture focused on delivering Canada's largest infrastructure project. Many activities are anticipated to endure throughout the planning period. As such, the indicators and targets for long-term outcomes will be refined over the course of the development and pre-construction phase.

Corporate services

- Strengthen finance, IT, security, and facilities functions to support employees
- Move into dedicated office space in the National Capital Region in 2026-27; possible additional leases along the corridor
- Continue investing in a 100% cloud-based IT system: expanding the enterprise resource planning platform (launched April 2025), office automation/document management, geographic information system and stakeholder management software, AI strategy, and project management/controls software (schedule, risk, requirements management)

Governance & stewardship

- Ensure effective corporate governance — supporting the Board, implementing policies, maintaining cost management and internal controls
- Deliver on clear and measurable outcomes and report on performance management, PDP activities, and risk management in a transparent way

Human resources

- Advance the Employee Value Proposition to attract/retain skilled talent
- Continue embedding Alto's values into HR policies and practices
- Align the performance management process with the fiscal year starting April 1, 2026
- Formalize training and development programs
- Strengthen health and safety practices (building on the Health and Safety Committee and the Violence and Harassment Prevention Policy, both established in 2025-26) and continue implementing the Accessibility Plan (2025-2027)

Legal support

- Continue advising on a wide range of issues, including PDA management, procurement, land acquisition/utilities agreements, regulatory compliance, impact assessment process, duty to consult, access to information/privacy matters, deal structuring, IP protection, and rail safety/security

Status:

On track.

Risk Management

Risk management remains a central focus at Alto as the project advances through the development and pre-construction phase. Alto employs a robust enterprise risk management (ERM) framework to ensure risks are identified, assessed and managed.

The ERM framework enables Alto to:

- Proactively identify and prioritize the Corporation's most critical risks that, if not mitigated, would impact its ability to meet its objectives.
- Integrate risk management into the decision-making processes with respect to strategy development and resource allocation.
- Create a risk-aware culture throughout the Corporation.

Alto actively identifies and monitors risks that are present or emerging within its external and internal operating environment. Due to the nature of Alto's operations, risk management is a collaborative effort between the Corporation and Cadence. Through this collaboration, a project risk register has been developed to identify, assess and mitigate risks. The maintenance of the risk register is an ongoing process as new risks are identified and existing risks evolve. Key risks are those that may materially affect Alto's ability to deliver on its mandate and are subject to greater oversight by Alto's executive team and the Audit and Risk Committee of the Board of Directors.

RISK	RISK DESCRIPTION	MITIGATION APPROACH
Land Acquisition	Alto fails to acquire necessary land to enable scheduled construction activities.	Develop and implement a strategic land acquisition program to enable timely and efficient land assembly.
Environment and Permitting	Alto fails to obtain a favourable Impact Assessment decision and/or required permits to meet project and schedule requirements.	Engage with responsible agencies to seek regulatory clarity and confirm requirements to obtain permits and develop and implement field work program.
Construction Procurement	Alto fails to procure required materials and labour to meet project and schedule requirements.	Develop and implement a comprehensive procurement strategy to explore sourcing opportunities for materials, maintain competitive tension in the market and address labour needs.
Host Railways	Alto fails to reach necessary agreements or project requirements with host railways.	Negotiate and sign agreements and identify mutually beneficial opportunities through engineering solutions and infrastructure upgrades.
Utilities	Alto fails to align utility requirements with project requirements and/or timelines.	Engage utilities to align on project requirements, timelines and resources, and foster collaboration between governments, Alto and utilities for permitting.

RISK	RISK DESCRIPTION	MITIGATION APPROACH
Stakeholders & Indigenous Relations	Alto fails to generate and maintain required project support from key stakeholders and/or Indigenous communities or fails to fulfill the Crown's Duty to Consult.	Develop and implement integrated and proactive communications and consultation approaches for each audience to continue building trust and ongoing support for the project. Establish strong, ongoing relationships with potentially impacted Indigenous communities, identify and address concerns early, and coordinate closely with relevant Crown departments and agencies to support Crown led consultation processes.

The key risks outlined above reflect the current risk profile. However, Alto's risks will continue to evolve as the project advances, with new risks emerging and existing risks increasing or diminishing over time.

Analysis of Financial Results

This document presents information about the first quarter of operations for fiscal year 2026-27, for the period from April 1, 2026, to June 30, 2026. Over the reporting period, the Corporation continued to advance its mandate by working with Cadence to further the development of the project. During the quarter, the Corporation also continued to consult and engage with Indigenous Peoples, partners, and other stakeholders, and continued to onboard resources and invest in internal capabilities to strengthen its ability to achieve its mandate.

The Corporation has grown to 225 dedicated resources as at June 30, 2026, compared to 167 at this time last year. Increasing internal capacity continues to be critical to ensure the Corporation's success as the project authority in the development and pre-construction phase and to be an effective counterparty to Cadence. The Corporation also continues to build corporate infrastructure to enable effective outcomes.

The Corporation recorded an operating surplus of \$42.2M for the quarter largely driven by the capitalization of eligible capital expenditures of \$39.8M under Canadian Public Sector Accounting Standards. In substance, the surplus reflects the timing and accounting treatment of capital investment—not an underspend or excess of available funding. To support the acceleration in expenditure and resource use, the Corporation drew upon \$82.2M in appropriations for the quarter ended June 30, 2026, a 247% increase year over year. This reflects an increased investment across Alto's strategic priorities, including development activities, land acquisitions, and other capital assets.

The Corporation recorded operating expenses for the first quarter in the amount of \$40.2M. This represents an increase of 45.7% (\$12.6M) for the first quarter year over year. Increases are noted across the majority of expenditure categories, including increases in Employee costs of 43% (\$3.4M) as the Corporation continued to build Alto's internal capacity, and in the Private Developer Partner costs of 84% (\$7.7M) as the Corporation continued its work with Cadence in the development and pre-construction phase during the first quarter of the fiscal year 2026-27.

The Corporation continues to optimize its funding profile to support the accelerated development of the high-speed rail network and the ongoing expansion of its capital asset portfolio through the development and pre-construction phase.

Quarterly Financial Statements (unaudited)

STATEMENT OF MANAGEMENT RESPONSIBILITY (UNAUDITED)

For the three months ended June 30, 2026

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 25, 2026

(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, 2026	March 31, 2026
Assets			
<u>Financial Assets</u>			
Cash		\$ 66,858	\$ 22,621
Government funding receivable		59	29,554
		66,917	52,175
<u>Non-Financial Assets</u>			
Tangible capital assets	4	108,610	68,830
Prepaid expenses		1,530	1,869
		110,140	70,699
Total Assets		177,057	122,874
Liabilities			
<u>Financial Liabilities</u>			
Accounts payable and accrued liabilities	5	66,511	54,511
		66,511	54,511
Total Liabilities		66,511	54,511
Net Assets		\$ 110,546	\$ 68,363
<u>Net Assets Components:</u>			
Accumulated surplus (deficit)		\$ 110,546	\$ 68,363
Net Financial Assets (Net Financial Liabilities)			
(financial assets minus financial liabilities, refer to the Statement of Net Financial Assets)		406	(2,336)
Contingent assets and Commitments (Notes 3 and 6, respectively)			

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

Statement of Operations (unaudited)

(In thousands of Canadian dollars, unless otherwise indicated)

	Notes	Annual Budget		Three months ended June 30	
		2026-27		2026	2025
Revenues					
Government funding		\$	710,159	\$	82,215
Interest revenue			-	\$	168
Total Revenues and Government Funding			710,159		82,383
Expenses	7		549,754		40,200
Total Expenses			549,754		40,200
Operating Surplus (Deficit)		\$	160,405	\$	42,183
				\$	(3,831)

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

Statement of Net Financial Assets (Net Financial Liabilities) and Change in Net Financial Assets (Net Financial Liabilities) (unaudited)

In thousands of Canadian dollars, unless otherwise indicated

As at	Notes	June 30, 2026		March 31, 2026	
Financial Assets		\$	66,917	\$	52,175
Less: Financial Liabilities			66,511		54,511
Net Financial Assets (Net Financial Liabilities) at End of Period		\$	406	\$	(2,336)

For the three months ended June 30	Notes	Annual Budget 2026-27	2026	2025
Net Financial Liabilities, Beginning of Period		\$ (2,336)	\$ (2,336)	\$ (303)
<u>Surplus (deficit), for the period</u>		160,405	42,183	(3,831)
Amortization of Tangible capital assets	4	1,427	36	20
Plus: Consumption of Prepaid expenses		-	1,259	724
Change Relating to Surplus (Deficit)		161,832	43,478	(3,087)
Acquisition of Tangible capital assets		(160,405)	(39,816)	(192)
Acquisition of Prepaid expenses		-	(920)	(1,280)
Change Relating to Acquisitions of Non-Financial Assets		(160,405)	(40,736)	(1,472)
Change in Net Financial Assets (Net Financial Liabilities)		1,427	2,742	(4,559)
Net Financial Liabilities (Net Financial Assets), End of Period		\$ (909)	\$ 406	\$ (4,862)

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	2026	2025
Cash, Beginning of Period		\$ 22,621	\$ 5,786
Operating Transactions			
Operating (deficit) surplus ¹		42,183	(3,831)
<u>Changes in non-cash items</u>			
Amortization of Tangible capital assets	4	36	20
<u>Changes in non-cash working capital items</u>			
Change in Accounts payable and accrued liabilities	5	(24,616)	3,621
Change in Government funding receivable		29,495	6,575
Change in Prepaid expenses		339	(556)
Cash provided by Operating Transactions		\$ 47,437	\$ 5,829
CAPITAL TRANSACTIONS			
Cash used to acquire Tangible capital assets	4	(3,200)	(192)
Cash applied to Capital Transactions		\$ (3,200)	\$ (192)
INCREASE IN CASH		44,237	5,637
CASH, END OF PERIOD		\$ 66,858	\$ 11,423

SUPPLEMENTAL CASH FLOW INFORMATION

Non-cash capital activities

Change in Accounts payable and accrued liabilities relating to capital assets	\$ (36,616)	\$ –
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¹The Operating (deficit) surplus includes interest revenue of \$168 (\$54 – June 30, 2025) from the Corporation's working capital.

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

Statement of Change in Net Assets (Net Liabilities) (unaudited)

(In thousands of Canadian dollars, unless otherwise indicated)

For the three months ended June 30	Notes	2026		2025	
Accumulated Surplus (Deficit)					
Surplus (deficit) for the period	\$	42,183	\$	(3,831)	
Opening balance		68,363		1,152	
Closing Balance		110,546		(2,679)	
Net Assets (Net Liabilities)	\$	110,546	\$	(2,679)	

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

Notes to the Financial Statements (unaudited)

For the three months ended June 30, 2026

In thousands of Canadian dollars, unless otherwise indicated

1. AUTHORITY, MANDATE AND ACTIVITIES

VIA HFR - VIA TGF Inc., operating under the project name Alto (the Corporation), was incorporated on November 29, 2022, under the provisions of the *Canada Business Corporations Act*, consistent with Orders in Council P.C. 2022-0259 and P.C. 2022-0261. The Corporation reports to Parliament through the Minister of Transport.

The Corporation's mandate is to develop and implement the high-speed rail project with the private sector, including the design, construction, financing, operation, and maintenance of passenger rail services in Ontario and Quebec through one or more agreements with the private sector, in cooperation with the Minister of Transport. The mandate may only be amended with the approval of the Governor in Council (Order in Council P.C. 2022-0261).

On February 19, 2025, the Government of Canada announced that Cadence was to be the Private Developer Partner (the PDP), to develop the high-speed rail project with the Corporation. The Government announced an investment in the development and pre-construction phase of the project, amounting to \$3.9 billion over six years, starting in 2024-25. This is in addition to funding provided in Budget 2024. On March 19, 2025, as requested by the Minister of Transport and Internal Trade, the two partners entered into a Pre-Development Agreement (the PDA) setting out the terms of the development and pre-construction phase, with the Corporation acting as the project authority.

The Corporation is a wholly owned subsidiary of VIA Rail Canada Inc., from which it operates at arm's length. According to Bill C-69 that received royal assent on June 20, 2024, the Corporation is an agent of His Majesty in right of Canada, retroactive to 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. Furthermore, the Corporation must comply with all provisions of Part X of the *Financial Administration Act* that apply only to parent Crown corporations, 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. Bill C-15 that received royal assent on March 26, 2026, enacts the *High-Speed Rail Network Act*, which establishes a legislative framework to facilitate the implementation of a rail network that allows for the carrying of passengers at high speed between Quebec and Ontario.

The Corporation depends on funding from the Government of Canada for its operations. The Corporation has received Treasury Board of Canada approval for its 2026-27 to 2030-31 Corporate Plan. The Corporate Plan is aligned with Part X of the *Financial Administration Act* and the policy direction provided by the Corporation's ultimate shareholder, the Government of Canada, and reflect its plans and priorities.

In January 2026, the Corporation was issued a directive (P.C. 2026-0009) pursuant to section 89 of the *Financial Administration Act* to align its policies, guidelines, and practices with the Buy Canadian Procurement Policy Framework and the policy instruments issued under section 6 of that framework, as amended from time to time, in a manner consistent with its mandate and to report on the implementation of this directive in the Corporation's next corporate plan. The Corporation is working toward alignment with the Buy Canadian Procurement Policy Framework and currently expects to be fully aligned by December 31, 2026.

The financial statements were approved by the Board of Directors on August 25, 2026.

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, 2026. The significant accounting policies applied in the preparation of these quarterly statements are consistent with those used in the annual financial statements.

ADOPTION OF THE CONCEPTUAL FRAMEWORK AND CHANGE IN ACCOUNTING POLICY

a) Adoption of PS 1202 Financial Statement Presentation

Effective April 1, 2026, Alto adopted Section PS 1202, Financial Statement Presentation. This Section replaces Section PS 1201 and introduces significant changes to the presentation of the financial statements. Prior period amounts have been restated to conform to the presentation requirements for comparative financial information.

The impact of the adoption of PS 1202 on the financial statements is as follows:

Statement of Financial Position

The Statement of Financial Position presentation is restructured to present:

- a. Assets: Financial Assets; Non-Financial Assets
- b. Liabilities: Financial Liabilities; Non-Financial Liabilities
- c. Net Assets and the components of Net Assets (Net Liabilities).

Assets are classified and presented as financial and non-financial. A financial asset is an asset that could be used to discharge existing financial liabilities or be spent on future operations and is not for consumption in the normal course of operations. A non-financial asset is an asset that does not meet the definition of a financial asset.

Liabilities are classified and presented as financial and non-financial. A financial liability is a liability expected to be settled using existing or future financial assets. A non-financial liability is a liability that does

not meet the definition of a financial liability. Alto has not identified any non-financial liabilities as at the reporting date.

The net financial assets (net financial liabilities) indicator—calculated as financial assets minus financial liabilities—is presented on its own statement. Alto has also elected the optional presentation of this indicator on the Statement of Financial Position below the net assets/net liabilities components, with a cross-reference to the calculation on the Statement of Net Financial Assets (Net Financial Liabilities). For Alto, the revised calculation resulted in the same amount as previously presented.

Statement of Net Financial Assets (Liabilities) and Change in Net Financial Assets (Liabilities)

A new Statement of Net Financial Assets or Net Financial Liabilities is presented to highlight the net financial assets/net financial liabilities indicator. Alto has elected to present the change in net financial assets/net financial liabilities on the Statement of Net Financial Assets (Net Financial Liabilities) and Change in Net Financial Assets (Net Financial Liabilities).

Other

No significant changes to measurement were identified for the Statement of Operations or the Statement of Cash Flow. There is no significant impact on the Notes to the Financial Statements. There was no impact on recognition or measurement of assets, liabilities, revenues or expenses as a result of this adoption.

b) Adoption of the Conceptual Framework

In conjunction with the adoption of PS 1202, Alto has adopted the revised Conceptual Framework for Financial Reporting in the Public Sector, effective for fiscal years beginning on or after April 1, 2026. The Conceptual Framework is the common set of principles underlying public-sector accounting standards. It supports the development of accounting policies, the preparation of financial statements, and the application of professional judgment. The Conceptual Framework is not a standard and does not override specific standards. Key elements of the Conceptual Framework include:

- Characteristics of public sector entities
- The role of the financial statements and financial reporting objectives
- Financial statement foundations and objectives
- Elements of financial statements
- Recognition, measurement and presentation principles for financial statements

The adoption of the Conceptual Framework has not resulted in significant changes to Alto's accounting policies or financial statement presentation as of the adoption date. Alto will continue to apply the Conceptual Framework when developing or revisiting entity-developed accounting policies in areas where specific standards do not address a transaction or event and will update such policies as needed.

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 \$17,817 as at June 30, 2026 (\$13,552 – March 31, 2026). Prior period taxes receivable has not been restated.

4. TANGIBLE CAPITAL ASSETS

	IT Hardware	IT Software	Furniture And Equipment	Leasehold Improvements	Assets under Development	Lands	Total
COST							
March 31, 2026	\$ 102	\$ 177	\$ 215	\$ 279	\$ 68,180	\$ –	\$ 68,953
Additions	–	–	–	111	38,693	1,012	39,816
Disposals	–	–	–	–	–	–	–
June 30, 2026	102	177	215	390	106,873	1,012	108,769
ACCUMULATED AMORTIZATION							
April 1, 2026	(27)	(30)	(39)	(27)	–	–	(123)
Amortization	(5)	(9)	(12)	(10)	–	–	(36)
Disposals	–	–	–	–	–	–	–
June 30, 2026	(32)	(39)	(51)	(37)	–	–	(159)
NET BOOK VALUE							
As at March 31, 2026	\$ 75	\$ 147	\$ 176	\$ 252	68,180	–	\$ 68,830
As at June 30, 2026	\$ 70	\$ 138	\$ 164	\$ 355	\$ 106,873	\$ 1,012	\$ 108,610

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, 2026	March 31, 2026
Trade payables	\$ 9,653	\$ 10,328
Due to the Private Developer Partner	53,766	36,423
Accrued vacation, wages and benefits payable	3,092	7,760
TOTAL	\$ 66,511	\$ 54,511

Accounts payable and accrued liabilities are short-term in nature, except for obligations under a non-registered savings plan for executives of \$99 as at June 30, 2026 (\$99 – March 31, 2026) included in

Accrued vacation, wages and benefits payable, which are payable upon the executives' departure or retirement. These amounts are payable at an indeterminable 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 \$21,456 (\$22,597 – March 31, 2026).

The minimum payments are as follows:

As at June 30	IT SERVICES		PROFESSIONAL FEES		RENT		TOTAL
2027	\$	1,093	\$	100	\$	1,533	\$ 2,726
2028		1,246		–		2,455	3,701
2029		639		–		2,573	3,212
2030		37		–		2,642	2,679
2031 & onwards		–		–		9,138	9,138
TOTAL	\$	3,015	\$	100	\$	18,341	\$ 21,456

7. OPERATING EXPENSES / ADDITIONAL INFORMATION BY EXPENSE TYPE

For the three months ended June 30				2026	2025
Private Developer Partner		\$	16,928	\$	9,186
Employee costs			11,350		7,938
Professional services			8,936		8,950
Equipment			867		253
Other costs			940		328
Travel			677		431
Lease			466		478
Amortization			36		20
TOTAL		\$	40,200	\$	27,585

Certain comparative figures from the 2025-26 financial statements have been reclassified to conform to the 2026-27 presentation. Specifically, certain operating expenses by nature disclosed were reclassified to provide more clarity about the nature of expenses. These reclassifications had no effect on the previously reported operating surplus (deficit), accumulated operating surplus or net financial assets (net debt).