Metrolinx

Financial Statements
March 31, 2026

Doane Grant Thornton

Independent auditor's report

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To the Board of Directors of
Metrolinx

Opinion

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

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

Basis for Opinion

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

Other Matter

The financial statements of the Organization for the year ended March 31, 2025 were audited by another auditor who expressed an unmodified opinion on those financial statements on July 10, 2025.

Information Other than the Financial Statements and Auditor's Report Theron

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis and the Annual Report but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Doane Grant Thornton LLP

Toronto, Canada
June 25, 2026

Chartered Professional Accountants
Licensed Public Accountants

Metrolinx

Statement of Financial Position

As at March 31, 2026

(in thousands of dollars)

	2026 $	2025 $
Assets		
Current Assets		
Cash (note 5)	535,437	647,902
Accounts and other receivables (note 8)	439,714	361,108
Contributions receivable (note 9)	3,334,503	4,198,500
Spare parts and supplies	77,897	63,167
Prepayments (Note 6)	88,970	128,489
Derivatives (note 24)	19,486	2,238
	4,496,007	5,401,404
Contributions due from Province of Ontario -long term (note 12)	2,507,224	2,825,268
Other assets (note 6)	329,900	153,359
Capital assets (note 7)	59,011,891	51,026,492
Deposits on land (note 10)	2,929	174,011
Advances on capital projects (note 10)	350,210	187,955
Long-term lease (note 11)	24,283	24,610
	66,722,444	59,793,099
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (notes 17 and 22)	4,621,546	6,872,439
PRESTO Farecard E-Purse (note 5)	147,051	138,016
Liabilities for asset retirement obligations - current (note 25)	29,703	28,337
	4,798,300	7,038,792
Long-term payable (note 12)	2,507,224	2,825,268
Liabilities for asset retirement obligations - long-term (note 25)	257,894	234,761
Deferred capital contributions (note 13)	52,140,819	43,229,908
Pension plan top-up benefits payable (note 15)	50,178	52,651
Other employee future benefits payable (note 16)	164,655	164,607
	59,919,070	53,545,987
Net Assets		
Invested in capital assets (note 18)	6,936,614	6,399,717
Invested in long-term lease (note 11)	24,283	24,610
Internally restricted (note 19)	26,332	26,332
Deficiency of net assets	(203,341)	(205,785)
	6,783,888	6,244,874
Accumulated remeasurement of gains and losses (note 24)	19,486	2,238
	66,722,444	59,793,099

Economic dependence (note 2)
Commitments (note 20)
Contingencies (note 21)

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

Approved by the Board of Directors

B M Davis

______________________ **Director** ______________________ **Director**

Metrolinx

Statement of Operations

For the year ended March 31, 2026

(in thousands of dollars)

	2026 $	2025 $
Revenue		
Fare revenue	516,367	480,412
PRESTO non-fare revenue	82,966	86,871
Other non-fare revenue	86,958	71,713
Third party construction revenue	55,978	92,086
Contribution from the Province of Ontario	1,274,717	1,288,853
Interest income	35,309	39,579
Amortization of deferred capital contributions (note 13)	1,768,828	1,090,010
	3,821,123	3,149,524
Expenses		
Supplies and services	247,250	330,391
Equipment maintenance	193,344	179,085
Facilities and track	302,907	258,918
Labour and benefits	687,727	650,368
Rail, Bus and PRESTO Operations	568,694	566,086
Third party construction expense	56,811	79,469
Amortization of capital assets	1,200,902	1,040,828
Amortization of long term lease	327	327
Loss on disposal and write-down of capital assets	584,137	53,260
	3,842,099	3,158,732
Excess of expenses over revenue	(20,976)	(9,208)

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

Metrolinx

Statement of Changes in Net Assets

For the year ended March 31, 2026

(in thousands of dollars)

					2026	2025
	Invested in capital assets	**Invested in long-term lease**	**Internally restricted net assets**	**Unrestricted deficiency**	**Total**	**Total**
	$	**$**	**$**	**$**	**$**	**$**
	(note 18)	(note 11)	(note 19)			
Balance - Beginning of year	6,399,717	24,610	26,332	(205,785)	6,244,874	5,217,286
Excess of expenses over revenues	-	-	-	(20,976)	(20,976)	(9,208)
Amortization (net of amortization to revenue)	(12,140)	(327)	-	12,467	-	-
Land acquisitions including deposits	559,990	-	-	-	559,990	1,036,796
Disposal of land	(10,953)	-	-	10,953	-	-
Balance - End of Year	6,936,614	24,283	26,332	(203,341)	6,783,888	6,244,874

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

Metrolinx

Statement of Cash Flows

For the year ended March 31, 2026

(in thousands of dollars)

	2026 $	2025 $
Cash Provided by (used in)		
Operating Activities		
Excess of expenses over revenues	(20,976)	(9,208)
Amortization of capital assets and long-term lease	1,201,229	1,041,155
Loss on disposal and write-down of capital assets	584,137	53,260
Employee future benefits - net of payments	(2,425)	(9,915)
Amortization of deferred capital contributions	(1,768,828)	(1,090,010)
	(6,863)	(14,718)
Change in non-cash working capital		
Accounts and other receivables	(78,608)	(208,365)
Spare parts and supplies	(14,730)	(26,922)
Prepayments	39,519	(69,581)
Other assets	(176,541)	47,085
Accounts payable and accrued liabilities	(91,909)	143,860
PRESTO Farecard E-Purse	9,034	8,786
	(320,098)	(119,855)
Capital activities		
Purchase of capital assets	(11,867,879)	(6,853,304)
Proceeds from sale of capital assets	6,882	14,698
Deposits on land (note 10)	(2,929)	(174,011)
Advances on capital projects (note 10)	(350,210)	(187,955)
	(12,214,136)	(7,200,572)
Financing activities		
Grants received for purchase of land	559,990	1,036,796
Capital contributions	11,861,779	6,338,511
	12,421,769	7,375,307
Net change in cash and internally restricted cash	(112,465)	54,880
Cash - Beginning of year	647,902	593,022
Cash - End of year	535,437	647,902
Supplemental cash flow information		
Non-cash capital activities		
Change in accounts payable and accrued liabilities relating	(2,158,983)	2,893,007
Change in liabilities for asset retirement obligations	24,499	16,717
Change in long-term capital payable	(318,044)	121,613
Non-cash financing activities		
Change in capital contributions receivable	863,997	(1,237,237)
Change in contribution due from Province	318,044	(121,613)

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

Metrolinx

Statement of Remeasurement Gains and Losses

For the year ended March 31, 2026

(in thousands of dollars)

	2026 $	2025 $
Balance, beginning of year	2,238	305
Unrealized gains attributable to		
Forward fuel purchase contracts (note 24)	19,486	2,238
Amounts reclassified to the statement of operations		
Forward fuel purchase contracts (note 24)	(2,238)	(305)
Net remeasurement gains	17,248	1,933
Balance, end of year	19,486	2,238

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

(in thousands of dollars)

1 Nature of operations

Metrolinx is a Crown agency, reporting to the Minister of Transportation of Ontario (MTO). It is a non-share capital corporation and is exempt from income taxes under Section 149(1) (d) of *the Income Tax Act (Canada).*

Metrolinx was created by sections of the *Greater Toronto Transportation Authority Act, 2006*, which were proclaimed on August 24, 2006. On May 14, 2009, Bill 163 was proclaimed amending the *Greater Toronto Transportation Authority Act, 2006* and changing the title of the Act to the *Metrolinx Act, 2006*. Metrolinx's mandate is to lead the coordination, planning, financing, development and implementation of an integrated multi-modal transportation network for the Greater Toronto and Hamilton Area (GTHA), to transform mobility and connect communities across the Greater Golden Horseshoe (GGH). Taking a regional approach, Metrolinx brings together the Province of Ontario (the Province), municipalities and local transportation authorities to produce long-term economically and environmentally sustainable transportation solutions.

GO Transit is a business unit of Metrolinx that operates an inter-regional public transit system consisting of integrated rail and bus corridors. The network of rail and bus services primarily serves communities across the GTHA, including the cities of Toronto and Hamilton. GO Transit also serves the regions of Halton, Peel, York, Durham, Simcoe County, Dufferin County, Wellington County and the cities of Barrie, Guelph, Kitchener, London and Niagara Falls and the Town of Bradford-West Gwillimbury.

The Union Pearson (UP) Express provides high quality dedicated express rail service connecting Canada's busiest transportation hubs, Union Station in downtown Toronto and Toronto Pearson International Airport. The UP Express began operations on June 6, 2015.

PRESTO is a business unit that operates the PRESTO fare payment system. In its current state, PRESTO uses smart card technology to replace the need for tickets, tokens, passes or cash, and also offers payment with debit and credit cards on almost all transit agencies, providing transit users with seamless travel across boundaries.

During the fiscal year, Metrolinx completed construction of assets related to Line 5 Eglinton and Line 6 Finch West, and assumed primary responsibility for the operational oversight of ensuring both lines deliver safe, reliable, and customer-focused transit service.

2 Economic dependence

Metrolinx currently generates revenue primarily from the provision of transportation services provided by GO Transit, UP Express and PRESTO services.

Additionally, Metrolinx receives government grants:

(in thousands of dollars)

- from all three levels of government to support its investment in capital infrastructure to be used in the delivery of current and future transportation services; and
- through an annual operating subsidy from the Province of Ontario to further support the delivery of transportation services.

The ability of Metrolinx to continue to offer and grow its services and meet its obligations is dependent on the ongoing government grants it receives as outlined above. As a Crown agency of the Government of Ontario, Metrolinx receives subsidy funding every year from the Province to cover for the shortfall between revenue and expenses, and capital funding for infrastructure renewal and expansion.

3 Summary of significant accounting policies

Financial statement presentation

These financial statements have been prepared by management in accordance with Public Sector Accounting Standards (PSAS) for government, including the standards for not-for-profit organizations, as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada (CPA Canada).

Financial instruments

Financial instruments are financial assets or liabilities of Metrolinx which, in general, provide Metrolinx the right to receive cash or another financial asset from another party or require Metrolinx to pay another party cash or other financial assets.

Financial instruments reported on the statement of financial position of Metrolinx are measured as follows:

Cash	amortized cost
Accounts and other receivables	amortized cost
Contributions receivable	amortized cost
Contributions due from Province of Ontario – long-term	amortized cost
Derivatives	fair value
Accounts payable	amortized cost
PRESTO Farecard E-Purse	amortized cost
Long-term payable	amortized cost

The fair value of Metrolinx’s cash and cash equivalents, accounts and other receivables, contributions receivable, accounts payable and PRESTO Farecard E-Purse approximate their carrying values due to the short-term nature of these financial instruments. Fair value

(in thousands of dollars)

represents the amount that would be exchanged in an arm's length transaction between willing parties who are under no compulsion to act and is best evidenced by a quoted market price, if one exists. Metrolinx's fair values are management's estimates and are generally determined using market conditions at a specific point in time. The determinations are subjective in nature, involving uncertainties and the exercise of significant judgment.

From time to time, Metrolinx enters into contracts for diesel fuel to manage exposure to diesel fuel price risks. These derivative instruments are recorded on the statement of financial position as an asset or liability and are measured at fair value. The unrealized gains or losses in the derivative instruments' fair value are recognized on the statement of remeasurement gains and losses.

Metrolinx does not hold or issue derivative financial instruments for trading or speculative purposes, and controls are in place to detect and prevent these activities.

Cash

Cash includes cash on hand, internally restricted cash, and balances with banks.

Spare parts and supplies

Spare parts and supplies are carried at the lower of cost and net realizable value. Cost is determined using the weighted average method.

Capital assets

Capital assets are recorded at cost less accumulated amortization and write-downs, if any. The cost of a capital asset includes all costs directly related to the acquisition, construction, development or betterment of the capital asset. Salaries, wages and associated employee benefits for staff directly involved in the acquisition, development or construction of a capital asset are included in the cost of the capital asset. Construction-in-progress is recorded based on a percentage of completion as determined by Metrolinx's Project Delivery Team, Infrastructure Ontario or an external consultant (e.g., independent certifier).

Metrolinx has adopted a whole property approach in capitalizing and amortizing its buildings, rail equipment and bus equipment. Under this approach, all components attached to the building structure (lighting, elevators, air conditioning, etc.) are amortized over a composite service life of the property as a whole.

If the development or construction of a capital asset is terminated or cancelled before completion, the costs capitalized to date are expensed, unless there is an alternative use for the capital asset or unless recovery of those costs from a third party can be reasonably estimated and collection is likely based on related agreements.

(in thousands of dollars)

Capital assets derived through an Alternate Financing Procurement (AFP) contract will contain a portion of the capital design and construction costs that will be paid on substantial completion of the construction of the capital asset and in some cases the remainder over the useful life. A matching contribution receivable from the Province of Ontario is recorded. If applicable, annual operating and maintenance payments are expensed as incurred over the term of the arrangement. For applicable. life cycle payments, these will be paid annually over the term of the contract.

Amortization

Metrolinx provides for the amortization of the various classes of assets over their estimated useful lives on a straight-line basis as follows:

Buildings (including underground stations, shelters and ticket booths)	5–50 years
Leasehold improvements	lease life
Locomotives and other rail rolling stock	20–40 years
Improvements to railway right-of-way plant	20 years
Track work and installation	20-40 years
Subway tunnels	50 years
Buses (including double-decker buses)	10 years
Bus rapid transit system	10–40 years
Parking lots	20 years
Computer equipment and software	5–7 years
Grade separations and corridor barriers	50 years
Other (including furniture and equipment)	3–12 years

Construction-in-progress comprises all costs that are directly attributable to the acquisition, construction, development or betterment of a capital asset. It includes all costs directly attributable to bringing the capital asset to a condition ready for use. These costs include, but are not limited to, direct costs such as labour and material costs incurred to construct the asset, professional service fees, a share of overhead and indirect costs that can be directly attributable to the acquisition, construction, development or betterment of a capital asset, site preparation costs such as utility relocations, and costs paid to third parties that are required to enable the capital asset to be built and to ensure projects can proceed on a timely basis. Amortization commences and is recorded when an asset is ready for its intended use, which may be after completion date if there is a dependency on other infrastructure completion. Land and permanent easements both have indefinite useful lives and therefore are not subject to amortization.

(in thousands of dollars)

Public private partnerships

Public private partnerships (P3s) are arrangements between a private sector entity and Metrolinx in order to build, design, finance, and operate and/or maintain tangible capital assets such as transit infrastructure. The assets are reported as capital assets on the statement of financial position and are initially recognized at cost, which represents fair value at the date of recognition. Cost includes the gross amount of consideration given up to acquire, construct, develop or better a tangible capital asset, along with any directly attributable costs such as interest charges during the asset's construction. Construction-in-progress is recorded based on a percentage of completion, which is provided by Metrolinx's Project Delivery Team, Infrastructure Ontario or an external consultant (e.g., independent certifier).

When Metrolinx has recognized a tangible capital asset in relation to a P3 arrangement and has an obligation to provide consideration to the private sector entity, Metrolinx recognizes a corresponding liability reported as a long-term payable on the statement of financial position. The long-term payable is initially measured at the same amount as the related asset, reduced for any consideration that Metrolinx previously provided to the private sector entity. Other costs attributable to the P3 agreement, such as operating and maintenance payments, are excluded from the measurement of the long-term payable.

Financial models are used to calculate the value of ongoing maintenance costs during the operating and maintenance (O&M) period. The long-term payable is recorded at amortized cost using the implicit interest rate, which typically corresponds to the interest rate per the P3 agreement. The implicit interest rate must remain consistent throughout the arrangement unless the terms have been renegotiated.

Leases

Metrolinx engages in short and long-term leases primarily for real estate used for construction, regular business operations or for office premises. At inception, Metrolinx assesses whether there is a capital or operating lease.

Capital leases are leases that, from the point of view of Metrolinx as the lessee, transfers substantially all the benefits and risks incident to ownership of property to Metrolinx. Metrolinx does not account for land leases as capital leases unless ownership is transferred at the end of the lease or there is a bargain purchase option.

An operating lease is a lease in which the lessor does not transfer substantially all the benefits and risks incident to ownership of property. Lease rentals under an operating lease are included as an expense over the lease term, unless they meet the criteria for capitalization as a directly attributable cost of a tangible capital asset.

(in thousands of dollars)

Pension plan top-up benefits and other employee future benefits

Metrolinx provides pension plan benefits through the multi-employer Ontario Municipal Employees Retirement System (OMERS) Pension Plan. The expense for the period equals the required contribution for the period.

Metrolinx provides a top-up pension plan benefit calculated by using the accrued benefit method, which reflects the projected benefits for services rendered to date. Adjustments arising from employee benefit plan amendments, experience gains and losses and changes in assumptions are amortized to earnings over the average remaining service period of the active employees. Any past service costs are expensed when incurred.

Metrolinx also provides other employee future benefits calculated by using the accrued benefit method, which reflects the projected benefits for services rendered to date. Adjustments arising from employee benefit plan amendments, experience gains and losses and changes in assumptions are amortized to earnings over the average remaining service period of active employees. Any past service costs are expensed when incurred.

Revenue

All revenue is reported on the accrual basis of accounting. Cash received for which goods or services have not been provided by year-end is recognized as unearned revenue and recorded in accounts payable and accrued liabilities.

Depending on the characteristics of a revenue transaction with performance obligations, Metrolinx can either be acting as a principal or an agent. When Metrolinx is acting as a principal, revenue is recognized on a gross basis, with revenue and the related direct expenses recorded on separate lines on the statement of operations. If Metrolinx is acting as the agent, revenue is recognized on a net basis, where revenue less any related discounts, commissions and direct expenses are recorded on one revenue line.

Fare revenue

Fare revenue includes fares received from transit operations including GO Transit and UP Express services. Fare revenue is recognized when the transportation service is provided. Fare revenue is generated through ticket vending machines, and the sale of paper tickets, e-tickets, etc. Fare revenue is recognized when the transaction or event has occurred, and the performance obligation related to the underlying services have been met.

PRESTO non-fare revenue

PRESTO non-fare revenue includes fees collected from transit providers for the use of the PRESTO system and is heavily influenced by the fare revenue and ridership of transit providers in the region they operate. PRESTO non-fare revenue is recognized when the transaction or

(in thousands of dollars)

event has occurred, and the performance obligation related to the underlying services or goods have been met.

Other non-fare revenue

Other non-fare revenue primarily includes revenue from advertising and partnerships, charges for track usage, reserved parking fees, and commercial space rent. Other non-fare revenue is recognized ratably over the term of the agreement, which transcribes to when the transaction(s) or event(s) have occurred, and the performance obligation(s) related to the underlying services or goods have been met. For revenue without performance obligations, revenue is recognized when Metrolinx has the authority to claim or retain an inflow of economic resources and when revenue is expected.

Third party construction revenue and expense

Third party construction revenue comprises revenue from third party reimbursements of capital assets ultimately owned by third parties. Revenue is recognized when a transaction or event has occurred and Metrolinx expects to obtain future economic benefits. Third party construction expense comprises expenditures incurred on capital assets ultimately owned by third parties. Expenses are recognized on an accrual basis.

Contributions

Metrolinx follows the deferral method of accounting for contributions. Unrestricted contributions, including operating grants, are recognized as revenue in the period to which they relate.

Deferred capital contributions relate to funds received for the acquisition of capital assets other than land. These deferred capital contributions are recognized as revenue over the same period as the amortization of the related capital asset.

Contributions received for the acquisition of land, including deposits for land, are recognized as direct increases in net assets.

Internally restricted net assets

Internally restricted net assets are internally restricted to provide a funding source for planned future obligations and to provide flexibility against uncertainties that may arise. All reserves are approved by the Board of Directors and are disclosed on the statement of financial position as net assets.

Liabilities for contaminated sites

Metrolinx reports environmental liabilities related to the management and remediation of contaminated sites where Metrolinx is directly responsible or accepts responsibility to incur such

(in thousands of dollars)

costs. Metrolinx assessed and developed a complete inventory of all contaminated sites, as defined under PSAS and environmental regulations. The remediation cost is calculated based on the best available information and is reviewed on an annual basis.

Liabilities for asset retirement obligations

Metrolinx reports liabilities related to legal obligations where Metrolinx is obligated to incur costs to retire a tangible capital asset. An asset retirement obligation (ARO) liability has been recorded for activities to fulfill the retirement of obligations identified based on estimations for the extent and cost of activities to fulfill the requirements of the obligations.

A significant part of the ARO liability results from the removal and disposal of designated substances such as asbestos from Metrolinx's buildings and bridges, and retirement activities legally required related to tanks and leases. The measurement of AROs is also impacted by the activities that occurred to settle all or part of the obligation in the year, or any changes in the legal obligation. On initial recognition of an ARO, the cost of the associated asset in productive use is increased by the amount recognized and amortized over the remaining useful life of that asset. Subsequently, revisions to the estimated cost of the obligation will result in changes to the carrying amount of the associated assets that are in productive use and amortized over the remaining useful life of that asset.

To estimate the liabilities for large portfolios of similar buildings with asbestos and other designated substances and retirement activities legally required related to tanks, Metrolinx uses experts' assessments on the extent and nature of the retirement activities for the asset to measure the liability, and this information is extrapolated to a group of similar assets. To estimate the liabilities for bridges with designated substances, Metrolinx uses historical costs to measure the ARO liability and extrapolates the findings.

To estimate the liabilities for the removal of leasehold improvements, Metrolinx uses historical costs or an expert's assessment of an appropriate rate to measure the ARO liability and extrapolates the findings. As more information becomes available on specific assets, the liability is revised to be asset-specific.

Metrolinx discounts significant obligations where the amount and timing of cash flows are reasonably estimable and the obligation will not be settled for at least five years from the initial recognition date. The discount and inflation rate would be reflective of the risks specific to the asset retirement liability. As at March 31, 2026, all liabilities for asset retirement obligations are reported at current costs in nominal dollars without discounting.

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect

(in thousands of dollars)

the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. The items subject to the most significant estimates are capital assets valuation, impairment and amortization, certain accrued liabilities, liabilities for asset retirement obligations, pension plan top-up benefits payable and other employee future benefits payable.

4 Financial instruments and risk management

Metrolinx's financial assets and liabilities have exposure to the following risks:

Credit risk

Metrolinx is subject to credit risk through its receivables. It is management's opinion that the risk is minimal, as most of the receivables are from federal, provincial and municipal governments and other organizations under common control of the Province of Ontario.

Interest rate risk

Metrolinx does not have significant exposure to interest rate risk related to its long-term liabilities, as they are primarily with related parties and are non-interest bearing or as a result of AFP contractual agreements and are not exposed to interest rate fluctuations as they have fixed interest rates.

Other price risk

Metrolinx is exposed to changes in crude oil prices as a result of diesel fuel consumption. The potential fluctuations in crude oil prices could have a significant impact on the cost of providing transportation services. This risk is reduced, from time to time, through the use of diesel fuel forward purchase contracts to lock in firmly committed future operating costs for own use consumption. There are fourteen outstanding diesel purchase contracts as at March 31, 2026.

5 PRESTO Farecard E-Purse balances

The balance of funds held in PRESTO Farecard E-Purse in the amount of $147,051 (2025 – $138,017) has been included in cash. The E-Purse balance is held on behalf of the farecard owner and, therefore, a liability is recorded on the statement of financial position.

(in thousands of dollars)

6 Prepayments and other assets

Prepayments amount to $88,970 (2025 - $128,489) and comprise of the following:

	2026	2025
	$	$
Prepayments	88,970	128,489
	88,970	128,489

- $34,826 (2025 - $44,533) related to insurance premiums relating to capital projects
- $nil (2025 - $20,352) payments to Alstom Transport Canada Inc. related to the operating and maintenance contract which was reclassed to long-term
- $54,144 (2025 - $63,604) in various other prepayments

Other assets amount to $329,900 (2025 - $153,359) and comprise of the following:

	2026	2025
	$	$
Prepayments - Long-term	244,640	107,603
Deposits - Long Term	85,260	-
Third party reimbursements - long-term	-	45,756
	329,900	153,359

Prepayments – long term amount to $244,640 (2025 - $107,603) and comprise the following:

- $129,324 (2025 - $27,672) related to insurance premiums relating to capital projects
- $62,730 (2025 - $65,042) relating to enhanced quality warranties on Light Rail Vehicles being amortized over a period of 26 years beginning in 2026.
- $20,352 (2025 - $nil) payments to Alstom Transport Canada Inc. related to the operating and maintenance contract reclassed from short-term
- $32,234 (2025 - $14,889) in various other prepayments

There was also an $85,260 (2025 - $nil) expansion deposit paid to Toronto Hydro to secure electrical infrastructure in anticipation of Ontario Lines hydro needs.

(in thousands of dollars)

7 Capital assets

	Cost $	Accumulated Amortization $	2026 Net $	2025 Net $
Land	6,360,714	-	6,360,714	5,533,765
Buildings	8,533,348	1,191,964	7,341,384	1,693,454
Leasehold Improvements	113,294	82,645	30,649	41,106
Locomotives and other rail rolling stock	5,598,805	2,066,287	3,532,518	1,979,148
Improvements to railway right-of-way plant	1,678,080	1,038,278	639,802	708,052
Grade separations, track work and installations	9,692,509	2,080,984	7,611,525	4,044,687
Construction-in-progress	29,753,129	-	29,753,129	34,285,186
Buses	536,359	359,687	176,672	153,962
Parking Lots	1,568,286	719,029	849,257	895,608
Computer equipment and software	2,234,001	1,644,292	589,709	558,248
Subway Tunnels	1,033,746	6,892	1,026,854	-
Other	1,715,792	616,114	1,099,678	1,133,276
	68,818,063	9,806,172	59,011,891	51,026,492

Construction-in-progress includes the following:

	2026 $	2025 $
Rail corridor expansion	5,683,885	4,966,662
Union Station	74,755	561,113
Rail fleet	93,477	81,563
PRESTO system	72,426	92,710
Light Rail Transit and Bus Rapid Transit	4,568,337	14,366,746
Subways	15,828,733	11,392,967
Other	3,431,516	2,823,425
	29,753,129	34,285,186

Construction in progress – impairment assessment and measurement uncertainty

Metrolinx reviews existing capital assets for impairment on an annual basis and ensures that assets on Metrolinx's financial statements continue to provide long-term service potential. In performing this assessment, management considered whether events or circumstances indicate that these construction-in-progress assets may no longer contribute to Metrolinx's ability to provide goods and services, or whether there has been a permanent decline in their service potential.

Metrolinx has written down $567,222 (2025 – $55,149) of costs related to capital assets during the

(in thousands of dollars)

fiscal year. Of the most significant, the Union Station Rail Corridor (USRC) Signalling System Project (known as the Train Control System project) was initiated in 2013 to replace end-of-life signalling assets in the USRC, based on the existing track configuration and with limited allowance for future track layout changes. The continued development of GO expansion necessitated improvements to the track and station platform layout, impacting ongoing work related to replacing the signalling system in the USRC. The Signalling System Project was paused in 2023 when the risk of incompatibility was identified and while the advanced layouts for the track and platforms were still being developed. Therefore, there was material uncertainty in prior years as to which specific assets would no longer have permanent service potential as this was dependent on the advancement of the GO expansion track design and accordingly, a reasonable estimate of impairment was unable to be made in prior years. Further developments over subsequent periods resulted in modified track layout designs that were advanced in the year ended March 31, 2026, and based on management's evolving understanding of the project status and expected future asset service potential, management determined that the majority of the assets no longer have any long-term service potential to Metrolinx. Accordingly, construction in progress with a carrying value of $504,153 was written down and expensed in the statement of operations under loss on disposal and write-down of capital assets.

In addition, management identified measurement uncertainty relating to certain capital works in progress for which future government decisions, funding approvals, scope changes, evolving third-party interests, or project pauses may affect the manner or extent of their future use. Management recognizes that infrastructure investment is subject to future government funding decisions, which may affect projects currently underway and could require assessment of the resulting financial statement impacts. Management has identified three areas of measurement uncertainty within the current Metrolinx Capital Plan: the GO Expansion program, for which future government funding decisions may affect the scope and timing of planned works; Union Station and the Union Station Rail Corridor, where evolving third-party interests may affect current plans; and other capital projects that have been formally paused pending further direction and funding approvals from government.

Based on information available at March 31, 2026, management has determined that no write-down is required at this time; however, future decisions and outcomes relating to these projects may affect their expected service potential and future use. As a result, there is measurement uncertainty associated with these balances, and it is possible that a write-down may be required in a future period.

Metrolinx will continue to monitor these matters and, if and when any write-downs are required in accordance with PSAS, will record these adjustments to the carrying value of the assets in question in the reporting period when any such determinations are made.

(in thousands of dollars)

8 Accounts and other receivables

Accounts and other receivables comprise the following:

	2026 $	2025 $
Recoverable harmonized sales tax	225,602	186,374
Third party reimbursements	145,237	132,821
Other receivables	68,875	41,913
	439,714	361,108

9 Contributions receivable

Contributions receivable comprise the following:

	2026 $	2025 $
Contributions due from Province of Ontario	3,334,503	4,197,124
Contributions due from Government of Canada	-	1,376
	3,334,503	4,198,500

10 Advances on capital projects and Deposits on Land

Advances on capital projects comprise the following:

	2026 $	2025 $
York Region	17,669	16,489
Ontario Northland Transportation Commission	80,720	27,582
Alstom Transport Canada Inc.	61,725	61,725
Toronto Hydro-Electric System Limited	44,186	10,697
SmartTrack Construction Partners General Partnership	25,440	-
ONxpress Transportation Partners Inc.	15,702	-
Scarborough Transit Connect GP	13,952	-
Motor Coach Industries Limited	13,496	7,273
Other advances on capital projects	77,320	64,189
Total advances on capital projects	350,210	187,955

Metrolinx has entered into a Memorandum of Agreement (MOA) with York Region Rapid Transit Corporation (YRRTC) and The Regional Municipality of York (York Region). The MOA outlines the projects, expected costs and responsibilities of the parties involved. The MOA also outlines the definition of eligible costs and ownership rights of the projects specified in the agreements. A

(in thousands of dollars)

Master Agreement with YRRTC and York Region was signed April 14, 2011 and covers both past and future eligible costs of constructing the bus rapidway. Pursuant to this agreement, advances were paid to York Region to provide working capital fund totaling $17,669 (2025 – $16,489) to fund ongoing projects being developed by York Region on behalf of Metrolinx. The advances on capital projects are held in a separate account and any interest accrued will be applied against the project.

Other advances on capital projects include:

- $80,720 (2025 – $27,582) paid to Ontario Northland Transportation Commission for the refurbishment of Bi-level rail coaches for GO Expansion.
- $61,725 (2025 – $61,725) paid to Alstom Transport Canada Inc for the refurbishment of Bi-level rail coaches and cab cars for GO Expansion.
- $44,186 (2025 – $10,697) paid to Toronto Hydro-Electric System Limited for permanent power connection fees for Ontario Line and Line 6 Finch West.
- $25,440 (2025 - $nil) paid to SmartTrack Construction Partners General Partnership to secure mobilization for SmartTrack.
- $15,702 (2025 - $nil) paid to ONxpress Transportation Partners Inc for progressive contract for implementation work covering civil, track, and signaling on the GO Expansion program.
- $13,952 (2025 - $nil) paid to Scarborough Transit Connect GP for progressive contract for stations, rail and systems for Scarborough Subway Extension.
- $13,496 (2025 – $7,273) paid to Motor Coach Industries Ltd. to design and build in-market-diesel-buses (IMDB) to support the GO Bus Fleet requirements which includes 80 IMDB buses and exercised option to purchase additional buses.
- $77,320 (2025 – $64,189) in various other advances.

Deposits on Land:

	2026 $	2025 $
York Region	-	154,209
TTC	-	3,368
Ontario Line - various	165	12,954
Other land deposits	2,764	3,480
Total deposits on land	2,929	174,011

The deposits on land referred to above related to deposits made in advance of obtaining perpetual easements required for the operation of the York Region Bus Rapidway. During the current fiscal year, the easements were obtained, and the deposits on land were capitalized to Land. Accordingly, deposits on land for York Region have been cleared as at March 31, 2026 (2025 - $154,209).

(in thousands of dollars)

11 Long-term lease

Long-term lease represents the pre-payment of the lease regarding Union Station. The amount is being amortized straight-line over 100 years, which is the term of the lease plus one renewal period.

			2026	2025
	Cost $	Accumulated amortization $	Net $	Net $
Leasehold - Union Station	32,704	8,421	24,283	24,610

12 Contributions due from Province of Ontario - long-term payable

Since 2015, Metrolinx and Infrastructure Ontario have entered into various AFP agreements with contractors. Costs incurred on these contracts as at March 31, 2026 are as follows:

	Whitby $	Eglinton Crosstown LRT $	Finch West LRT $	Ontario Line $	Eglinton Crosstown West Extension $	Scarborough Subway Extension $	2026 $	2025 $
Cost Incurred to date	518,570	6,878,541	2,143,641	4,891,423	1,219,274	879,686	16,531,135	15,316,658
Less: Amount paid or amount payable within 1 year	353,166	6,067,395	1,943,252	3,742,538	1,129,659	787,901	14,023,911	12,491,390
Long-term payable	165,404	811,146	200,389	1,148,885	89,615	91,785	2,507,224	2,825,268

A matching contribution receivable from the Province for costs incurred to date is included in deferred capital contributions.

Metrolinx has four agreements that meet the criteria of a public private partnership per PSAS: Line 5 Eglinton, Line 6 Finch West, Whitby - East Rail Maintenance Facility (ERMF), and the Rolling Stock, Systems, Operations and Maintenance (RSSOM) contract within the Ontario Line project. RSSOM has not yet reached substantial completion and therefore assets constructed to date are currently recorded in construction-in-progress. The EMRF, Line 5 Eglinton and Line 6 Finch West projects were completed and in service; therefore, they are recorded as capital assets. During the current reporting period, a change in the contract structure for the Hazel McCallion LRT resulted in the derecognition of the corresponding long-term P3 liability. This

(in thousands of dollars)

change reduced Metrolinx's long-term liability and had no impact on the measurement of related tangible capital assets as the related assets continue to be constructed under different contract structures.

Long-term interest during the O&M period is calculated using the implicit interest rate and is based on the total annual service payment – capital portion less the principal repayment and the Base Relevant Insurance Costs if applicable. Under these agreements, key rights and obligations of Metrolinx are that Metrolinx obtains ownership of the assets constructed upon substantial completion of each project. For Line 5 Eglinton and Line 6 Finch West, key rights and obligations of the private sector company are performing ongoing maintenance to the assets (i.e., LRT lines and maintenance facility) until the end of the term in 2051 and 2053 respectively. For RSSOM, the Private Partner is also performing ongoing operations of the line in addition to maintenance.

Capital assets have been recognized on the face of the statements in order to account for the LRT assets (various rail, stations, signals, light rail vehicles) and maintenance storage facility/rail. A long-term payable has also been reflected in the statements to account for the future payments to the private companies.

Required assumptions made pertain to the basis of recognition, discount rate, and percentage of completion. The discount rate is the implicit contract rate.

13 Deferred capital contributions

The changes in the deferred capital contributions for the year are as follows:

	2026	**2025**
	$	**$**
Balance - Beginning of year	43,229,908	36,622,558
Contributions received or receivable in the period for capital acquisitions		
Province of Ontario	10,674,201	7,681,841
Municipalities	5,643	9,464
Government of Canada	(545)	1,263
Others	440	4,792
Amortization of deferred contributions	(1,768,828)	(1,090,010)
Balance - End of year	52,140,819	43,229,908

(in thousands of dollars)

14 Pension contributions

Metrolinx provides pension benefits for substantially all of its permanent employees through participation in the OMERS multi-employer defined benefit pension plan. The amount expensed in pension contributions for the year ended March 31, 2026 is $94,280 (2025 – $90,451).

Because OMERS is a multi-employer plan, Metrolinx does not recognize any share of the pension funding deficit of $1.3 billion as at December 31, 2025.

15 Pension plan top-up benefits payable

With repatriation of the former GO Transit to the Province in 2002, bargaining and non-bargaining employees requested the Province to rectify the difference in pension benefits to be received by employees of GO Transit. When GO Transit was transferred from the Province to the Greater Toronto Services Board in 1999, the provincial plans were frozen and a new plan commenced under OMERS. It had been resolved that GO Transit was responsible for the pension obligation. GO Transit completed an actuarial valuation as at March 31, 2026. The pension recovery recognized during the year is $473 (2025 – $3,413).

The cost of pension plan top-up benefits is actuarially determined using the projected benefit method pro-rated on service. The discount rate used to determine the accrued benefit obligation was determined based on the Ontario provincial bond yields. The actuarial gains and losses are amortized over the average remaining service period of active employees.

Information about Metrolinx's pension plan top-up is as follows:

	2026 $	2025 $
Accrued benefit obligation	53,205	56,551
Fair value of plan assets	(6,194)	(7,318)
Funded status - plan deficit	47,011	49,233
Unamortized net actuarial gain	3,167	3,418
Accrued benefit liability	50,178	52,651

(in thousands of dollars)

Details of the accrued benefit obligation are as follows:

	2026 $	2025 $
Accrued benefit obligation - Beginning of year	56,551	57,536
Current service cost	73	193
Interest cost on accrued benefit obligation	2,202	2,355
Benefit payments	(3,151)	(3,325)
Actuarial loss (gain) on accrued benefit obligation	(2,470)	(208)
Accrued benefit obligation - End of year	53,205	56,551

Details of the pension expense are as follows:

	2026 $	2025 $
Current service cost	73	193
Interest cost on accrued benefit obligation	2,202	2,355
Actual return on plan assets	(27)	(112)
Expected return versus actual return on plan assets	27	112
Amortization of actuarial gain	(2,748)	(5,961)
	(473)	(3,413)

The significant actuarial assumptions adopted in measuring Metrolinx's pension plan top-up benefit obligations are as follows:

	2026	2025
Discount rate	4.40 %	4.00 %
Rate of compensation increase	2.75 %	2.75 %
Inflation per annum	2.00 %	2.00 %
Expected average remaining service life	2 years	2 years

16 Other employee future benefits payable

Metrolinx provides post-retirement life and health benefits, Workplace Safety and Insurance Board (WSIB) liabilities and retiree severance benefits. The plan is unfunded and requires nominal contributions from employees. Substantially all full-time active employees are eligible for life and health benefits. A limited number of employees are eligible for severance benefits.

(in thousands of dollars)

The measurement date of the plan assets and accrued benefit obligation is March 31 of each year. The most recent actuarial valuation of the other employee future benefits was as at March 31, 2026. The post-retirement non-pension benefits recognized during the year were $6,939 (2025 – $4,121).

The cost of post-retirement non-pension benefits is actuarially determined using the projected benefit method pro-rated on service, retirement ages of employees and expected health-care costs. The discount rate used to determine the accrued benefit obligation was determined based on the Ontario provincial bond yields. The actuarial gains and losses are amortized over the average remaining service period of active employees. Past service costs are expensed when incurred. Information about Metrolinx's post-retirement non-pension benefits is as follows:

	2026 **$**	**2025** **$**
Accrued benefit obligation	112,004	118,779
Funded status - plan deficit	112,004	118,779
Unamortized net actuarial gain	52,651	45,828
Accrued benefit Liability	164,655	164,607

Details of the accrued benefit obligation are as follows:

	2026 **$**	**2025** **$**
Accrued benefit obligation - Beginning of the year	118,779	106,702
Current service cost	4,027	3,080
Interest cost on accrued benefit obligation	4,788	4,493
Benefit payments	(6,891)	(5,621)
Actuarial loss (gain) on accrued benefit obligation	(8,699)	10,125
Accrued benefit obligation - End of the year	112,004	118,779

Details on the post-retirement non-pension benefits expense are as follows:

	2026 **$**	**2025** **$**
Current service cost	4,027	3,080
Interest cost on accrued benefit obligation	4,788	4,493
Amortization of actuarial gain	(1,876)	(3,452)
	6,939	4,121

(in thousands of dollars)

The significant actuarial assumptions adopted in measuring Metrolinx's post-retirement non-pension benefit obligations are as follows:

	2026	**2025**
Discount rate for post-retirement non-pension benefit	4.60 %	4.10 %
Discount rate for WSIB liabilities	4.20 %	3.80 %
Discount rate for retiree severance benefits	3.50 %	3.60 %
Expected average remaining service life for post-retirement non-pension benefit	14.0 years	13.0 years
Expected average remaining service life for WSIB liabilities	9.0 years	10.5 years
Expected average remaining service life for retiree severance benefits	4.0 years	5.0 years
Rate of compensation increase	2.75 %	2.75 %
Inflation per annum	2.00 %	2.00 %
Initial Weighted Average Health Care Trend Rate	5.04 %	5.04 %
Ultimate Weighted Average Health Care Trend Rate	3.04 %	3.04 %
Dental care benefits increase	4.00 %	2.00 %

17 Accounts payable and accrued liabilities

Liabilities for contaminated sites

Metrolinx reports environmental liabilities related to the management and remediation of contaminated sites where it is obligated or likely obligated to incur such costs. A contaminated sites liability of $2,832 (2025 – $2,784) has been recorded based on environmental assessments or estimations for those sites where an assessment has not been conducted.

18 Net assets invested in capital assets

	2026 **$**	**2025** **$**
Capital Assets	59,011,891	51,026,492
Deposits on Land	2,929	174,011
Advances on capital projects	350,210	187,955
Unfunded capital assets additions:		
Asset retirement obligation	(287,597)	(263,098)
Deferred Capital Contributions used to purchase capital assets	(52,140,819)	(43,229,908)
Other	-	(1,495,735)
	6,936,614	6,399,717

Metrolinx was fully funded in 2026, receiving additional funding of $1,495,735 from the Province of Ontario during the fiscal year 2025-26 to offset the previous years shortfall.

(in thousands of dollars)

19 Internally restricted net assets

The internally restricted net assets are as follows:

	2026 $	2025 $
MCOR	21,051	21,051
Employment Obligation	889	889
Self Insured Retention	2,013	2,013
Stabilization	2,379	2,379
	26,332	26,332

The Municipal Capital and Operating Restructuring (MCOR) reserve was established to assist in funding large capital expenditures.

The employment obligation reserve was established to assist in funding general employment related obligations of Metrolinx.

The self-insured retention reserve was established to assist in funding any claims against the self-insured retention layer of Metrolinx's insurance program.

The stabilization reserve was established to assist in funding fluctuations in operating and capital budgets of Metrolinx from year to year.

20 Commitments

a. The minimum operating lease payments for property in each of the next five years and thereafter are as follows:

	$
2027	55,711
2028	45,553
2029	40,259
2030	36,581
2031	34,809
2032 and thereafter	1,076,976
	1,289,889

b. A significant amount of the services provided by Metrolinx are operated and maintained by outside parties. These services are governed by the agreements with the Canadian National Railway Company (CN), Canadian Pacific Railway Company (CP), Alstom, PNR Rail Works Inc. (PNR), Siemens Mobility, Toronto Terminals Railway Ltd. (TTR) and by a number of

(in thousands of dollars)

minor service agreements. Metrolinx has entered into the following major agreements with payments of approximately $479,780 per year:

- Master Operating Agreement with CN terminating on July 31, 2026.
- Commuter Agreement with CP terminating on December 31, 2029.
- Equipment Maintenance contract with Alstom expiring on March 28, 2031.
- Rail Crew contract with Alstom expiring on September 26, 2031.
- Routine Track and Signal Maintenance contract with PNR terminating on June 30, 2029 for East region; Siemens contract terminating on June 30, 2029 for Central region and Siemens contract terminating on June 30, 2027.
- Rail Corridor Management Service Agreement with TTR terminating on June 30, 2027.

c. Metrolinx has also committed approximately $18,600,000 for various capital asset additions/projects.

The remaining annual capital and/or service payments relating to AFP contracts in nominal dollars, as at March 31, 2026, are as follows:

			Outstanding obligations to be disbursed by March 31						
	Contract Amount $	**Amount disbursed $**	**Outstanding Obligation $**	**2027 $**	**2028 $**	**2029 $**	**2030 $**	**2031 $**	**2032 and thereafter $**
Whitby	921,794	449,895	471,899	18,668	19,046	19,462	19,978	20,557	374,188
Stouffville	329,157	325,386	3,771	3,771	-	-	-	-	-
Davenport	209,078	204,808	4,270	4,270	-	-	-	-	-
Eglinton West	1,576,892	1,097,362	479,530	112,097	276,366	91,067	-	-	-
Scarborough	1,104,781	733,024	371,757	122,849	248,908	-	-	-	-
Eglinton	10,511,403	6,065,035	4,446,368	138,061	123,644	137,232	162,843	148,740	3,735,848
Finch	3,245,961	1,618,788	1,627,173	365,669	33,784	36,189	36,757	35,870	1,118,904
Ontario Line	16,104,565	2,810,128	13,294,437	926,194	1,357,842	914,872	914,872	1,919,867	7,260,790
Yonge North	1,519,737	40,918	1,478,819	284,933	251,021	251,021	-	691,844	-
	35,523,368	13,345,344	22,178,024	1,976,512	2,310,611	1,449,843	1,134,450	2,816,878	12,489,730

Contractual rights are rights to economic resources arising from contracts or agreements that will result in revenues and assets in the future. Metrolinx has contractual rights because of agreements entered into with various transit agencies for the use of the PRESTO fare system. The agreements allow for a commission fee paid to Metrolinx based on the percentage of revenue collected via PRESTO. The terms of the agreements vary in length for periods between 9 and 15 years from inception.

(in thousands of dollars)

21 Contingencies

Various claims have been issued against Metrolinx for incidents that arose in the ordinary course of business. Additionally, contractors and other stakeholders on capital projects make claims against Metrolinx for compensation and delay events such as late access to lands, delayed permits, differing geotechnical site conditions, and property acquisitions. Portions of these claims are considered contingencies until the counterparties substantiate the claim or Metrolinx enters into a settlement agreement with the counterparties.

Management reviews all of the relevant facts for each claim and applies best judgment in evaluating the likelihood and, if applicable, the amount of any potential settlement. Where a potential settlement is considered likely and the amount can be reasonably estimated, provisions for claims are made based on management's assessment of the likely outcome and amount. The actual amount of any settlement may vary materially from the estimate recorded. Metrolinx does not provide a provision for claims for which the outcome is not determinable or claims for which the amount of the settlement cannot be reasonably estimated.

As at March 31, 2026, Metrolinx has recorded provisions relating to claims on various projects that are currently under construction based on management's assessment of the likely outcomes. There is significant measurement uncertainty relating to the amounts accrued and to the corresponding amounts capitalized to these construction projects. Metrolinx may be exposed to amounts in excess of the amounts accrued and that exposure may result in a material adjustment to liabilities to the counterparties and the cost of these capital projects in future periods. The extent of the liability accrued, or proposed or executed settlements are not disclosed because, in management's judgment, this information would have a significant adverse effect on the outcome of the ongoing negotiations. Metrolinx has made settlements in the year ended March 31, 2026 for certain claims.

Line 5 Eglinton

Various claims have been made against Metrolinx in connection with the Line 5 Eglinton project. These claims relate to compensation and delay events such as testing and commissioning and stakeholder management. Metrolinx has recorded portions of the claims that have been assessed as likely. Where portions of the claims consist of costs that are not determinable or estimable, they have not been accrued.

Property acquisitions

Metrolinx is subject to various claims related to property acquisitions, including those concerning fair market value, injurious affection, business losses, disturbance damages, and statutory interest. Metrolinx has recorded portions of the claims that have been assessed as likely. Where portions of the claims consist of costs that are not determinable or estimable, they have not been accrued.

Other claims

As at March 31, 2026, there are other claims for which management has assessed a potential settlement as is not determinable and therefore, no accrual has been made. Where the outcome of a claim is not yet determinable, any provision will be recorded when it is determined that a claim is substantiated, is likely to be settled and the amount can be estimated. Further, there are claims outstanding for which Metrolinx has assessed the potential settlement as likely to result; however, an estimate of the amount cannot reasonably be made. There are many reasons that Metrolinx cannot make these assessments, including, among others, one or more of the following: the early stages of a claim does not provide sufficient detail, amounts sought are unspecified, unsupportable, unexplained or uncertain; substantiation has not been provided or is incomplete; the facts that are in dispute are highly complex; the difficulty of assessing novel claims; the parties have not engaged in any meaningful settlement discussions; the possibility that other parties may share in any ultimate liability; and the often slow pace of resolution.

Overall, total claims made by the counterparties are approximately $3.5B for Metrolinx. These claims largely arise from the normal course of project delivery in respect to the rights of contracted parties to file claims for consideration. A portion of this value has been recognized as a liability as described above. In addition, through the course of negotiations and claims substantiation process, a further portion of this value may be determined as a liability to Metrolinx. However, the substantiation process is an iterative exchange between parties to determine reasonable quantum which can be fluid and may take place over an indeterminate period of time. As this process is ongoing, the outcomes are not determinable for certain claims, and changes to estimates are reflected in the period they are assessed by management.

22 Related party disclosures and transactions and balances

Metrolinx receives government grants from the Province to support its investment in capital infrastructure to be used in the delivery of current and future transportation services and an annual operating subsidy to further support the delivery of transportation services. Balances due from/to the Province are separately disclosed on the statement of financial position. In addition, Metrolinx had the following transactions with related parties during the year for the provision of services provided by/to these organizations.

a. Transactions during the fiscal year include:

  - $36,950 (2025 – $37,764) Infrastructure Ontario charged to Metrolinx for AFP procurement and transaction advisory services

(in thousands of dollars)

- $120,078 (2025 – $16,810) Ontario Northland Transportation Commission charged to Metrolinx for refurbishment services
- $16,103 (2025 – $24,533) Metrolinx charged to Infrastructure Ontario for construction services
- $22,869 (2025 – $1,530) Metrolinx charged to the Ministry of Transportation for railway flagging and other services

b. Accounts payable and accrued liabilities included

- $11,117 (2025 – $18,630) owing to Infrastructure Ontario
- $6,881 (2025 – $1,971) owing to Ontario Northland Transportation Commission

c. Accounts and other receivables included

- $nil (2025 – $14,815) owing from Infrastructure Ontario
- $101 (2025 – $1,460) owing from Ministry of Transportation

The transactions above are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

23 Guarantees

In the normal course of business, Metrolinx enters into agreements that meet the definition of a guarantee.

a. Metrolinx has entered into agreements that include indemnities in favour of third parties, such as purchase and sale agreements, confidentiality agreements, engagement letters with advisers and consultants, outsourcing agreements, leasing contracts, information technology agreements and service agreements. These indemnification agreements may require Metrolinx to compensate counterparties for losses incurred by the counterparties as a result of breaches in representation and regulations or as a result of litigation claims statutory sanctions that may be suffered by the counterparty as a consequence of the transaction.

b. Indemnity has been provided to all directors and/or officers of Metrolinx including, but not limited to, all costs to settle suits or actions due to association with Metrolinx, subject to certain restrictions. Metrolinx has purchased directors' and officers' liability insurance to mitigate the cost of potential future suits or actions. The term of the indemnification is not explicitly defined but is limited to the period over which the indemnified party served

(in thousands of dollars)

as a trustee, director or officer of Metrolinx. The maximum amount of any potential future payment cannot be reasonably estimated.

The nature of these indemnification agreements prevents Metrolinx from making a reasonable estimate of the maximum exposure due to the difficulties in assessing the amount of liability, which stems from the unpredictability of future events and the unlimited coverage offered to counterparties.

Historically, Metrolinx has not made any significant payments under such or similar indemnification agreements and, therefore, no amount has been recorded with respect to these agreements.

24 Diesel fuel forward contracts

As at March 31, 2026, Metrolinx has entered into fourteen future contracts for 50.6 million litres of diesel fuel, at prices ranging from $0.7400 to $0.7700 per litre, which mature in fiscal 2026-27. The change in fair value of the derivative instruments of $19,486 for the year ended March 31, 2026 is recorded as an unrealized gain on the statement of remeasurement gains and losses.

25 Liabilities for asset retirement obligations

	2026 $	2025 $
Liabilities for asset retirement obligations – Beginning of year	263,098	246,381
Liabilities incurred during the year	12,604	7,180
Liabilities settled during the year	-	(63)
Revisions in estimated cash flows	11,895	9,600
Liabilities for asset retirement obligations – End of year	287,597	263,098

As at March 31, 2026, approximately 54% of liabilities for asset retirement obligations pertained to the retirement activities legally required for land, tanks and leases, and approximately 40% related to the removal and disposal of designated substances from Metrolinx’s buildings and bridges. The asset retirement obligations will be settled between 2026 and 2071.