2024
Canada Post Corporation

THIRD QUARTER
FINANCIAL REPORT

For the period ended September 28, 2024

Financial Performance

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Management's Discussion and Analysis

Unaudited Interim Condensed Consolidated Financial Statements

Management's Discussion and Analysis

This Management's Discussion and Analysis (MD&A) of the financial condition and results of operations is prepared for the 13-week period (third quarter or Q3) and 39-week period (first three quarters or YTD [YTD]) ended September 28, 2024, for Canada Post Corporation (Corporation or Canada Post) and its subsidiaries – Purolator Holdings Ltd. (Purolator), SCI Group Inc (SCI) up to March 1, 2024, and Innovapost Inc. (Innovapost) up to April 15, 2024. These companies are collectively referred to as the Canada Post Group of Companies, the Group of Companies or the Group. The Corporation manages its consolidated operations and, accordingly, determines its operating segments on the basis of legal entities.

Two reportable operating segments have been identified at September 28, 2024: Canada Post and Purolator. Consolidation entries, intersegment balance eliminations and the support functions provided by the information technology business unit, under a shared services agreement between Canada Post, Purolator and Innovapost (in effect until April 15, 2024), are presented separately. The consolidation of results for SCI were discontinued as of March 1, 2024, and for Innovapost as of April 15, 2024, following the completion of their respective divestitures. Details of the Corporation's material subsidiaries are set out below.

				Proportion of ownership interest held directly or indirectly	
Name of subsidiary	**Principal activity**	**Place of incorporation**	**Place of operation**	**As at Sept. 28, 2024**	**As at Dec. 31, 2023**
Purolator Holdings Ltd.	Transportation and courier services	Canada	Canada and United States	**91%**	91%
SCI Group Inc.	Logistics and transportation services	Canada	Canada	**–**	99%
Innovapost Inc.	IS/IT services	Canada	Canada	**–**	98%

Financial results reported in the MD&A were prepared using IFRS accounting standards as issued by the International Accounting Standards Board (IASB). Amounts are presented in Canadian dollars, rounded to the nearest million, while related percentages are based on numbers rounded to the nearest thousand. Percentage changes for revenue, volume and cost of operations in this report are adjusted for differences in business or paid days in Q3 and YTD of 2024 compared to Q3 and YTD 2023. Fewer business days and paid days result in decreased revenue and volume, and decreased cost of operations, respectively, while the opposite is true for additional days. These days varied by reporting entity, as follows.

	Q3 2024		YTD 2024	
Company	**Business days**	**Paid days**	**Business days**	**Paid days**
Canada Post Group of Companies and Canada Post	–	–	–	–
Purolator	1	–	–	–

This discussion should be read in conjunction with the unaudited condensed consolidated financial statements (interim financial statements) for Q3 2024, which were prepared in accordance with the Treasury Board of Canada Standard on Quarterly Financial Reports for Crown Corporations and International Accounting Standard (IAS) 34, "Interim Financial Reporting." We also recommend that this information be read in conjunction with the Corporation's annual consolidated financial statements and MD&A for the year ended December 31, 2023.

Management is responsible for the information presented in the interim financial statements and the MD&A. All references to *our* or *we* mean either Canada Post or, collectively, Canada Post and its subsidiaries, as the context may require. The Board of Directors, on the recommendation of its Audit Committee, approved the content of this MD&A and the interim financial statements November 21, 2024.

Forward-looking statements

This MD&A contains forward-looking statements including future-looking financial information or outlooks that reflect management's expectations regarding the Group's objectives, plans, strategies, future growth, results of operations, performance and business prospects and opportunities. These statements reflect, among other things:

- the Corporation's ability to obtain additional funding and continue as a going concern;
- regulatory approvals;
- future operational, performance and financial results;
- working capital and capital requirements; and
- estimates and assumptions made in accordance with IFRS requirements.

Forward-looking statements are typically identified by the words *assumption, goal, objective, outlook, strategy, target* and other similar expressions, or future or conditional verbs such as *aim, anticipate, believe, could, expect, intend, may, plan, predict, seek, should, strive* and *will*. These forward-looking statements are not facts, but only estimates regarding future results. These estimates are based on certain factors or assumptions regarding the availability and timing of additional financing to support the Corporation's capital and operating requirements as needed, expected growth, results of operations, performance, business prospects and opportunities. While management considers these assumptions to be reasonable based on available information, they may prove to be incorrect. These estimates of future results are subject to a number of risks, uncertainties and other factors that could cause actual results to differ materially from what the Group expects. Readers are cautioned not to place undue reliance on the forward-looking statements.

The forward-looking statements included in the interim financial statements and MD&A are made as of November 21, 2024, and the Corporation does not undertake to publicly update these statements to reflect new information, future events or changes in circumstances or for any other reason after this date.

1. Executive Summary

An overview of the Group and summary of the Q3 2024 financial results.

The Group is among Canada's largest employers, with a workforce of over 81,300 people (full-time and part-time employees, including temporary, casual and term employees). Canada Post, the Group's largest segment, with 68,300 employees, is a federal Crown corporation that reports to Parliament through the Minister of Public Services and Procurement. The Corporation operates the country's largest retail network, with nearly 5,800 retail post offices nationwide. Under the *Canada Post Corporation Act*, Canada Post has a responsibility to provide a postal service that meets the needs of Canadians, while having regard for the need to conduct operations on a financially self-sustaining basis.

Canada Post is part of the global postal industry, which includes foreign postal administrations (posts) that have traditionally financed their universal service obligation through a legislated exclusive privilege, or monopoly, over a portion of the postal market. Over the past two decades, Canadians and Canadian businesses have witnessed a shift from peak mail volumes to an era increasingly driven by digital commerce. As Canadians began receiving less traditional mail and more parcels, we adapted to these new mailing habits, with the most significant changes taking place in the last five years.

Canada Post has been adapting to change for centuries. However, a network originally designed to deliver 5.5 billion letters annually (our peak in 2006) cannot be sustained on the 2.2 billion letters we delivered in 2023. Operating on a user-pay system means that when Canadians' mailing and shipping needs evolve, Canada Post must adapt or risk a decline in revenue. To modernize and sustain our national postal service for all Canadians, significant changes to our operating model are essential. Canada Post is committed to leading this transformation, recognizing its crucial role in connecting Canadians across urban, rural and remote communities.

Financial and business highlights – Q3 2024

Our deteriorating liquidity position continued and had an impact on our going-concern risk

Canada Post continues to face significant financial and business challenges, including recurring losses, growing competition in the parcel delivery sector, ongoing erosion of Transaction Mail, an outdated delivery model, and a high fixed-cost structure. These issues are threatening the Corporation's ability to meet its obligations under the *Canada Post Corporation Act* and the *Canadian Postal Service Charter*. The regulatory framework governing our operations has not evolved to keep pace with the rapid changes in our business environment, further increasing the pressures on our business. To address these growing challenges, significant changes are essential. Without modernization and updated operational guidelines, we anticipate larger and increasingly unsustainable losses in the coming years.

These interim condensed consolidated financial statements have been prepared on a going-concern basis in accordance with IAS 34 "Interim Financial Reporting" of the IFRS Accounting Standards, which assumes that the Corporation will continue operations for the foreseeable future, allowing it to realize its assets and discharge its liabilities and commitments in the normal course of business. In assessing going-concern risk, key factors are considered and they include the Corporation's capital management, access to borrowing facilities and management of liquidity risks. Significant judgments are applied in making these assessments. We are actively collaborating with our sole shareholder (the Government of Canada) to develop solutions aimed at addressing and alleviating liquidity pressures.

Corporate Plan

On October 28, 2024, Canada Post submitted its 2025-29 Corporate Plan to its shareholder for approval. The Corporation continues to work with its shareholder and bargaining agents to address the significant long-term structural and financial issues facing the postal service. Canada Post is taking action to manage costs while working closely with the government on a path to secure the long-term viability of a service that millions of Canadians consider essential.

Segment results

Profit (loss) from operations (in millions of dollars)

	Q3 2024	Q3 2023	$ change	% change	YTD 2024	YTD 2023	$ change	% change
Canada Post	(313)	(291)	(22)	(7.7)%	(803)	(662)	(141)	(21.3)%
Purolator	65	66	(1)	(0.1)%	171	205	(34)	(16.4)%
SCI	–	5	(5)	(100.0)%	1	10	(9)	(86.8)%
Consolidation entries and eliminations	6	–	6	+	17	–	17	+
Canada Post Group of Companies	**(242)**	**(220)**	**(22)**	**(10.0)%**	**(614)**	**(447)**	**(167)**	**(37.2)%**

+ Large percentage change.

Operational losses in the Canada Post segment were partially offset by profit in the Purolator segment for both periods presented. In Q3 and YTD 2024, the Group's deteriorating results from operations were mainly due to revenue declines in the Canada Post segment and higher cost of operations in the Canada Post and Purolator segments, partially offset by revenue gains in the Purolator segment from their acquisition of Williams PharmaLogistics and lower costs from the deconsolidation of SCI in Q1 2024.

Impacts from the SCI and Innovapost divestitures are recorded in investment and other income in the interim condensed consolidated statement of comprehensive income; therefore, they are excluded from this view of business performance.

Profit (loss) before tax (in millions of dollars)

	Q3 2024	Q3 2023	$ change	% change	YTD 2024	YTD 2023	$ change	% change
Canada Post	(315)	(290)	(25)	(8.8)%	(345)	(651)	306	47.0%
Purolator	62	68	(6)	(8.1)%	182	201	(19)	(9.4)%
SCI	–	5	(5)	(100.0)%	–	8	(8)	(103.4)%
Consolidation entries and eliminations	1	–	1	(330.8)%	(118)	–	(118)	+
Canada Post Group of Companies	**(252)**	**(217)**	**(35)**	**(16.4)%**	**(281)**	**(442)**	**161**	**36.3%**

\+ Large percentage change.

The Group's loss before tax widened in Q3 2024 compared to Q3 2023 due to declines in results from operations. For YTD 2024, the loss before tax improved compared to 2023, mainly due to the non-recurring gain on sale of SCI in Q1 and Innovapost in Q2.

Divestiture of SCI and Innovapost – Canada Post and Purolator divested 100% of the shares of SCI, a leading Canadian third-party logistics provider, and Innovapost, the Corporation's shared-services provider in information technology. The divestiture of SCI closed March 1, 2024; sale proceeds, including final adjustments, were $363 million and a gain on sale (before tax) of $294 million was recognized for the first nine months of 2024. The divestiture of Innovapost closed April 15, 2024; sale proceeds of $61 million (which included final adjustments) were received and a $52 million gain on sale (before tax) was recognized in YTD 2024. Any services provided to the Corporation beyond the respective closing dates were on an arm's-length basis, as the parties are no longer related. The divestitures are part of the Corporation's overall transformation plan to adapt to the changing needs of Canadians and Canadian businesses. Outsourcing information technology (IT) services to an IT strategic partner will help position the Corporation for growth in Canada's ecommerce market while focusing on its core responsibility of delivering for Canadians.

Canada Post segment

A Stronger Canada – Delivered

We have the strongest network in the country with the greatest reach and most experienced people in the delivery business. We serve all 17.4 million addresses across the country. Our retail network of 5,800 post offices has no equal in Canada. We are built to serve Canada and deliver everywhere, not just where it's most profitable.

For the past several years, we have made significant progress on our transformation plan, A Stronger Canada – Delivered, and its three pillars: providing a service all Canadians can count on, upholding social and environmental leadership and doing right by our people.

In late 2023, we conducted a comprehensive review of our transformation investments. While we remain dedicated to transformation, financial challenges have required us to align investments with immediate priorities: focusing on competing in the ecommerce market, delivering excellent service to Canadians and ensuring the safety of our people. As a result, we have had to pause or cancel certain initiatives, including investments in our processing network, customer experience projects and the deferral of additional capital purchases.

What we're working on: We are continuing to reprioritize investments into 2025 and are working on developing and implementing stricter cost-reduction measures.

Revenue by line of business

	Revenue (in millions of dollars)				Volume (in millions of pieces)			
	Q3 2024	**Q3 2023**	**$ change**	**% change**	**Q3 2024**	**Q3 2023**	**Change**	**% change**
Parcels	747	793	(46)	(5.8)%	64	70	(6)	(9.6)%
Transaction Mail	525	518	7	1.3%	464	497	(33)	(6.6)%
Direct Marketing	246	225	21	9.0%	1,116	915	201	22.1%
Consumer products and services	54	51	3	7.0%	–	–	–	–
Total	**1,572**	**1,587**	**(15)**	**(1.0)%**	**1,644**	**1,482**	**162**	**10.9%**

	Revenue (in millions of dollars)				Volume (in millions of pieces)			
	YTD 2024	**YTD 2023**	**$ change**	**% change**	**YTD 2024**	**YTD 2023**	**Change**	**% change**
Parcels	2,312	2,445	(133)	(5.5)%	198	210	(12)	(6.0)%
Transaction Mail	1,749	1,749	–	0.0%	1,610	1,673	(63)	(3.7)%
Direct Marketing	748	685	63	9.1%	3,379	2,823	556	19.7%
Consumer products and services	163	156	7	4.8%	–	–	–	–
Total	**4,972**	**5,035**	**(63)**	**(1.3)%**	**5,187**	**4,706**	**481**	**10.2%**

Parcels revenue decreased due to competition and a decline in fuel surcharges

Parcels revenue and volume declined in Q3 and YTD 2024 compared to the same periods in 2023. This decrease can be attributed to competitive pressures from global players and low-cost entrants, a decline in fuel surcharges (which are tied to market rates), and changes in customer and channel mix. Inbound parcel volumes and revenue were negatively impacted by the growing shift toward competitive commercial consolidators instead of the conventional inbound postal network.

What we're working on: We are facing strong competition from low-cost delivery operators offering services like affordable weekend and evening deliveries. To stay competitive and grow, we need greater flexibility in our delivery model. We are testing weekend delivery and new pricing solutions, and making innovative investments in technology for such flexibility, while leveraging our retail footprint for growth opportunities such as ecommerce returns.

Mail volume erosion continued; proposal to increase regulated rates in January 2025

Transaction Mail revenue increased in Q3 2024 but remained flat for YTD 2024, while volumes were down in both periods compared to the same periods in 2023. Regulated rate increases, which took effect in Q2 2024, for stamps, Lettermail™ items, International Letter-post items, and special services and fees, helped to partially mitigate the impact on revenue from the decline in volumes. In 2024, consumers and mailers continued to migrate to digital communications as advancements in technology have led to a decrease in letter mail volume globally. The shift toward digital communication has significantly impacted the revenue generated from traditional mail services.

What we're working on: We are continuing to work with our shareholder to align on solutions that alleviate liquidity pressures. A proposed increase to regulated Lettermail rates was published September 7, 2024, for public comment in the *Canada Gazette*. For stamps purchased in a booklet, coil or pane, which represent most stamp sales, the rate would increase by 25 cents, from $0.99 to $1.24 per stamp. The proposed rate change would also affect other products, including U.S., International Letter-post, domestic Registered Mail™ and commercial Lettermail items.

The Corporation has kept rate increases to a minimum for much of the last decade. However, this change is necessary to better align stamp prices with the rising cost of providing Lettermail service to all Canadians. Subject to regulatory approvals, the new rates would take effect in January 2025, after the busy holiday mailing season.

Direct Marketing volumes experienced double-digit growth due to strong Neighbourhood Mail™ results

Direct Marketing revenue and volumes increased in Q3 and YTD 2024 compared to the same periods in 2023. Results were positively impacted by new business and increased sales from the Canada Post Neighbourhood Mail™ service partially due to new products entering our facilities. However, revenue and volumes for all other Direct Marketing products continued to decline as businesses increasingly opted for digital marketing due to economic uncertainty. Volumes for the other Direct Marketing products continued to be below pre-pandemic levels.

What we're working on: Businesses are eager to connect with their consumers. We are working with retailers and industry partners to meet these needs, while respecting privacy and preferences. We continue to actively develop and implement strategies to reduce plastic waste and enhance environmental sustainability of Direct Marketing products.

Consumer products and services

Consumer products and services revenue increased in Q3 and YTD 2024 compared to 2023. This increase was driven by logistics services for election mailings and higher sales in coins and collectibles, as well as postal boxes.

What we're working on: We continue to explore innovative programs and features to broaden banking access for more Canadians through new or existing financial services.

Higher operating costs partially offset by a reduction in non-capital investment (in millions of dollars)

	Q3 2024	Q3 2023	$ change	% change	YTD 2024	YTD 2023	$ change	% change
Labour	978	967	11	1.1%	2,913	2,917	(4)	(0.1)%
Employee benefits	280	223	57	26.1%	867	701	166	23.7%
Other operating costs	535	599	(64)	(10.8)%	1,718	1,818	(100)	(5.5)%
Depreciation and amortization	92	89	3	3.0%	277	261	16	6.0%
Total cost of operations	**1,885**	**1,878**	**7**	**0.4%**	**5,775**	**5,697**	**78**	**1.4%**

In Q3 and YTD 2024, the cost of operations increased overall compared to the same periods in 2023. For both periods, lower discount rates led to increases to employee benefits expense, while other operating costs decreased as we refocused our 2024 non-capital investment priorities and implemented cost reduction initiatives in several areas. There were minimal changes in labour costs as wage increases were offset by labour savings driven by better aligning labour scheduling with volume fluctuations and cost of living adjustments in 2023.

What we are working on: Our business is highly labour-intensive, with labour and employee benefits accounting for approximately 65% of the total cost of operations over the past nine months. As our business shifts from mail to parcels, we anticipate higher operating costs related to the collection, processing and delivery of parcels. We are actively reviewing our costs and seeking savings across all functions. Parcel delivery demands more technology, equipment, scans and customer service support. To remain competitive in the fast-paced ecommerce delivery market, we require greater flexibility in our labour model.

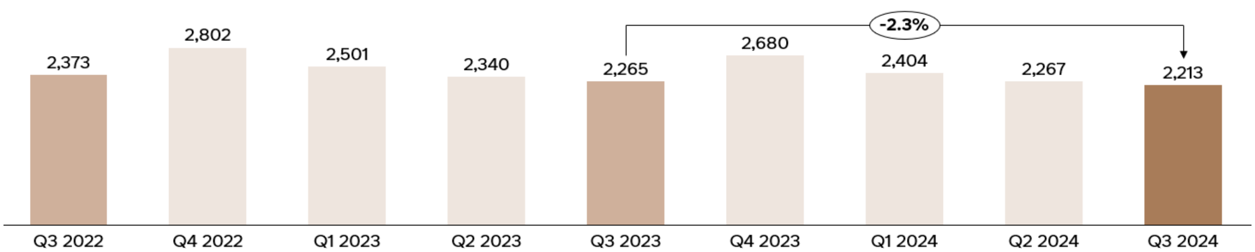
Higher-than-expected asset returns drive year-to-date remeasurement gain in other comprehensive income

A Q3 2024 remeasurement loss of $86 million and a YTD 2024 remeasurement gain of $882 million, net of tax, were recorded in other comprehensive income for the Canada Post segment defined benefit plans. The actuarially determined expenses recorded in the statement of comprehensive income and regular payments were not affected by these remeasurements. The Q3 loss was driven by a decrease in discount rates from Q2 and Q1 2024 offset by higher-than-expected Q3 asset returns, which drove the year-to-date gain; these factors also impacted the Canada Post Corporation Registered Pension Plan (RPP) solvency surplus (using market value of plan assets) resulting in an estimated $2.7 billion surplus at Q3 2024 from $2.2 billion at December 31, 2023. As the year-end funded position of the RPP exceeds legislative thresholds, Canada Post is not permitted to make employer current service contributions. Further, no special solvency payments are required for 2024.

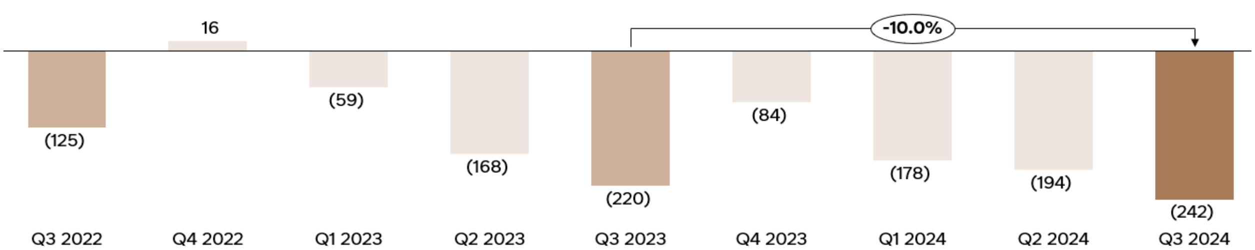
Canada Post Group of Companies – 2024

The charts below present a summary of the 2024 consolidated results for the Group.

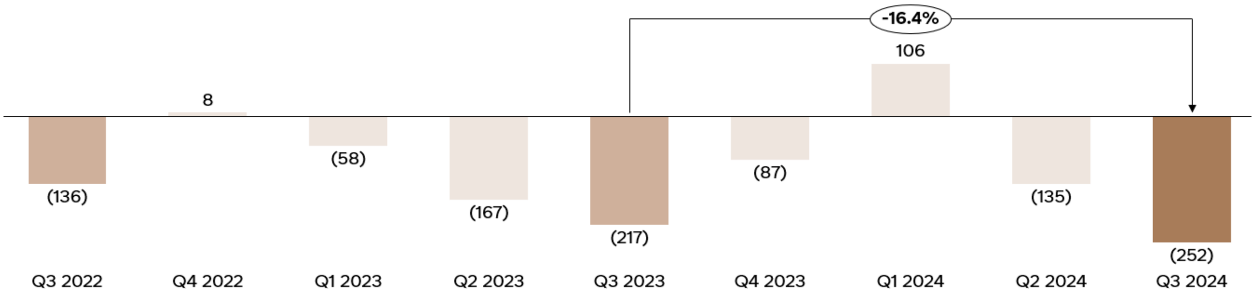
Quarterly consolidated revenue from operations (in millions of dollars)



Quarterly consolidated profit (loss) from operations (in millions of dollars)



Quarterly consolidated profit (loss) before tax (in millions of dollars)



The following table presents the Group's consolidated performance for the third quarter and YTD of 2024, compared to the same periods in the prior year.

Consolidated statement of comprehensive income (in millions of dollars)

A more detailed report of this statement appears in Section 5 Discussion of Operations.

	Q3 2024	Q3 2023	$ change	% change	YTD 2024	YTD 2023	$ change	% change	Explanation of significant variances
Revenue from operations	2,213	2,265	(52)	(2.3)%	6,884	7,106	(222)	(3.1)%	Declines due to disposal of SCI and total revenue declines at Canada Post, offset by increases at Purolator.
Cost of operations	2,455	2,485	(30)	(1.2)%	7,498	7,553	(55)	(0.7)%	Declines due to disposal of SCI and lower non-capital investment expenses in the Canada Post segment offset by higher employee benefits.
Loss from operations	(242)	(220)	(22)	(10.0)%	(614)	(447)	(167)	(37.2)%	Loss in the Canada Post segment partially offset by profit in the Purolator segment.
Investing and financing income (expense), net	(10)	3	(13)	(424.7)%	333	5	328	+	**YTD:** Gain on sale of SCI and Innovapost.
Loss before tax	(252)	(217)	(35)	(16.4)%	(281)	(442)	161	36.3%	
Tax recovery	(42)	(54)	12	21.6%	(158)	(107)	(51)	(48.5)%	Changes to valuation allowance and impact of the divestitures of subsidiaries.
Net loss	(210)	(163)	(47)	(29.0)%	(123)	(335)	212	63.2%	
Comprehensive income (loss)	(294)	179	(473)	(264.8)%	817	(456)	1,273	278.9%	**Q3:** Remeasurement loss on pension and other post-employment plans from discount rate decreases from Q2 and Q1 2024. **YTD:** Remeasurement gain from higher-than-expected Q3 asset returns.

+ Large percentage change.

Consolidated statement of cash flows (in millions of dollars)

A more detailed report of this statement appears in Section 6 Liquidity and Capital Resources.

	Q3 2024	Q3 2023	$ change	% change	YTD 2024	YTD 2023	$ change	% change	Explanation of significant variances
Cash used in operating activities	(32)	(35)	3	4.2%	(94)	(66)	(28)	(42.0)%	**Q3**: Higher pension expense in excess of payments and changes in working capital partially offset by increased losses from operations. **YTD**: Increased losses from operations and changes in working capital partially offset by higher pension expense in excess of payments.
Cash (used in) provided by investing activities	(47)	(58)	11	19.2%	14	18	(4)	(20.2)%	**Q3:** Decrease in acquisitions of capital assets partially offset by a decrease in the proceeds (net of acquisitions) of securities. **YTD:** A decrease in the proceeds (net of acquisitions) of securities partially offset by proceeds from the sale of SCI and Innovapost.
Cash used in financing activities	(19)	(32)	13	41.1%	(84)	(96)	12	11.7%	**Q3:** Lower payments of lease liabilities from the divestiture of SCI. **YTD:** Lower lease payments partly offset by dividends paid.

2. Core Businesses and Strategy

A discussion of the business and strategy of our core businesses.

Canada Post segment

The Government of Canada expects the Corporation to have regard for the need to operate on a financially self-sustaining basis while meeting the needs of Canadians. Rapid changes in the delivery and postal services landscapes have outpaced the inflexibility of the current regulatory framework. Fulfilling our dual responsibility to serve all Canadians and operate on a financially self-sustaining basis requires critical and timely changes to our operating structure to ensure its continued viability. We recognize the urgent need for modernization and flexibility in our operations to address the changing landscape of postal services. The current business model is no longer sustainable in the digital age and amidst increasing competition.

The Corporation continues to work with its shareholder and bargaining agents to address the significant long-term structural and financial issues facing the postal service. We submitted our 2025-29 Corporate Plan to our shareholder for approval on October 28, 2024. We are working closely with the shareholder on a path to secure the long-term viability of the postal service, while taking action to manage our costs.

We remain focused on modernizing our network, making it increasingly relevant to help meet the needs of individuals, communities and Canadian businesses. At the same time, we recognize the need for the retail network to evolve in a way that sustainably grows our business, while being prudent in our investments. As a result, we have taken steps to streamline investments and reorient our resources to the highest priority initiatives. Doing so is crucial to fulfilling our mission, delivering a stronger Canada for customers and for all Canadians.

3. Key Performance Indicators

The Canada Post segment uses senior executive scorecards to track performance and progress toward strategic priorities tied to our transformation. Regular reporting provides management and the Board of Directors with a comprehensive view of the segment's performance. Our progress and achievements toward 2024 targets reflecting our commitment to our people and to social and environmental leadership were as follows:

Key performance indicators		2024 target	YTD 2024 result	Status
Total injury frequency per 100 employees year-over-year (reduction)		(10%)	5%	C
Fleet with telematics installed (to date)		13,500	12,250	A
Employee diversity[1]	Indigenous Peoples	3.2%	3.5%	A
	People with disabilities	7.9%	9.1%	A
Greenhouse gas emissions (GHGs)	Scopes 1 and 2 for fleet and buildings[2] (in kilotonnes of carbon dioxide equivalent emissions)	112.7	78.3[3]	A
Digital accessibility	Percentage of digital accessibility across all active digital products	92.0%	93.5%	A

Key performance indicators		2024 target	YTD 2024 result	Status
Indigenous procurement	Spending with Indigenous Peoples (percentage of eligible direct expenditure in Indigenous businesses)	4.3%	4.1%	A
Enhanced postal services in Indigenous communities	Number of communities with improved expanded services	Over 15	24	A
	Number of engagement discussions	120	95	A
Removal of illicit products from the mail stream in Indigenous communities	Number of pieces inspected and removed	3,660	3,285	A

Status A Achieved target within success parameters, or on track to meet target by December 31, 2024.
Status B Performance did not meet target due to an explainable variance.
Status C Target not achieved (outside success parameters).

1. Although targets are established for all designated equity groups, the Corporation is above 80% of Canadian Labour Market Availability for women and members of visible minorities. The Corporation does not modify recruitment strategies when the goal is exceeded.
2. Scope 3 emissions, which include all upstream transportation, make up 90% of Canada Post's GHG emissions. As part of our science-based targets (SBTs), we are working with our suppliers toward the goal of having 67% of suppliers, by spend, to set an SBT by December 31, 2025.
3. The Q3 2024 result is a forecast and will be verified one quarter in lag. Results are impacted by seasonality. The confirmed value for 2024 (full year) will be reported in the 2024 Sustainability Report.

4. Capabilities

A discussion of the issues that affect our ability to execute strategies, manage key performance drivers and deliver results.

We are dedicated to providing a service all Canadians can count on, upholding social and environmental leadership and doing right by our people. As a result of the prioritization exercise conducted in late 2023, certain transformation investments and projects have been paused or cancelled through 2024 due to financial constraints.

4.1 Doing right by our people

We are committed to safeguarding our employees, customers, and the communities we serve, while also ensuring that our workforce and culture reflect our values and expectations of Canadians for the Corporation.

Canada Post segment

Talent management, learning and development

Recognizing that employee development is critical to attract, retain and engage employees, we have launched a pilot program for managers to hone their skills in order to drive organizational goals, build capabilities for success in their role and practise their aptitudes to be stronger people managers.

Health, safety and wellness

Canada Post prioritizes the health, safety and well-being of our employees, customers and communities we serve. It is essential that our safety leaders nationwide continue to address safety performance challenges, and maintain a safe and healthy working environment.

Our safety metrics are more than just numbers – they represent our commitment to ensuring all of us make it home safe at the end of each day, by saving lives and preventing serious injury. Due to the significant work by frontline employees, leaders, and joint health and safety committees, we've drastically improved safety results over the last five years. However, in Q3 2024, the total injury frequency rate and the lost-time injury frequency rate increased 5% and 13%, respectively, over the same period in 2023, underscoring the need for continued vigilance. In 2024, there was an increased focus on preventing life safety incidents, with a range of activities and communications. Canada Post aims to foster a culture of accountability where individuals feel empowered to speak up about safety concerns without fear.

Aligning with the key objectives outlined in Canada Post's 10-year Health and Safety Strategy, in Q3 2024, Canada Post expanded the deployment of SnapComms to corporate mobile phones. This application directly broadcasts life safety alerts for driving, plant and field operations as pop-up messages on corporate devices rather than through email; SnapComms also helps reduce email and ensures such alerts are not missed. In addition, we released a wildfire playbook as extreme weather events become more common. We also installed our new slip simulators at the two largest delivery agent training schools, in Toronto and Montréal.

Road safety

Since Q1 2024, there has been a consistent 20% year-over-year reduction in the motor vehicle collision rate, a positive trend the Corporation hopes to maintain through the end of the year.

Employee engagement

In Q3, an updated Hybrid Workplace Practice was communicated to employees. All employees are now required to work from their official work location at least two days a week to deepen connections between and across teams, allowing for increased collaboration, mentorship and creativity.

Labour and employee relations

In Q3 2024, we continued to build alignment and collaborate with all our bargaining agents on a number of topics and initiatives through various committees, consultations and other mechanisms. For example:

- Continued to work with all bargaining agents toward the development of a comprehensive corporate pay equity plan.
- Maintained ongoing discussions with the Canadian Union of Postal Workers (CUPW) and re-engaged with the Canadian Postmasters and Assistants Association (CPAA) on financial services.
- Continued our partnership with the Association of Postal Officials of Canada (APOC) to address key concerns, including workplace violence and harassment.
- Collaborated with bargaining agents to proactively address issues and resolve grievances in a number of areas.

Status of negotiations

Canada Post is committed to working collaboratively with all bargaining agents toward reaching new collective agreements without labour disruption.

Canadian Union of Postal Workers – Urban Postal Operations (CUPW-UPO) and Rural and Suburban Mail Carriers (CUPW-RSMC)

The collective agreements for CUPW-UPO and CUPW-RSMC expired January 31, 2024, and December 31, 2023, respectively. On November 12, 2024, the Corporation received strike notices from CUPW-UPO and CUPW-RSMC. On November 15, 2024, CUPW-represented employees began a national strike. Several weeks of labour uncertainty prior to the strike significantly eroded volumes and impacted the Corporation's finances, with that trend expected to accelerate following the start of strike activity. Canada Post must now make operational adjustments, as allowed under the *Canada Labour Code,* based on its current operational realities and business needs. As a result, the terms and conditions of employment of CUPW-represented employees in the Urban and RSMC bargaining units have changed.

Canadian Postmasters and Assistants Association (CPAA)

The existing collective agreement between Canada Post and the CPAA expired on December 31, 2023. According to the *Canada Labour Code,* the existing collective agreement continues to apply throughout the negotiation process. Negotiations between Canada Post and the CPAA continue to progress. Both parties have tabled their respective demands and continue to discuss them.

Public Service Alliance of Canada / Union of Postal Communications (PSAC/UPCE)

The existing collective agreement between Canada Post and PSAC/UPCE – which expired on August 31, 2024 – will continue to apply until the right to strike/lockout accrues in accordance with the *Canada Labour Code*. In August 2024, Canada Post and PSAC/UPCE commenced discussions to negotiate a new collective agreement.

4.2 Our network and infrastructure

Canada Post segment

The Canada Post segment operates a vast network that demands significant coordination across collection, processing, transportation and delivery functions.

Service and capacity

In the third quarter of 2024, we focused on initiatives aimed at addressing the changing needs of Canadians, with an emphasis on supporting growth in ecommerce.

New and improved facilities

Completed facility expansions, relocations and modifications:

Province	Municipality	Facility Type	Change
Ontario	Port Perry	Retail post office	Relocation
	Georgetown	Retail post office	Modifications
	Brampton North and Main	Letter carrier depots	Modifications
British Columbia	Lumby	Retail post office	Expansion
Manitoba	Winkler	Retail post office	Modifications
Alberta	Blackfalds	Retail post office	Relocation

Opened two new facilities:

Province	Municipality	Facility type
Ontario	Port Perry	Retail post office
Alberta	Blackfalds	Retail post office

Asset replenishments

Canada Post received 180 C-250 right-hand-drive vehicles in Q3 2024, which will be deployed and used to replace end-of-life vehicles and compact vans. In addition to updating our fleet, we deployed street furniture for new points of call (or units in need of replacement) and maintained our real estate infrastructure.

Technology

The Experience Transformation Program (XT) continues to progress, and it will transform broad business experiences that have impeded our ability to compete in the ever-changing and increasingly competitive marketplace. XT will drive a new pricing structure and make significant improvements to our billing and invoicing for customers, allowing us to better compete in the parcel delivery market. The new system will also make Employee Self-Serve tools more intuitive and easier to use. System testing and readiness activities continue in preparation for the SAP S/4HANA technical upgrade and transformation, which is expected to be deployed in 2025.

The XT program also successfully launched a new MyCare Connect job bidding tool in early October in Alberta and the Northwest Territories. This automated tool provides a faster and more efficient way for employees to bid for shifts by eliminating the previous paper-based process. This tool will be rolled out across the organization in early 2025.

4.3 Our environmental, social and governance priorities

Canada Post segment

As one of Canada's leading employers, Canada Post takes pride in its responsibility to promote diversity, inclusion and environmental sustainability.

Environmental sustainability

Canada Post is dedicated to minimizing the environmental impact of its operations by reducing greenhouse gas emissions (GHG), reducing waste, supporting circular economics and advancing toward sustainable transportation solutions. To protect the environment and help deliver a sustainable future, we've made progress in Q3:

- Began the rollout of our zero-waste program at key sites across our network. The program includes the installation of standardized and more efficient waste infrastructure at 80 locations by the end of 2024 to drive progress toward our goal of 90% diversion of operational waste from landfills by 2030.
- Completed a detailed climate risk assessment identifying the potential financial impacts of Canada Post's top climate-related risks and opportunities. This assessment will inform the development of our climate resilience strategy to support the company's long-term viability. Results of the impact assessment are available in our 2023 Sustainability Report.

Employee and community engagement

Achievement of our environmental, social and governance (ESG) goals requires engagement by our employees and the communities we serve. In Q3 2024, we announced that we will provide $1.3 million in grants to 106 charities, schools and community organizations across the country as part of the Canada Post Community Foundation's mission to improve the lives of children and youth. Since 2012, the Foundation has granted $14.8 million to more than 1,300 initiatives nationwide.

Governance

Canadians expect Canada Post to provide services in their preferred language, handle personal information responsibly and ensure its protection.

- In Q3, Canada Post formally integrated privacy impact assessments into the investment decision-making process. This proactive step aligns with our commitment to a privacy-by-design approach ensuring that privacy and data protection risks are considered from the start of each project to ensure regulatory and corporate policy requirements are met and to mitigate risks related to privacy breaches or inappropriate collection or use of personal information.
- As required by the Treasury Board of Canada Secretariat, Canada Post conducted a public consultation on bilingual post office locations in Q3 as part of the Official Languages Regulations Reapplication Exercise. Feedback from official language minority communities was gathered by a digital survey that was announced through 4.4 million postcards, local newspapers and online channels. Over 30,000 responses were received, which are now under review to assess the need for additional bilingual post offices.

Accessibility

Canada Post is committed to enhancing accessibility across the organization for customers and employees. In Q3 2024, key progress included delivering 10 new design components that enhance the accessibility of digital tools, ensuring compatibility with recent technology upgrades. These prebuilt features meet our accessibility standards, streamlining development and reducing costs.

5. Discussion of Operations

A detailed discussion of our financial performance in Q3 2024.

Unless otherwise indicated, results in this section are presented for Q3 2024 and YTD 2024 and compared to the same periods in 2023.

5.1 Consolidated results from operations

Consolidated trends

The Group's consolidated results for the last nine quarters are presented below, emphasizing the seasonal nature of its business. Service demand peaks in the fourth quarter during the holiday season, with volumes typically decreasing in subsequent quarters, reaching their lowest level in the third quarter. Despite these fluctuations, the Group's significant fixed costs remain consistent throughout the year.

(in millions of dollars)

	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022
Revenue from operations	2,213	2,267	2,404	2,680	2,265	2,340	2,501	2,802	2,373
Cost of operations	2,455	2,461	2,582	2,764	2,485	2,508	2,560	2,786	2,498
Profit (loss) from operations	**(242)**	**(194)**	**(178)**	**(84)**	**(220)**	**(168)**	**(59)**	**16**	**(125)**
Investing and financing income (expense), net	(10)	59	284	(3)	3	1	1	(8)	(11)
Profit (loss) before tax	**(252)**	**(135)**	**106**	**(87)**	**(217)**	**(167)**	**(58)**	**8**	**(136)**
Tax expense (recovery)	(42)	(122)	6	215	(54)	(40)	(13)	9	(35)
Net profit (loss)	**(210)**	**(13)**	**100**	**(302)**	**(163)**	**(127)**	**(45)**	**(1)**	**(101)**

Consolidated results for Q3 and YTD (in millions of dollars)

	Q3 2024	Q3 2023	$ change	% change	YTD 2024	YTD 2023	$ change	% change
Revenue from operations	2,213	2,265	(52)	(2.3)%	6,884	7,106	(222)	(3.1)%
Cost of operations	2,455	2,485	(30)	(1.2)%	7,498	7,553	(55)	(0.7)%
Loss from operations	**(242)**	**(220)**	**(22)**	**(10.0)%**	**(614)**	**(447)**	**(167)**	**(37.2)%**
Investing and financing income (expense), net	(10)	3	(13)	(424.7)%	333	5	328	+
Loss before tax	**(252)**	**(217)**	**(35)**	**(16.4)%**	**(281)**	**(442)**	**161**	**36.3%**
Tax recovery	(42)	(54)	12	21.6%	(158)	(107)	(51)	(48.5)%
Net loss	**(210)**	**(163)**	**(47)**	**(29.0)%**	**(123)**	**(335)**	**212**	**63.2%**
Other comprehensive income (loss)	(84)	342	(426)	(124.7)%	940	(121)	1,061	877.9%
Comprehensive income (loss)	**(294)**	**179**	**(473)**	**(264.8)%**	**817**	**(456)**	**1,273**	**278.9%**

+ Large percentage change.

In Q3 and YTD 2024, the Group reported another quarter of significant loss from operations, widening over 2023, largely due to revenue declines in the Canada Post segment and lower revenue from the deconsolidation of SCI in Q1 2024.

The gain on sale of SCI in Q1 2024 and Innovapost in Q2 2024 is recorded in investment and other income in the interim condensed consolidated statement of comprehensive income and, therefore, it is not included in the loss from operations. The gain on sale led to improvements in the Group's YTD 2024 loss before tax compared to the loss before tax in 2023. A detailed discussion by segment is provided in sections 5.3 and 5.4.

Revenue from operations

Revenue from operations decreased in Q3 2024 and YTD 2024 compared to the same periods in 2023, mainly due to the disposal of SCI and revenue declines in the Canada Post segment partially offset by revenue gains in the Purolator segment.

Cost of operations

The cost of operations decreased for Q3 2024 and YTD 2024 compared to 2023, due to the divestiture of SCI in Q1 2024 and lower non-capital investment expenses in the Canada Post segment, partially offset by higher employee benefit costs.

Investing and financing income (expense), net

Net investing and financing income increased significantly for YTD 2024, compared to the same period in 2023, due to the divestiture of SCI in Q1 2024 and Innovapost in Q2 2024.

Other comprehensive income (loss)

The consolidated other comprehensive loss in Q3 2024 was due to the remeasurement loss on the pension and other post-employment plans as a result of discount rate decreases from Q2 and Q1 2024. YTD 2024 other comprehensive income was mainly due to the remeasurement gain as a result of higher-than-expected Q3 asset returns.

5.2 Operating results by segment

Segmented results – Profit (loss) before tax (in millions of dollars)

	Q3 2024	Q3 2023	$ change	% change	YTD 2024	YTD 2023	$ change	% change
Canada Post	(315)	(290)	(25)	(8.8)%	(345)	(651)	306	47.0%
Purolator	62	68	(6)	(8.1)%	182	201	(19)	(9.4)%
SCI	–	5	(5)	(100.0)%	–	8	(8)	(103.4)%
Consolidation entries and eliminations	1	–	1	(330.8)%	(118)	–	(118)	+
Canada Post Group of Companies	**(252)**	**(217)**	**(35)**	**(16.4)%**	**(281)**	**(442)**	**161**	**36.3%**

\+ Large percentage change.

The Group's loss before tax improved by $161 million (+36.3%) for the YTD 2024 compared YTD 2023. The non-recurring consolidated gain on sale (before tax) of SCI of $294 million, and of Innovapost of $52 million, largely contributed to these results. The Canada Post and

Purolator segment results include dividend income from the SCI and Innovapost divestitures. YTD 2024 results in the Canada Post segment were also impacted by dividend income from Purolator (paid in Q1 2024, compared to in Q4 2023). These dividends were eliminated on consolidation. Profit (loss) from operations, a business performance view that excludes these non-recurring impacts, demonstrated deteriorating results, especially in the Canada Post segment.

5.3 Canada Post segment

Losses from operations widened in Q3 and YTD 2024 by $22 million (-7.7%) and $141 million (-21.3%), respectively, over Q3 and YTD 2023.

The loss before tax of $315 million in Q3 2024 widened by $25 million (-8.8%) compared to Q3 2023, due to lower revenue and higher cost of operations.

The segment's loss before tax improved by $306 million (+47.0%) for YTD 2024, compared to YTD 2023, mainly due to the dividend income from the SCI and Innovapost divestitures in 2024, and the timing of dividend income received from Purolator (paid in Q1 2024, compared to Q4 2023).

Summary of results for Q3 and YTD (in millions of dollars)

	Q3 2024	Q3 2023	$ change	% change	YTD 2024	YTD 2023	$ change	% change
Revenue from operations	1,572	1,587	(15)	(1.0)%	4,972	5,035	(63)	(1.3)%
Cost of operations	1,885	1,878	7	0.4%	5,775	5,697	78	1.4%
Loss from operations	**(313)**	**(291)**	**(22)**	**(7.7)%**	**(803)**	**(662)**	**(141)**	**(21.3)%**
Investing and financing income (expense), net	(2)	1	(3)	(203.4)%	458	11	447	+
Loss before tax	**(315)**	**(290)**	**(25)**	**(8.8)%**	**(345)**	**(651)**	**306**	**47.0%**

+ Large percentage change.

Revenue from operations

In Q3 and YTD 2024, revenue decreased by $15 million (-1.0%) and $63 million (-1.3%) compared to the same periods in 2023. New customer relationships and the launch of new products in the Canada Post Neighbourhood Mail™ service in mid-2023 contributed to volume increases in Direct Marketing, which offset volume declines in all other product categories. Increased competition from new players in the ecommerce parcel delivery sector, along with economic uncertainty and the shift to digital services has been reducing consumer spending and contributing to these negative results.

	Revenue (in millions of dollars)				Volume (in millions of pieces)			
	Q3 2024	Q3 2023	$ change	% change	Q3 2024	Q3 2023	Change	% change
Domestic Parcels	615	641	(26)	(4.2)%	54	57	(3)	(5.3)%
Outbound Parcels	70	67	3	2.6%	3	2	1	9.9%
Inbound Parcels	53	75	(22)	(28.6)%	7	11	(4)	(35.8)%
Other	9	10	(1)	1.8%	–	–	–	–
Total Parcels	**747**	**793**	**(46)**	**(5.8)%**	**64**	**70**	**(6)**	**(9.6)%**
Domestic Lettermail	500	492	8	1.5%	447	479	(32)	(6.5)%
Outbound Letter-post	14	14	–	(3.6)%	6	6	–	(7.5)%
Inbound Letter-post	11	12	(1)	(1.8)%	11	12	(1)	(10.3)%
Total Transaction Mail	**525**	**518**	**7**	**1.3%**	**464**	**497**	**(33)**	**(6.6)%**
Personalized Mail™	92	100	(8)	(8.4)%	149	167	(18)	(10.6)%
Neighbourhood Mail™	116	88	28	32.7%	926	705	221	31.5%
Total Smartmail Marketing™	208	188	20	10.7%	1,075	872	203	23.4%
Publications Mail™	31	30	1	1.5%	39	41	(2)	(4.7)%
Business Reply Mail™ and other mail	3	4	(1)	(8.4)%	2	2	–	(14.2)%
Other	4	3	1	0.9%	–	–	–	–
Total Direct Marketing	**246**	**225**	**21**	**9.0%**	**1,116**	**915**	**201**	**22.1%**
Consumer products and services	**54**	**51**	**3**	**7.0%**	**–**	**–**	**–**	**–**
Total	**1,572**	**1,587**	**(15)**	**(1.0)%**	**1,644**	**1,482**	**162**	**10.9%**

	Revenue (in millions of dollars)				Volume (in millions of pieces)			
	YTD 2024	**YTD 2023**	**$ change**	**% change**	**YTD 2024**	**YTD 2023**	**Change**	**% change**
Domestic Parcels	1,889	1,976	(87)	(4.4)%	165	170	(5)	(3.3)%
Outbound Parcels	213	210	3	1.1%	9	8	1	11.8%
Inbound Parcels	181	233	(52)	(22.0)%	24	32	(8)	(25.1)%
Other	29	26	3	10.4%	–	–	–	–
Total Parcels	**2,312**	**2,445**	**(133)**	**(5.5)%**	**198**	**210**	**(12)**	**(6.0)%**
Domestic Lettermail	1,664	1,663	1	0.1%	1,554	1,614	(60)	(3.7)%
Outbound Letter-post	47	48	(1)	(1.9)%	21	22	(1)	(2.4)%
Inbound Letter-post	38	38	–	(0.2)%	35	37	(2)	(6.6)%
Total Transaction Mail	**1,749**	**1,749**	**–**	**0.0%**	**1,610**	**1,673**	**(63)**	**(3.7)%**
Personalized Mail	284	301	(17)	(5.6)%	468	503	(35)	(7.0)%
Neighbourhood Mail	353	269	84	31.2%	2,787	2,186	601	27.5%
Total Smartmail Marketing	637	570	67	11.8%	3,255	2,689	566	21.1%
Publications Mail	89	92	(3)	(3.8)%	117	126	(9)	(6.9)%
Business Reply Mail and other mail	11	12	(1)	(6.5)%	7	8	(1)	(12.7)%
Other	11	11	–	(2.3)%	–	–	–	–
Total Direct Marketing	**748**	**685**	**63**	**9.1%**	**3,379**	**2,823**	**556**	**19.7%**
Consumer products and services	**163**	**156**	**7**	**4.8%**	**–**	**–**	**–**	**–**
Total	**4,972**	**5,035**	**(63)**	**(1.3)%**	**5,187**	**4,706**	**481**	**10.2%**

Revenue and volumes by line of business

Parcels

Parcels revenue in Q3 and YTD 2024 declined by $46 million (-5.8%) and $133 million (-5.5%), respectively, and volumes declined (-9.6% and -6.0%, respectively for Q3 and YTD), compared to the same periods in 2023. Details by product category were as follows:

- **Domestic Parcels** revenue decreased by $26 million (-4.2%) in Q3 2024 and $87 million (-4.4%) YTD 2024, over the same period in 2023, primarily due to competitive pressures from global players and low-cost entrants, changes in customer and channel mix, and a decrease in fuel surcharges, which are tied to market fluctuations. Despite higher online shopping returns and improved service performance, volumes declined in Q3 and YTD 2024 as post-pandemic competition is driving Canada Post's loss of market share to other well-established global companies and low-cost entrants.

- **Outbound Parcels** revenue, consisting of revenue collected from domestic customers for parcels destined to foreign posts, increased by $3 million (+2.6%) for Q3 2024 and $3 million (+1.1%) for YTD 2024, compared to the same periods in 2023. In 2024, Outbound Parcels revenue per piece, which varies by destination country and sales channel (retail consumers or commercial customers), was negatively affected by the customer mix.
- **Inbound Parcels** revenue, including fees paid to Canada Post by other posts for items originating outside of Canada, declined by $22 million (-28.6%) and $52 million (-22.0%) in Q3 and YTD 2024, respectively, compared to 2023. As more countries make the transition from postal networks to competitive domestic channels and low-cost competitors, inbound volumes have steadily decreased.
- Revenue from **Other Parcels**, primarily consisting of fees from the Customs Postal Import Program, increased by $3 million (+10.4%) for the YTD 2024 compared to 2023, due to higher volumes of inbound postal items requiring customs and duties processing, for which we receive an administration fee per item.

Transaction Mail

Transaction Mail revenue in Q3 2024 increased by $7 million (+1.3%) and remained flat for YTD 2024, compared to the same periods in 2023, with volume declines of -6.6% and -3.7%. Details by product category were as follows:

- **Domestic Lettermail** revenue in Q3 2024 increased by $8 million (+1.5%), compared to Q3 2023 mainly due to the price increase that occurred in Q2 2024 for regulated stamps. For the YTD 2024, revenue remained flat, as print communications such as letters, bills, invoices, notices, and statements are being replaced by digital alternatives. This result was offset in part by the price increase for regulated stamps.
- **Inbound and Outbound Letter-post** revenue were stable, while volumes declined for Q3 and YTD 2024, compared to the same periods in 2023. Outbound Letter-post revenue is generated from domestic customers sending mail internationally, while Inbound Letter-post revenue is received from foreign postal services and shared with Canada Post for delivering international mail within Canada.

Direct Marketing

Direct Marketing revenue increased by $21 million (+9.0%) on 201 million more pieces (+22.1%), in Q3 2024 compared to Q3 2023 and $63 million (+9.1%) on 556 million more pieces (+19.7%) for the YTD 2024. Details by product category were as follows:

- **Personalized Mail™** revenue declined by $8 million (-8.4%) and $17 million (-5.6%) for Q3 and YTD 2024, respectively, while volumes continued to be negatively impacted by digital platforms that leverage emerging technologies to effectively reach consumers. However, our value proposition of providing customers with a more meaningful and impactful form of communication remains strong.
- **Neighbourhood Mail™** revenue increased by $28 million (+32.7%) in Q3 2024 and $84 million (+31.2%) for the YTD 2024, compared to the same periods in 2023. New customer relationships are generating strong local engagement, while the wider

distribution of existing campaigns to additional points is fuelling volume growth. The successful introduction of an environmentally sustainable mail format in 2023 continues to positively impact revenue and volume.

- **Publications Mail** revenue and volumes for YTD were adversely affected by the decline in paper subscriptions and campaigns, as digital publications are increasingly becoming the preferred delivery method.
- **Business Reply Mail™ and other mail products** remained flat for Q3 2024 and YTD 2024, compared to the same periods in 2023.

Consumer products and services

Consumer products and services revenue increased by $3 million (+7.0%) in Q3 2024 and $7 million (+4.8%) for the YTD 2024, compared to the same periods in 2023, mainly due to logistics services for election mailings (such as warehousing and transportation) and growth in consumer products and services, such as postal boxes, coins and collectibles.

Cost of operations

In Q3 2024, the Canada Post segment's cost of operations increased by $7 million (+0.4%) compared to Q3 2023, and $78 million (+1.4%) for the first nine months of 2024 compared to YTD 2023. These increases are primarily due to higher employee benefits resulting from a lower discount rate and wage increases to account for inflation, remain competitive and attract talent. Better alignment of labour scheduling with volume fluctuations helped mitigate some costs. General inflation also contributed to an increase in operating costs. Lower non-capital investments, as the business refocused its 2024 investment priorities, partially offset these increases, as did intentional cost reductions in several areas.

(in millions of dollars)

	Q3 2024	Q3 2023	$ change	% change	YTD 2024	YTD 2023	$ change	% change
Labour	978	967	11	1.1%	2,913	2,917	(4)	(0.1)%
Employee benefits	280	223	57	26.1%	867	701	166	23.7%
Total labour and employee benefits	**1,258**	**1,190**	**68**	**5.8%**	**3,780**	**3,618**	**162**	**4.5%**
Non-labour collection, processing and delivery	311	320	(9)	(3.0)%	988	979	9	0.8%
Property, facilities and maintenance	62	60	2	4.3%	199	196	3	1.9%
Selling, administrative and IT	119	131	(12)	(10.5)%	374	399	(25)	(6.3)%
Non-capital investment expense	43	88	(45)	(50.1)%	157	244	(87)	(35.6)%
Total other operating costs	**535**	**599**	**(64)**	**(10.8)%**	**1,718**	**1,818**	**(100)**	**(5.5)%**
Depreciation and amortization	92	89	3	3.0%	277	261	16	6.0%
Total cost of operations	**1,885**	**1,878**	**7**	**0.4%**	**5,775**	**5,697**	**78**	**1.4%**

Labour and employee benefits

Improved labour scheduling aligned with volume fluctuations and cost of living adjustments in 2023 led to an overall decrease in labour costs. However, volume-related cost reductions were mostly offset by wage increases to account for inflation, remain competitive and attract talent.

Employee benefits increased by $57 million (+26.1%) in Q3 2024 and $166 million (+23.7%) YTD 2024, compared to Q3 2023 and YTD 2023, respectively, mainly due to a decrease in discount rates, which increased the non-cash pension and other post-employment expense.

Other operating costs, depreciation and amortization

Changes in these costs in Q3 and YTD 2024 compared to the same periods in 2023 were as follows:

- Non-labour collection, processing and delivery costs decreased by $9 million (-3.0%) in Q3 from lower transportation costs, associated with parcel volume declines. Costs increased YTD by $9 million (+0.8%) mainly due to higher automotive services and international settlement costs, partly offset by lower dealer, customs and other fees.
- Selling, administrative and IT expenses decreased by $12 million (-10.5%) and $25 million (-6.3%) in Q3 and YTD, respectively, mainly due to intentional cost reductions in several areas.
- Non-capital investment expenses decreased by $43 million (-50.1%) and $87 million (-35.6%) in Q3 and YTD, respectively, as we adjusted the focus of our investment projects in 2024.
- The depreciation and amortization expense increased by $3 million (+3.0%) and $16 million (+6.0%) compared to Q3 and YTD 2023, respectively, due to the annualized impact of capital asset investments in 2023.

Investing and financing income (expense), net

For the first nine months of 2024, investing and financing income increased by $447 million compared to the same period in 2023, mainly due to dividend income from the divestitures of SCI and Innovapost, and timing of Purolator dividends, which were paid in Q1 2024, compared to Q4 2023.

5.4 Purolator segment

The Purolator segment's profit before tax decreased by $6 million (-8.1%) in Q3 2024 and $19 million (-9.4%) for the YTD 2024, compared to Q3 and YTD 2023.

Summary of results (in millions of dollars)

	Q3 2024	Q3 2023	$ change	% change	YTD 2024	YTD 2023	$ change	% change
Revenue from operations	654	627	27	2.8%	1,940	1,934	6	0.3%
Labour	238	223	15	6.6%	710	685	25	3.6%
Employee benefits	57	53	4	8.8%	188	169	19	11.6%
Other operating costs	259	258	1	0.3%	772	796	(24)	(3.0)%
Depreciation and amortization	35	27	8	28.6%	99	79	20	25.7%
Cost of operations	589	561	28	5.0%	1,769	1,729	40	2.3%
Profit from operations	**65**	**66**	**(1)**	**(0.1)%**	**171**	**205**	**(34)**	**(16.4)%**
Investing and financing income (expense), net	(3)	2	(5)	(202.2)%	11	(4)	15	428.3%
Profit before tax	**62**	**68**	**(6)**	**(8.1)%**	**182**	**201**	**(19)**	**(9.4)%**

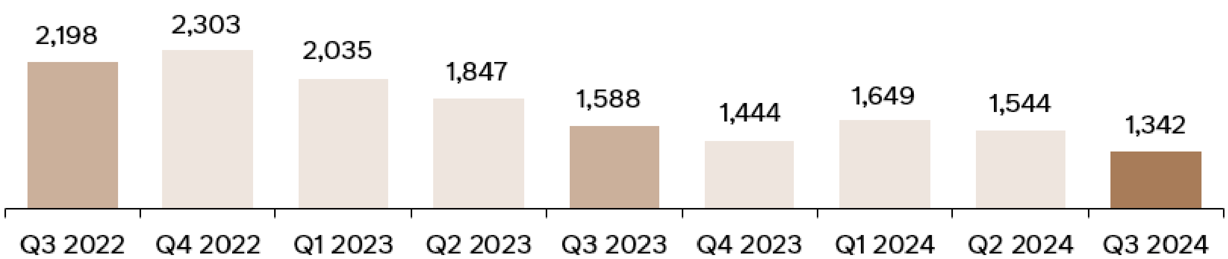
Revenue from operations increased in Q3 and YTD 2024, compared 2023, due to an additional business day in Q3 2024. Additional revenue from the late 2023 acquisition of Williams PharmaLogistics contributed to YTD revenue increases.

For Q3 and YTD 2024, total labour costs increased due to inflation, while employee benefits increased due to higher active benefit usage, rising benefit rates, higher pension costs and lower discount rates. Depreciation also increased, driven by additional capital investments. Other operating costs declined due to reduced volumes and cost-saving measures. For YTD 2024, investing and financing income increased due to dividend income from the divestitures of SCI and Innovapost.

6. Liquidity and Capital Resources

A discussion of our cash flow, liquidity and capital resources.

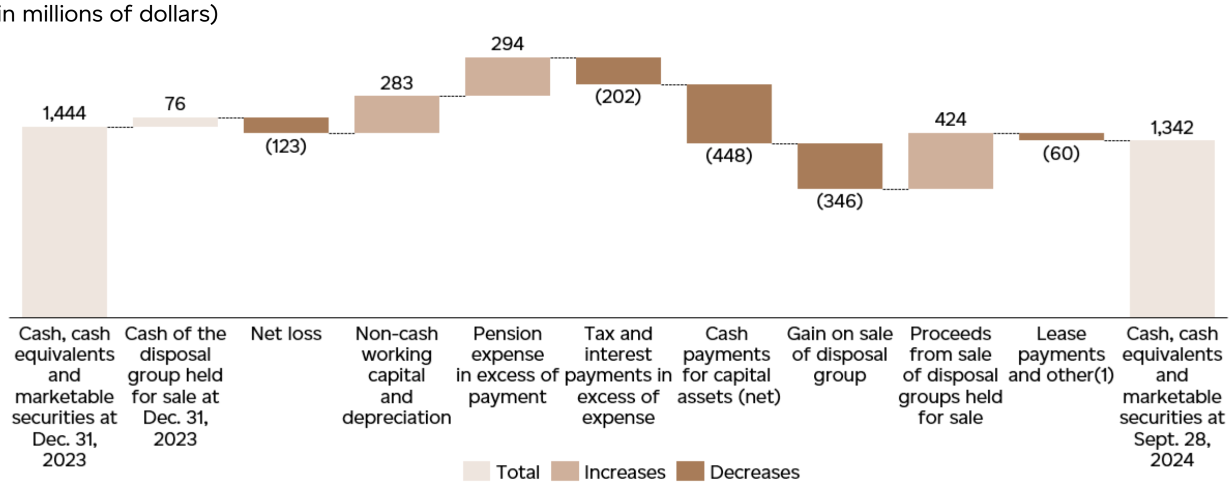
6.1 Cash, cash equivalents and marketable securities (in millions of dollars)



The Group held cash, cash equivalents and marketable securities of $1,342 million as at September 28, 2024, compared to $1,444 million as at December 31, 2023. The decrease of $102 million (-7.1%) is due mainly to consolidated operating losses, partially offset by cash inflows related to the divestitures of SCI and Innovapost.

Change in cash, cash equivalents and marketable securities for YTD 2024

(in millions of dollars)



1. Includes the effect of foreign currency exchange rate changes on cash and cash equivalents.

The decrease in cash, cash equivalents and marketable securities is mainly due to cash payments for capital assets and operating losses offset by cash inflows from the sale of SCI in Q1 2024 and Innovapost in Q2 2024.

Consolidated statement of cash flows (in millions of dollars)

	Q3 2024	Q3 2023	$ change	% change	YTD 2024	YTD 2023	$ change	% change	Explanation of significant variances
Cash used in operating activities	(32)	(35)	3	4.2%	(94)	(66)	(28)	(42.0)%	**Q3**: Higher pension expense in excess of payments and changes in working capital partially offset by increased losses from operations. **YTD**: Increased losses from operations and changes in working capital partially offset by higher pension expense in excess of payments.
Cash (used in) provided by investing activities	(47)	(58)	11	19.2%	14	18	(4)	(20.2)%	**Q3:** Decrease in acquisitions of capital assets partially offset by a decrease in the proceeds (net of acquisitions) of securities. **YTD:** Decrease in the proceeds (net of acquisitions) of securities partially offset by proceeds from the sale of SCI and Innovapost.
Cash used in financing activities	(19)	(32)	13	41.1%	(84)	(96)	12	11.7%	**Q3:** Lower payments of lease liabilities from the divestiture of SCI. **YTD:** Lower lease payments partly offset by dividends paid.

Capital expenditures (in millions of dollars)*

	Q3 2024	Q3 2023	$ change	% change	YTD 2024	YTD 2023	$ change	% change
Canada Post	60	100	(40)	(40.9)%	198	281	(83)	(29.5)%
Purolator	69	33	36	111.0%	182	128	54	43.7%
SCI	–	4	(4)	(100.0)%	–	11	(11)	(100.0)%
Canada Post Group of Companies	**129**	**137**	**(8)**	**(5.9)%**	**380**	**420**	**(40)**	**(8.9)%**

* Capital expenditures include assets purchased but not yet paid for; they differ from the amount presented in the interim condensed consolidated financial statements.

Canada Post segment (in millions of dollars)

	Q3 2024	Q3 2023	$ change	% change	YTD 2024	YTD 2023	$ change	% change
Capital expenditures	60	100	(40)	(40.9)%	198	281	(83)	(29.5)%
Non-capital investment expense	43	88	(45)	(50.1)%	157	244	(87)	(35.6)%
Total investment	**103**	**188**	**(85)**	**(45.2)%**	**355**	**525**	**(170)**	**(32.3)%**

In Q3 2024 and YTD 2024, compared to Q3 2023 and YTD 2023, Canada Post segment investments decreased by $85 million (-45.2%) and $170 million (-32.3%), respectively, with declines in capital and non-capital investments. We remain committed to our three pillars of the transformation plan over the longer term, although we have adjusted our investment focus for 2024 considering our financial situation. We are prioritizing projects that are essential for maintaining competitiveness, providing excellent service to Canadians and ensuring the safety of our employees. In Q3 2024, we focused on the following:

- Continued ongoing upgrades to our enterprise resource planning (ERP) system.
- Maintained and replenished assets, including fleet, facilities, equipment, and street furniture.
- Invested in initiative to improve the efficiency of our network.
- Modernized and enhanced applications, infrastructure, and customer-facing platforms.

6.2 Canada Post Corporation Registered Pension Plan

Funding status

As the year-end funded position of the RPP exceeds legislative thresholds, Canada Post is not permitted to make employer current service contributions. Further, no special solvency payments are required for 2024. At the end of Q3, the solvency surplus (using market value of plan assets) of the Canada Post Corporation Registered Pension Plan (RPP) was estimated at $2.7 billion, an improvement of $500 million compared to year-end 2023, primarily due to higher-than-expected asset returns.

Remeasurements

On an accounting basis, a remeasurement loss of $2 million and a remeasurement gain of $832 million for the RPP, net of tax, for Q3 and YTD, respectively, were recorded in other comprehensive income, primarily due to a discount rate decrease from Q2 and Q1 2024 offset by higher-than-expected Q3 asset returns.

Contributions

No current service contributions were permitted in Q3 2024 (Q3 2023 – $nil) or during the first nine months of 2024 (YTD 2023 – $69 million).

6.3 Liquidity and capital resources

Liquidity

The Canada Post segment had $1,125 million of unrestricted liquid investments on hand as at September 28, 2024, for a net liquidity position of $127 million (2023 – $170 million), after outstanding loans and borrowings of $998 million (2023 – $998 million). The decrease in the segment's net liquidity position of $43 million in 2024 is due to operating losses and higher costs to sustain the network, mostly offset by cash received from the sale of SCI and Innovapost. Had it not been for these non-recurring divestitures, the net liquidity position would have declined by nearly $0.5 billion.

In July 2025, the Series 2 bonds of $500 million will mature and create significant cash flow pressure. See Section 9.2 for additional information on liquidity and its impact on going concern.

Purolator (the Corporation's remaining subsidiary) had a total of $216 million of unrestricted cash on hand and undrawn credit facilities of $105 million as at September 28, 2024, ensuring sufficient liquidity to support operations for at least the next 12 months.

Access to capital markets

In 2024, the Corporation funded itself primarily through the use of cash on hand, funds generated from operations and the sale of SCI and Innovapost.

Pursuant to *Appropriation Act No. 4, 2009-10*, borrowing from other than the Government of Canada's Consolidated Revenue Fund is limited to $2.5 billion, for which the Corporation has used $998 million. Any additional borrowings must adhere to the limits outlined in the approved borrowing plan and receive approval from the Minister of Finance for its terms and conditions.

The Corporation has immediate access to $100 million from existing lines of credit through December 31, 2024, for cash management purposes in the form of short-term borrowings. This amount is insufficient to cover the projected cash shortfalls and may not ensure the Corporation has adequate and timely access to capital markets.

7. Changes in Financial Position

A discussion of significant changes in our assets and liabilities between September 28, 2024, and December 31, 2023. (in millions of dollars)

ASSETS	Sept. 28, 2024	Dec. 31, 2023	$ change	% change	Explanation of significant variances
Cash and cash equivalents	1,020	1,109	(89)	(8.1)%	Refer to Section 6 Liquidity and Capital Resources.
Marketable securities	302	335	(33)	(10.1)%	Maturities and lower purchases of marketable securities.
Trade, other receivables and contract assets	913	963	(50)	(5.1)%	Lower receivables in the Canada Post segment, offset by higher receivables in the Purolator segment.
Income tax receivable	15	6	9	159.2%	Higher tax receivables in the Purolator segment.
Other assets	150	123	27	23.1%	Higher prepaid expenses in all segments.
Assets of disposal groups held for sale	–	424	(424)	(100.0)%	Divestiture of SCI and Innovapost.
Total current assets	**2,400**	**2,960**	**(560)**	**(18.9)%**	
Marketable securities	20	–	20	–	Purchases of bonds during the year.
Property, plant and equipment	3,994	3,935	59	1.5%	Acquisitions in excess of depreciation.
Intangible assets	282	252	30	11.9%	Increase in software acquisition.
Right-of-use assets	1,406	1,285	121	9.4%	New leases and lease renewals exceeding depreciation in the Canada Post and Purolator segments.
Segregated securities	378	398	(20)	(5.1)%	Reduction in segregated securities partially offset by an increase in interest revenue for dental, term life and death benefit plans in the Canada Post segment.
Pension benefit assets	4,436	3,471	965	27.8%	Remeasurement gains in the Canada Post Registered Pension Plan (RPP) primarily from higher-than-expected Q3 asset returns.
Goodwill	161	161	–	0.4%	
Other assets	59	55	4	5.7%	
Total non-current assets	**10,736**	**9,557**	**1,179**	**12.3%**	
Total assets	**13,136**	**12,517**	**619**	**4.9%**	

(in millions of dollars)

LIABILITIES	Sept. 28, 2024	Dec. 31, 2023	$ change	% change	Explanation of significant variances
Trade and other payables	790	880	(90)	(10.3)%	Timing and lower consolidated operating expenses.
Salaries and benefits payable	613	656	(43)	(6.6)%	Lower accrued salaries and benefits in all segments.
Provisions	68	63	5	8.5%	
Income tax payable	29	–	29	–	Gain on the divestiture of SCI.
Deferred revenue	154	172	(18)	(10.5)%	Declines in the Canada Post segment due to seasonality.
Lease liabilities	98	94	4	4.5%	
Current portion of loans and borrowings	500	–	500	–	Series 2 bonds maturing in July 2025 in the Canada Post segment and therefore now a current liability.
Other long-term benefit liabilities	56	56	–	–	
Liabilities directly associated to disposal groups held for sale	–	299	(299)	(100.0)%	Divestiture of SCI and Innovapost.
Total current liabilities	**2,308**	**2,220**	**88**	**4.0%**	
Lease liabilities	1,519	1,390	129	9.3%	Net lease additions higher than payments.
Loans and borrowings	498	998	(500)	(50.1)%	Reclass to current given maturity of bonds in July 2025.
Pension, other post-employment and other long-term benefit liabilities	3,126	3,118	8	0.3%	Increase in non-cash expense offset by benefit payments and remeasurement gains.
Deferred tax liabilities	256	169	87	51.6%	Remeasurement gains on pension and other post-employment plans from discount rate increases compared to Q4 2023.
Other liabilities	46	48	(2)	(2.8)%	
Total non-current liabilities	**5,445**	**5,723**	**(278)**	**(4.8)%**	
Total liabilities	**7,753**	**7,943**	**(190)**	**(2.4)%**	
EQUITY					
Contributed capital	1,155	1,155	–	–	
Accumulated other comprehensive income (loss)	4	4	–	22.4%	
Retained earnings	4,139	3,337	802	24.0%	Remeasurement gains resulting from higher-than-expected asset returns and discount rate increases compared to Q4 2023 and the gain on sale of SCI and Innovapost.
Equity of Canada	**5,298**	**4,496**	**802**	**17.8%**	
Non-controlling interests	85	78	7	6.1%	
Total equity	**5,383**	**4,574**	**809**	**17.6%**	
Total liabilities and equity	**13,136**	**12,517**	**619**	**4.9%**	

8. Risks and Risk Management

We regularly update the key risks and uncertainties inherent in our business and our approach to managing these risks.

In the 2023 annual MD&A, we provided a detailed review of the risks that could materially affect our business. Except as noted below, there were no new developments in our emerging or principal risks in Q3 2024.

Financial self-sustainability and the need for flexibility. An overarching risk to the Corporation is the expectation from the Government of Canada (our single shareholder) to fund our operations with revenue from the sale of products and services, rather than with taxpayer dollars, and have regard for the need to conduct operations on a financially self-sustaining basis. On October 28, 2024, Canada Post has submitted its 2025-29 Corporate Plan (Plan) to the shareholder for approval and continues to work with its shareholder and bargaining agents to address the significant long-term structural and financial issues facing the postal service. See Section 9.2 for additional information on this risk and its impact on going concern.

Labour agreements

CUPW is Canada Post's largest union. On November 15, 2024, CUPW-represented employees in the Urban and RSMC bargaining units began a national strike. Management is assessing the financial and other associated impacts of the labour disruption. See section 4.1 for the status of collective bargaining.

Management evaluates risks and opportunities at every decision-making level and has implemented a rigorous approach to enterprise risk management. Where appropriate, Canada Post has recorded provisions for claims, grievances and non-litigated disputes. If the final outcome of these actions differs from management's assessments and assumptions, it could result in a material future adjustment to the Corporation's financial position and results of operations.

9. Critical Accounting Policies and Estimates and Internal Controls

A review of critical accounting estimates and changes in accounting policies in Q3 2024 and future years.

9.1 Accounting policies

Information on Canada Post's accounting policies are provided in notes 2 and 3 of the unaudited interim condensed consolidated financial statements for the third quarter of 2024.

9.2 Critical accounting judgments and estimates

The preparation of the Corporation's consolidated financial statements requires management to make complex or subjective judgments, estimates and assumptions based on existing knowledge that affect reported amounts and disclosures in the consolidated financial statements and accompanying notes. Actual results may differ from the estimates and assumptions. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects current and future periods.

Except as noted below, the Group's critical accounting judgments and estimates remain substantially unchanged from the prior year.

Going concern

Management believes the going-concern basis of presentation continues to be appropriate, which assumes that the Corporation will continue to operate for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of operations as they become due.

For YTD 2024, the Canada Post segment reported an operating loss of $803 million and a net liquidity position of $127 million. Since 2018, the Canada Post segment has experienced cumulative losses from operations of over $4.0 billion. These results are depleting Canada Post's cash and cash equivalents and are negatively impacting the Corporation's liquidity. Recurring financial losses threaten the Corporation's ability to fulfill the expectations set by the shareholder, which are to have regard for the need to conduct operations on a financially self-sustaining basis while providing a standard of postal service that meets the needs of Canadians.

Canada Post has been operating without an approved Corporate Plan since 2020. On October 28, 2024, we submitted the 2025-29 Corporate Plan (Plan) to our shareholder, (the Government of Canada) for approval. The Plan also includes a 25-per-cent increase on its regulated Lettermail™ products to take effect in January 2025, the 2025 borrowing and leases plan, and 2025 operating and capital budgets to refresh the Corporation's authorities.

The Corporation continues to work with its shareholder and bargaining agents to address the significant long-term structural and financial issues facing the postal service. Canada Post is taking action to manage its costs while working closely with its shareholder on a path to secure the long-term viability of a service that millions of Canadians consider essential. Management has determined that no material uncertainties currently cast doubt on the Corporation's ability to operate as a going concern for at least 12 months from the reporting date. The interim financial statements do not reflect any adjustments to the carrying values.

9.3 Internal controls

In Q2 2024, the Corporation's subsidiary, Purolator, oversaw the deployment and technical upgrade of the enterprise resource planning (ERP) system, resulting in a material change in internal controls over financial reporting for the period of implementation. Management conducted pre-implementation testing and post-implementation reviews to ensure that the transition was properly designed and executed to prevent material financial statement errors. Based on such testing, continuous monitoring and implementation of transitionary controls, management concluded that the transition did not cause material misstatements in our Q3 2024 financial statements.

For the first nine months of 2024, there were no other changes in internal control over financial reporting that materially affected, or were reasonably likely to materially affect, the Corporation's internal control over financial reporting.

Management's Responsibility for Interim Financial Reporting

Management is responsible for the preparation and fair presentation of these unaudited interim condensed consolidated financial statements (interim financial statements) in accordance with the Treasury Board of Canada's Directive on Accounting Standards: GC 5200 Crown Corporations Quarterly Financial Reports, and International Accounting Standard (IAS) 34, "Interim Financial Reporting," and for such internal controls as management determines are necessary to enable the preparation of interim financial statements that are free from material misstatement.

Management is also responsible for ensuring that all other information in this quarterly financial report is consistent, where appropriate, with the interim financial statements.

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

President and Chief Executive Officer

Chief Financial Officer

November 21, 2024

Interim Condensed Consolidated Statement of Financial Position

(Unaudited – in millions of Canadian dollars)

ASSETS	As at September 28, 2024	As at December 31, 2023
Current assets		
Cash and cash equivalents	**1,020**	1,109
Marketable securities	**302**	335
Trade, other receivables and contract assets	**913**	963
Income tax receivable	**15**	6
Other assets	**150**	123
Assets of disposal groups held for sale (Note 4)	**–**	424
Total current assets	**2,400**	2,960
Non-current assets		
Marketable securities	**20**	–
Property, plant and equipment (Note 5)	**3,994**	3,935
Intangible assets (Note 5)	**282**	252
Right-of-use assets (Note 5)	**1,406**	1,285
Segregated securities	**378**	398
Pension benefit assets (Note 6)	**4,436**	3,471
Goodwill	**161**	161
Other assets	**59**	55
Total non-current assets	**10,736**	9,557
Total assets	**13,136**	12,517

LIABILITIES AND EQUITY	As at September 28, 2024	As at December 31, 2023
Current liabilities		
Trade and other payables	**790**	880
Salaries and benefits payable	**613**	656
Provisions	**68**	63
Income tax payable	**29**	–
Deferred revenue	**154**	172
Lease liabilities (Note 8)	**98**	94
Loans and Borrowings (Note 9)	**500**	–
Other long-term benefit liabilities (Note 6)	**56**	56
Liabilities directly associated with disposal groups held for sale (Note 4)	**–**	299
Total current liabilities	**2,308**	2,220
Non-current liabilities		
Lease liabilities (Note 8)	**1,519**	1,390
Loans and borrowings (Note 9)	**498**	998
Pension, other post-employment and other long-term benefit liabilities (Note 6)	**3,126**	3,118
Deferred tax liabilities (Note 7)	**256**	169
Other liabilities	**46**	48
Total non-current liabilities	**5,445**	5,723
Total liabilities	**7,753**	7,943

LIABILITIES AND EQUITY	As at September 28, 2024	As at December 31, 2023
Equity		
Contributed capital	**1,155**	1,155
Accumulated other comprehensive income (loss) (Note 15)	**4**	4
Retained earnings	**4,139**	3,337
Equity of Canada	**5,298**	4,496
Non-controlling interests	**85**	78
Total equity	**5,383**	4,574
Total liabilities and equity	**13,136**	12,517
Commitments (Note 11)		

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

Interim Condensed Consolidated Statement of Comprehensive Income (Loss)

(Unaudited – in millions of Canadian dollars)

	For the 13 weeks ended		For the 39 weeks ended	
	September 28, 2024	September 30, 2023	**September 28, 2024**	September 30, 2023
Revenue from operations (Note 12)	**2,213**	2,265	**6,884**	7,106
Cost of operations				
Labour	**1,216**	1,252	**3,681**	3,782
Employee benefits	**338**	282	**1,064**	893
	1,554	1,534	**4,745**	4,675
Other operating costs (Note 13)	**774**	821	**2,376**	2,500
Depreciation and amortization (Note 5)	**127**	130	**377**	378
Total cost of operations	**2,455**	2,485	**7,498**	7,553
Loss from operations	**(242)**	(220)	**(614)**	(447)
Investing and financing income (expense)				
Investment and other income (Note 14)	**19**	26	**411**	77
Finance costs and other expense (Note 14)	**(29)**	(23)	**(78)**	(72)
Investing and financing income (expense), net	**(10)**	3	**333**	5
Loss before tax	**(252)**	(217)	**(281)**	(442)
Tax recovery (Note 7)	**(42)**	(54)	**(158)**	(107)
Net loss	**(210)**	(163)	**(123)**	(335)
Other comprehensive income (loss) (Note 15)				
Items that may subsequently be reclassified to net profit (loss)				
Change in unrealized fair value of financial assets	**13**	(20)	**2**	(13)
Unrealized (losses) gains on currency translation differences	**(1)**	1	**(1)**	–
Item never reclassified to net profit (loss)				
Remeasurements of defined benefit plans	**(96)**	361	**939**	(108)
Other comprehensive income (loss)	**(84)**	342	**940**	(121)
Comprehensive income (loss)	**(294)**	179	**817**	(456)
Net profit (loss) attributable to				
Government of Canada	**(213)**	(167)	**(133)**	(346)
Non-controlling interests	**3**	4	**10**	11
	(210)	(163)	**(123)**	(335)
Comprehensive income (loss) attributable to				
Government of Canada	**(297)**	173	**802**	(470)
Non-controlling interests	**3**	6	**15**	14
Comprehensive income (loss)	**(294)**	179	**817**	(456)

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

Interim Condensed Consolidated Statement of Changes in Equity

(Unaudited – in millions of Canadian dollars)

For the 13 weeks ended September 28, 2024	Contributed capital	Accumulated other comprehensive income (loss)	Retained earnings	Equity of Canada	Non-controlling interests	Total equity
Balance at June 29, 2024	**1,155**	**(8)**	**4,448**	**5,595**	**82**	**5,677**
Net profit (loss)	**–**	**–**	**(213)**	**(213)**	**3**	**(210)**
Other comprehensive income (loss)	**–**	**12**	**(96)**	**(84)**	**–**	**(84)**
Comprehensive income (loss)	**–**	**12**	**(309)**	**(297)**	**3**	**(294)**
Balance at September 28, 2024	**1,155**	**4**	**4,139**	**5,298**	**85**	**5,383**

For the 13 weeks ended September 30, 2023	Contributed capital	Accumulated other comprehensive loss	Retained earnings	Equity of Canada	Non-controlling interests	Total equity
Balance at July 1, 2023	1,155	(4)	4,565	5,716	81	5,797
Net profit (loss)	–	–	(167)	(167)	4	(163)
Other comprehensive income (loss)	–	(19)	359	340	2	342
Comprehensive income (loss)	–	(19)	192	173	6	179
Balance at September 30, 2023	1,155	(23)	4,757	5,889	87	5,976

For the 39 weeks ended September 28, 2024	Contributed capital	Accumulated other comprehensive income	Retained earnings	Equity of Canada	Non-controlling interests	Total equity
Balance at December 31, 2023	**1,155**	**4**	**3,337**	**4,496**	**78**	**4,574**
Net profit (loss)	**–**	**–**	**(133)**	**(133)**	**10**	**(123)**
Other comprehensive income (Note 15)	**–**	**–**	**935**	**935**	**5**	**940**
Comprehensive income	**–**	**–**	**802**	**802**	**15**	**817**
Transactions with shareholders - Dividend	**–**	**–**	**–**	**–**	**(8)**	**(8)**
Balance at September 28, 2024	**1,155**	**4**	**4,139**	**5,298**	**85**	**5,383**

For the 39 weeks ended September 30, 2023	Contributed capital	Accumulated other comprehensive loss	Retained earnings	Equity of Canada	Non-controlling interests	Total equity
Balance at December 31, 2022	1,155	(10)	5,214	6,359	73	6,432
Net profit (loss)	–	–	(346)	(346)	11	(335)
Other comprehensive income (loss) (Note 15)	–	(13)	(111)	(124)	3	(121)
Comprehensive income (loss)	–	(13)	(457)	(470)	14	(456)
Balance at September 30, 2023	1,155	(23)	4,757	5,889	87	5,976

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

Interim Condensed Consolidated Statement of Cash Flows

(Unaudited – in millions of Canadian dollars)

	For the 13 weeks ended		For the 39 weeks ended	
	Sept. 28, 2024	**Sept. 30, 2023**	**Sept. 28, 2024**	**Sept. 30, 2023**
Operating activities				
Net loss	**(210)**	(163)	**(123)**	(335)
Adjustments to reconcile net profit to cash provided by (used in) operating activities:				
Depreciation and amortization (Note 5)	**127**	130	**377**	378
Pension, other post-employment and other long-term benefit expense (Note 6)	**151**	91	**458**	288
Pension, other post-employment and other long-term benefit payments (Note 6)	**(54)**	(49)	**(164)**	(254)
Loss (gain) on sale of disposal groups held for sale (notes 4, 14)	**2**	–	**(346)**	–
Gain on sale of capital assets	**–**	(1)	**–**	(1)
Impairment loss	**–**	–	**4**	–
Tax recovery and other items affecting net income tax receivable (Note 7)	**(42)**	(54)	**(158)**	(107)
Net interest expense (income) (Note 14)	**3**	1	**6**	(3)
Change in non-cash operating working capital:				
Decrease in trade and other receivables	**11**	43	**36**	173
Increase (decrease) in trade and other payables	**31**	30	**(7)**	(97)
Increase (decrease) in salaries and benefits payable and related provisions	**1**	(65)	**(44)**	(59)
Increase in provisions	**3**	–	**5**	3
Net (increase) decrease in other non-cash operating working capital	**(31)**	3	**(78)**	(11)
Other income not affecting cash, net	**(4)**	(8)	**(10)**	(16)
Cash used in operating activities before interest and tax	**(12)**	(42)	**(44)**	(41)
Interest received	**20**	24	**69**	76
Interest paid	**(34)**	(33)	**(78)**	(77)
Tax (paid) received	**(6)**	16	**(41)**	(24)
Cash used in operating activities	**(32)**	(35)	**(94)**	(66)
Investing activities				
Acquisition of securities	**(57)**	(169)	**(458)**	(474)
Proceeds from sale of securities	**158**	303	**478**	1,045
Cash payments for capital assets	**(152)**	(194)	**(450)**	(556)
Proceeds from the sale of capital assets and assets held for sale	**–**	1	**2**	1
Proceeds from the sale of disposal groups held for sale (Note 4)	**5**	–	**424**	–
Other investing activities, net	**(1)**	1	**18**	2
Cash (used in) provided by investing activities	**(47)**	(58)	**14**	18
Financing activities				
Payments of lease liabilities	**(17)**	(32)	**(75)**	(96)
Dividend paid to non-controlling interests	**–**	–	**(8)**	–
Other financing activities, net	**(2)**	–	**(1)**	–
Cash used in financing activities	**(19)**	(32)	**(84)**	(96)
Net decrease in cash and cash equivalents	**(98)**	(125)	**(164)**	(144)
Cash and cash equivalents, beginning of period[1]	**1,119**	1,200	**1,185**	1,220
Effect of exchange rate changes on cash and cash equivalents	**(1)**	2	**(1)**	1
Cash and cash equivalents, end of period	**1,020**	1,077	**1,020**	1,077

1. Cash and cash equivalents of $1,109 million presented in the consolidated statement of financial position as at December 31, 2023, exclude $76 million of cash transferred to the assets of disposal groups held for sale.

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

Notes to Unaudited Interim Condensed Consolidated Financial Statements

For the 39 weeks ended September 28, 2024

1. Incorporation, Business Activities, and Directives

Established by the *Canada Post Corporation Act* in 1981, Canada Post Corporation (Corporation) is a Crown corporation included in Part I of Schedule III of the *Financial Administration Act* and is an agent of His Majesty. The Corporation's head office is located at 2701 Riverside Drive, Ottawa, Ontario, Canada.

The Corporation operates a postal service for the collection, transmission and delivery of messages, information, funds and goods, both within Canada and between Canada and places outside Canada. While maintaining basic customary postal service, the *Canada Post Corporation Act* requires the Corporation to carry out its statutory objects with regard for the need to conduct its operations on a self-sustaining financial basis, while providing a standard of service that meets the needs of Canadians and is similar with respect to communities of the same size.

Under the *Canada Post Corporation Act*, the Corporation has the sole and exclusive privilege (with some exceptions) of collecting, transmitting and delivering letters to the addressee thereof within Canada. The Corporation is also subject to directives issued pursuant to section 89 of the *Financial Administration Act* as described in Note 1 to the Corporation's annual consolidated financial statements for the year ended December 31, 2023. There is no change to the status of these directives.

2. Basis of Presentation

Statement of compliance • The Corporation has prepared its unaudited interim condensed consolidated financial statements (interim financial statements) in compliance with IAS 34 "Interim Financial Reporting" of the IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB), and the Treasury Board of Canada's Directive on Accounting Standards: GC 5200 Crown Corporations Quarterly Financial Reports. As permitted under this standard, these interim financial statements do not include all of the disclosures required for annual consolidated financial statements, and they should be read in conjunction with the Corporation's audited consolidated financial statements for the year ended December 31, 2023. They were approved and authorized for issue by the Board of Directors November 21, 2024.

Basis of presentation • These interim financial statements have been prepared on a historical-cost basis, except as permitted by IFRSs and as otherwise indicated within these notes. Although the Corporation's year end of December 31 matches the calendar year end, the Corporation's quarter end dates do not necessarily coincide with calendar year quarters; instead, each of the Corporation's quarters contains 13 weeks. The interim financial statements and notes to the interim financial statements are prepared for the 13-week period (third quarter or Q3) and 39-week period (first three quarters or year to date [YTD]) ended September 28, 2024 (comparative period ended September 30, 2023). Amounts are shown in millions of dollars, unless otherwise noted.

Functional and presentation currency • These interim financial statements are presented in Canadian dollars. The Canadian dollar is the functional currency of the Corporation.

Seasonality • The volume of the Corporation's consolidated operations has historically varied during the year, with the highest demand for services experienced over the holiday season during the fourth quarter of each year. For the first three quarters of the year, the level of demand typically declines on a steady basis, with the lowest demand for services occurring during the summer months in the third quarter. The consolidated operations include significant fixed costs, which do not vary in the short term with these changes in demand for services.

Material accounting policy information • Material accounting policy information used in these interim financial statements are disclosed in Note 3 of the Corporation's annual consolidated financial statements for the year ended December 31, 2023. The accounting policies have been applied consistently to all periods presented, unless otherwise indicated.

Basis of consolidation • These interim financial statements include the accounts of the Corporation and its subsidiaries, collectively referred to as the "Canada Post Group of Companies," the "Group of Companies" or the "Group." Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary. If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resulting gain or loss is recognized in profit or loss.

Details of the Corporation's material subsidiaries are set out below:

				Proportion of ownership interest held directly or indirectly	
Name of subsidiary	**Principal activities**	**Country of incorporation**	**Place of operation**	**As at September 28, 2024**	**As at December 31, 2023**
Purolator Holdings Ltd.	Transportation and courier services	Canada	Canada and United States	91%	91%
SCI Group Inc.	Logistics and transportation services	Canada	Canada	–	99%
Innovapost Inc.	IS/IT services	Canada	Canada	–	98%

Information on disposal groups held for sale is included in Note 4, while financial results by segment are included in Note 17.

Critical accounting judgments and key sources of estimation uncertainty • The preparation of the Corporation's interim financial statements requires management to make complex or subjective judgments, estimates and assumptions based on existing knowledge that affect reported amounts and disclosures in the interim financial statements and accompanying notes. Actual results may differ from the judgments, estimates and assumptions. It is reasonably possible that management's reassessments of these and other estimates and assumptions in the near term, as well as actual results, could require a material change in reported amounts and disclosures in the consolidated financial statements of future periods.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which estimates are revised if revisions affect only that period, or in the period of revision and future periods if revisions affect current and future periods. Critical judgments and key sources of estimation uncertainty are disclosed in Note 4 of the Corporation's annual consolidated financial statements for the year ended December 31, 2023. There are no significant changes to these judgments or sources of estimation uncertainty in the YTD period of 2024.

(a) **Going concern** – These consolidated financial statements have been prepared on a going-concern basis in accordance with IFRSs, which assume that the Corporation will continue in operation for the foreseeable future and will be able to realize its assets and discharge liabilities and commitments in the normal course of business.

Since 2018, the Canada Post segment has experienced cumulative losses from operations amount of over $4.0 billion. These results are impacting the Corporation's net liquidity position. Cash and cash equivalents are depleting and without action by the Government of Canada, the Corporation's single shareholder, the Canada Post segment may further deplete remaining cash when the Series 2 bond repayment is due in July 2025. Recurring financial losses threaten the Corporation's ability to fulfill its statutory objects under the *Canada Post Corporation Act*, which is to have regard for the need to conduct operations on a self-sustaining financial basis, while providing a standard of service that will meet the needs of the people of Canada.

Through Q3, the Corporation continued to work with the shareholder and its bargaining agents to address the significant long-term structural and financial issues facing the postal service. Canada Post has submitted its 2025-29 Corporate Plan to the Government of Canada for approval on October 28, 2024. The Corporation has been operating without an approved corporate plan since 2020.

Canada Post is taking action to manage its costs while working closely with the government on a path to secure the long-term viability of a service that millions of Canadians consider essential. Despite financial challenges and reduced cash, the Corporation believes that it will have sufficient liquidity to support its operations. As such, management has concluded that there are no material uncertainties that cast significant doubt on the Corporation's ability to continue as a going concern for a period of at least, but not limited to, 12 months from the reporting date. Refer to Note 9 for additional information about our capital management, borrowing facilities and liquidity risk.

These interim condensed consolidated financial statements do not include any adjustments to the carrying value of the assets and liabilities, the reported revenues and expenses or the consolidated statement of financial position classifications that might be necessary if the Corporation was unable to obtain the necessary legislative support that would help provide financial stability.

3. Application of New and Revised International Financial Reporting Standards

(a) New standards, amendments and interpretations

There were no new standards, amendments or interpretations issued by the International Accounting Standards Board (IASB) or the IFRS Interpretations Committee (Interpretations Committee) that required mandatory adoption in the third quarter.

(b) Standards, amendments and interpretations not yet in effect

In addition to those disclosed in Note 5 (b) of the Corporation's annual consolidated financial statements for the year ended December 31, 2023, and in Note 3 (b) of the 2024 First and Second Quarter Financial Reports, in July 2024, the IASB issued amendments to the following standards as a result of its annual improvement project. The amendments are effective for reporting periods beginning on or after January 1, 2026. The Group is assessing the impact of these amendments.

Standard	Subject matter and significance
IFRS 7 "Financial Instruments: Disclosures" – Gain or Loss on Derecognition	The amendment addresses a potential confusion in IFRS 7 arising from an obsolete reference to a paragraph that was deleted from the standard when IFRS 13 "Fair Value Measurement" was issued.
IFRS 9 "Financial Instruments" – Lessee Derecognition of Lease Liabilities	The amendment addresses a potential lack of clarity in the application of the requirements in IFRS 9 to account for an extinguishment of a lessee's lease liability.
IFRS 9 "Financial Instruments" – Transaction Price	The amendment addresses a potential confusion arising from a reference in IFRS 9 to the definition of "transaction price" in IFRS 15 "Revenue from Contracts with Customers" while "transaction price" is also used in paragraphs of IFRS 9 with a meaning that is not consistent with the definition of the same term in IFRS 15.
IFRS 10 "Consolidated Financial Statements" – Determination of a "De Facto Agent"	The amendment addresses a potential confusion arising from an inconsistency between paragraphs of IFRS 10 related to an investor determining whether another party is acting on its behalf.
IAS 7 "Statement of Cash Flows" – Cost Method	The amendment addresses a potential confusion in applying IAS 7 that arises from the use of the term "cost method" that is no longer defined in IFRS Accounting Standards.

4. Assets and Liabilities of Disposal Groups Held for Sale

SCI Group Inc. – In early 2024, following approval by their Board of Directors, Canada Post and Purolator announced their plan to divest 100% of the shares of SCI Group Inc., a subsidiary, to a Canadian leader in third-party logistics. On March 1, 2024, the divestiture was completed, and control was transferred to the acquirer. Results for SCI Group Inc. are included in the consolidated financial statements until this date. As a result of the disposition, the Group derecognized $335 million of total assets and $266 million of total liabilities and non-controlling interests from the consolidated statement of financial position. The sale proceeds, including final adjustments, were $363 million. A gain on sale (before tax) of $294 million was recognized within investment and other income in the YTD period (Note 14). SCI continues to provide warehousing and other logistics services to Canada Post after the closing date under an agreement that includes commitments of $36 million by Canada Post, as at September 28, 2024, in effect until 2028.

Innovapost Inc. – In early 2024, following approval by their Board of Directors, Canada Post and Purolator announced their plan to divest 100% of the shares of Innovapost Inc., the Group's information technology (IT) shared services provider and a subsidiary, to a world-class IT strategic partner. On April 15, 2024, the divestiture was completed, and control was transferred to the acquirer. Results for Innovapost Inc. are included in the consolidated financial statements until this date. Technical employees from Innovapost Inc. continued employment with the strategic partner, who now provides the Group with IT services. Strategic IT elements and talent from Innovapost have accepted employment with Canada Post or Purolator. As a result of the disposition, the Group derecognized $53 million of total assets and $44 million of total liabilities and non-controlling interests from the consolidated statement of financial position. The sale proceeds, including final adjustments, were $61 million. A gain on sale (before tax) of $52 million was recognized within investment and other income in the YTD period (Note 14). The acquirer continues to provide IT services to Canada Post and Purolator after the closing date under an agreement that includes commitments of $124 million by Canada Post, as at September 28, 2024, in effect until 2030.

Disposal groups held for sale – Upon the divestiture agreement execution of Innovapost Inc. and SCI Group Inc. in Q4 2023, the Group determined that it was unlikely that significant changes to the plans to sell the disposal groups would be made or that the plans would be withdrawn. As of the respective agreement execution dates, the Group classified Innovapost Inc. and SCI Group Inc. as disposal groups held for sale until the closing dates of their divestitures. Financial results of SCI Group Inc., up to March 1, 2024, and Innovapost Inc., up to April 15, 2024, are included in Note 17.

5. Capital Assets

(a) Property, plant and equipment

(in millions)

	Land	Buildings	Leasehold improvements	Plant equipment	Vehicles	Sales counters, office furniture and equipment	Other equipment	Assets under development	Total
Cost									
December 31, 2023	483	2,696	396	1,442	1,021	199	1,377	158	7,772
Additions	1	13	14	16	115	4	52	101	316
Retirements	–	–	(8)	(12)	(15)	(9)	–	–	(44)
Transfers[1]	–	3	19	18	36	2	–	(52)	26
September 28, 2024	**484**	**2,712**	**421**	**1,464**	**1,157**	**196**	**1,429**	**207**	**8,070**
Accumulated depreciation									
December 31, 2023	–	1,413	269	820	530	147	658	–	3,837
Depreciation	–	47	15	66	62	10	47	–	247
Retirements	–	–	(6)	(12)	(15)	(9)	–	–	(42)
Transfers[1]	–	–	–	3	31	–	–	–	34
September 28, 2024	**–**	**1,460**	**278**	**877**	**608**	**148**	**705**	**–**	**4,076**
Carrying amounts									
December 31, 2023	483	1,283	127	622	491	52	719	158	3,935
September 28, 2024	**484**	**1,252**	**143**	**587**	**549**	**48**	**724**	**207**	**3,994**

1. Includes transfers of assets with a carrying amount of $2 million ($36 million in costs and $34 million in accumulated amortization) from right-of-use assets and a transfer to intangible assets ($10 million in costs) in the Purolator segment.

(b) Intangible assets

(in millions)

	Software	Software under development	Customer contracts and brand	Total
Cost				
December 31, 2023	974	131	16	1,121
Additions	18	49	–	67
Transfers[1]	97	(87)	–	10
Retirements	(7)	–	–	(7)
September 28, 2024	**1,082**	**93**	**16**	**1,191**
Accumulated amortization				
December 31, 2023	869	–	–	869
Amortization	45	–	2	47
Retirements	(7)	–	–	(7)
September 28, 2024	**907**	**–**	**2**	**909**
Carrying amounts				
December 31, 2023	105	131	16	252
September 28, 2024	**175**	**93**	**14**	**282**

1. Includes transfers from property, plant and equipment of $10 million in costs in the Purolator segment.

(c) Right-of-use assets

(in millions)

	Land	Buildings – gross	Buildings – net	Vehicles	Plant equipment	Total
Carrying amounts						
December 31, 2023	118	294	861	10	2	1,285
Additions	52	33	137	4	–	226
Depreciation	(3)	(19)	(58)	(2)	(1)	(83)
Terminations	–	(9)	(7)	–	–	(16)
Impairment	–	–	(4)	–	–	(4)
Transfers[1]	–	–	–	(2)	–	(2)
September 28, 2024	**167**	**299**	**929**	**10**	**1**	**1,406**

1. Includes transfers of assets with a carrying amount of $2 million from right-of-use assets to property, plant and equipment in the Purolator segment.

6. Pension, Other Post-employment and Other Long-term Benefit Plans

(a) Net defined benefit asset/liability

The net defined benefit asset/liability was recognized and presented in the interim statement of financial position as follows:

(in millions)

	As at September 28, 2024	As at December 31, 2023
Pension benefit assets	**4,436**	3,471
Other post-employment and other long-term benefit liabilities	3,182	3,174
Current other long-term benefit liabilities	**56**	56
Non-current pension, other post-employment and other long-term benefit liabilities	**3,126**	3,118

(b) Defined benefit and defined contribution costs

The defined benefit and defined contribution cost components recognized in the interim statement of comprehensive income were as follows:

(in millions)

	Q3 2024			Q3 2023		
	Pension benefit plans	**Other benefit plans**	**Total**	Pension benefit plans	Other benefit plans	Total
Current service cost	118	22	140	93	20	113
Interest cost	323	37	360	334	39	373
Interest income on plan assets	(364)	–	(364)	(400)	–	(400)
Other administration costs	5	–	5	4	–	4
Actuarial gains	–	–	–	–	(6)	(6)
Loss from plan amendments	–	–	–	1	–	1
Defined benefit expense	82	59	141	32	53	85
Defined contribution expense	10	–	10	6	–	6
Total expense	92	59	151	38	53	91
Return on segregated securities	–	(3)	(3)	–	(3)	(3)
Component included in employee benefits expense	**92**	**56**	**148**	38	50	88
Remeasurement (gains) losses:						
Return on plan assets, excluding interest income on plan assets	(1,186)	–	(1,186)	1,693	–	1,693
Actuarial (gains) losses	1,211	104	1,315	(1,974)	(200)	(2,174)
Component included in other comprehensive income[1,2]	**25**	**104**	**129**	**(281)**	**(200)**	**(481)**

1. Amounts presented in this table exclude income tax recovery of $33 million for Q3 2024 (Q3 2023 – tax expense of $120 million).
2. The discount rates used to measure the Canada Post segment pension benefit plans and other benefit plans at Q3 2024 were 4.70% and 4.74%, compared to 5.03% and 5.04% at Q2 2024 (5.63% and 5.60%, respectively, at Q3 2023, compared to 4.98% and 4.97%, respectively, at Q2 2023).

(in millions)

	YTD 2024			YTD 2023		
	Pension benefit plans	**Other benefit plans**	**Total**	Pension benefit plans	Other benefit plans	Total
Current service cost	358	64	422	280	59	339
Interest cost	974	107	1,081	1,003	112	1,115
Interest income on plan assets	(1,093)	–	(1,093)	(1,200)	–	(1,200)
Other administration costs	14	–	14	12	–	12
Actuarial gains	–	–	–	–	(6)	(6)
Loss from plan amendment	–	–	–	1	–	1
Defined benefit expense	253	171	424	96	165	261
Defined contribution expense	34	–	34	27	–	27
Total expense	287	171	458	123	165	288
Return on segregated securities	–	(10)	(10)	–	(11)	(11)
Component included in employee benefits expense	**287**	**161**	**448**	123	154	277
Remeasurement (gains) losses:						
Return on plan assets, excluding interest income on plan assets	(1,137)	–	(1,137)	1,102	–	1,102
Actuarial (gains) losses	(81)	(33)	(114)	(859)	(99)	(958)
Component included in other comprehensive income[1,2]	**(1,218)**	**(33)**	**(1,251)**	243	(99)	144

1. Amounts presented in this table exclude income tax expense of $312 million for YTD 2024 (YTD 2023 – tax recovery of $36 million).
2. The discount rates used to measure the Canada Post segment pension benefit plans and other benefit plans at Q3 2024 were 4.70% and 4.74%, compared to 4.64% at Q4 2023 (5.63% and 5.60%, respectively, at Q3 2023, compared to 5.27% and 5.28%, respectively, at Q4 2022).

(c) Total cash payments and funding relief

Total cash payments for pension, other post-employment and other long-term benefits for the Group of Companies were as follows:

(in millions)

	Q3 2024	Q3 2023	**YTD 2024**	YTD 2023
Benefits paid directly to beneficiaries for other benefit plans	44	42	130	128
Employer regular contributions to pension benefit plans	–	1	–	93
Employer special contributions to pension benefit plans	–	–	–	6
Cash payments for defined benefit plans	44	43	130	227
Contributions to defined contribution plans	10	6	34	27
Total cash payments	**54**	49	**164**	254

The estimates for the Group of Companies' total contributions to the defined benefit pension plans in 2024 did not change significantly from those disclosed in the Corporation's audited consolidated financial statements for the year ended December 31, 2023.

7. Income Taxes

The Corporation is a prescribed Crown corporation for tax purposes and, as such, is subject to federal income taxation under the *Income Tax Act*. The Corporation's subsidiaries are subject to federal and provincial income taxes.

The sources of the temporary differences giving rise to net deferred tax assets (liabilities), affecting net loss and other comprehensive income (loss), were unchanged from December 31, 2023.

As presented in the consolidated statement of financial position (in millions):

	As at September 28, 2024	As at December 31, 2023
Deferred tax assets	–	–
Deferred tax liabilities	256	169
Net deferred tax liabilities	(256)	(169)

While the Corporation is in a net deferred tax liability position, recognition of deferred tax assets is based on management's assessment of all available evidence, such as the reversal of existing taxable temporary differences, which suggests that realizing deferred tax assets is probable. For Q3 2024, management concluded that there is insufficient evidence to support recognition of certain deferred tax assets due to insufficient taxable temporary differences expected to reverse in the same period as the expected reversal of the deductible temporary difference. A history of recurring financial losses was also considered. This assessment adjusted the total reduction of the deferred tax asset (netted with deferred tax liabilities) to $199 million (2023 – $231 million), which represents management's best estimate of future results and the probability of future recoverability of the deferred tax assets. This reduction of the deferred tax asset does not result in an immediate cash outflow or affect the Group of Companies' immediate liquidity position. The Corporation has not recognized a deferred tax asset relating to deductible temporary differences of $796 million (2023 – $924 million).

The major components of tax recovery were as follows (in millions):

	Q3 2024	Q3 2023	**YTD 2024**	YTD 2023
Current tax expense	13	19	66	55
Deferred tax recovery relating to origination and reversal of temporary differences	(76)	(73)	(192)	(162)
Deferred tax expense (recovery) relating to the change of the deferred tax asset write-down	21	–	(32)	–
Tax recovery	**(42)**	(54)	**(158)**	(107)

The tax recovery differed from the amount that would be computed by applying the Corporation's federal statutory income tax rate of 25% (2023 – 25%) to loss before tax. The reasons for the differences were as follows (in millions):

	Q3 2024	Q3 2023	**YTD 2024**	YTD 2023
Loss before tax	(252)	(217)	(281)	(442)
Federal tax at Corporation's statutory rate	(63)	(54)	(70)	(110)
Subsidiaries' provincial tax less federal tax abatement	1	1	7	2
Divestiture of subsidiaries	–	–	(45)	–
Deferred tax expense (recovery) relating to the change in the deferred tax asset write-down	21	–	(32)	–
Other	(1)	(1)	(18)	1
Tax recovery	**(42)**	(54)	**(158)**	(107)

8. Lease Liabilities

(a) Lease liabilities

(in millions)

	As at September 28, 2024	As at December 31, 2023
Maturity analysis – contractual undiscounted cash flows[1,2]		
Less than one year	**149**	138
One to five years	**566**	522
More than five years	**1,567**	1,486
Total undiscounted lease liabilities	**2,282**	2,146
Lease liabilities in the consolidated statement of financial position	**1,617**	1,484
Current lease liabilities	**98**	94
Non-current lease liabilities	**1,519**	1,390

1. Included in the above table are lease payments (undiscounted cash flows) to be made to related parties in the normal course of business, in the amount of $24 million for premises used in postal operations (December 31, 2023 – $20 million).
2. Leases that have not yet commenced, but which have been committed to (including conditional commitments) at September 28, 2024, have future cash outflows of $416 million that are included in the above maturity analysis, but they are excluded from the measurement of lease liabilities (December 31, 2023 – $199 million).

(b) Changes in liabilities arising from financing activities

(in millions)

	December 31, 2023	Payments	Interest	Net lease additions	**September 28, 2024**
Lease liabilities	1,484	(110)	35	208	**1,617**

9. Capital Management, Borrowing Facilities and Liquidity Risk

The Corporation is exposed to a variety of financial risks: market risk (including interest rate risk, foreign exchange risk and commodity risk), credit risk and liquidity risk. Risk management for investment activities, including management of capital and borrowing, is carried out by the Corporate Treasury function under policies approved by the Board of Directors. Except as noted below, the significance of these items has not changed materially since the end of the last reporting period.

(a) Capital management

The Corporation is subject to the *Canada Post Corporation Act* and the *Financial Administration Act* (Acts) and any directives issued pursuant to the Acts. The Acts affect how the Corporation manages its capital by, among other things, setting broad objectives for the Corporation. Specifically, as it maintains basic postal service and carries out its statutory objects, the Corporation must have regard for the need to conduct its operations on a self-sustaining financial basis, while providing a standard of service that meets the needs of the people of Canada.

The Corporation views capital as the sum of loans and borrowings and equity of Canada. This definition of capital is used by management and may not be comparable to measures presented by other postal organizations or public companies.

Total outstanding loans and borrowings were $998 million at September 28, 2024, and December 31, 2023. The equity of Canada was in a surplus position of $5,298 million at September 28, 2024 (December 31, 2023 – $4,496 million). The increase in the equity of Canada was attributable to remeasurement gains of defined benefit plans, which are recognized in other comprehensive income and are included immediately in retained earnings, and the gain on sale of SCI in Q1 2024 and Innovapost in Q2 2024.

The Corporation's objectives in managing capital are as follows:

- Provide sufficient liquidity to support and repay its financial obligations and support its operating and strategic plans.
- Safeguard the Corporation's ability to continue as a going concern.
- Maintain financial capacity and access to credit facilities to support future development of the business.

These objectives and their related strategies are reviewed and approved each year by the Board of Directors through the annual Corporate Plan, which is then forwarded for Treasury Board approval. On October 28, 2024, the Corporation's 2025-29 Corporate Plan was submitted to the Minister of Public Services and Procurement, who is responsible for Canada Post. This Corporate Plan presented the significant challenges the Corporation is facing and highlights the need for continued ongoing collaboration with its shareholder. Refer to Note 2 (a) for the going-concern assessment.

(b) Borrowing facilities

Pursuant to the *Financial Administration Act*, Part X, the Corporation must indicate its intention to borrow money in the annual Corporate Plan, or in an amendment thereto, both of which are subject to the approval of the Corporation's Board of Directors and the Treasury Board. In addition, the detailed terms and conditions of any specific borrowing transaction must be approved by the Minister of Finance.

The Corporation's borrowing limit, other than from the Crown, is authorized pursuant to *Appropriation Act No. 4, 2009-10*. The *Canada Post Corporation Act* provides a maximum limit for borrowing from the Government of Canada's Consolidated Revenue Fund and for the establishment of a share capital structure, giving the Corporation the ability to raise funds through the issuance of shares to the Government of Canada and to the Corporation's employees. No such shares have been issued. The Corporation is not subject to any externally imposed capital requirements.

Pursuant to the *Canada Post Corporation Act*, the Corporation qualifies for borrowings of a maximum of $500 million from the Government of Canada's Consolidated Revenue Fund, with the approval of the Governor in Council and the Minister of Finance. Pursuant to *Appropriation Act No. 4, 2009-10*, the Corporation is authorized to borrow other than from the Crown an aggregate outstanding amount not exceeding $2.5 billion, in accordance with the terms and conditions approved by the Minister of Finance. Lease liabilities are not considered toward this limit. As part of the total authorized borrowing limit, a maximum of $100 million was available for cash management purposes in the form of short-term borrowings at September 28, 2024.

The following table represents the Corporation's contractual obligations to make future debt repayments.

(in millions)

	As at September 28, 2024		As at December 31, 2023	
	Fair value[3]	Carrying value	Fair value[3]	Carrying value
Series 2 bonds maturing July 2025, interest at 4.08%, payable semi-annually on January 16 and July 16 (current)[1,2]	502	500	499	499
Series 1 bonds maturing July 2040, interest at 4.36%, payable semi-annually on January 16 and July 16 (non-current)[1,2]	526	498	527	499
Total loans and borrowings	**1,028**	**998**	1,026	998

1. The Corporation has a right of redemption prior to maturity at a premium to fair value.
2. Bonds constitute direct, unconditional and unsecured obligations of the Corporation and direct, unconditional obligations of the Government of Canada.
3. The estimated fair values disclosed for loans and borrowing are categorized as level 2 in the fair value hierarchy and are applied on a recurring basis.

(c) Liquidity risk

Liquidity risk is the risk that a company will not be able to meet its financial obligations as they fall due. Liquidity risk is managed by maintaining adequate cash reserves, banking facilities and reserve-borrowing facilities, by monitoring forecasted and actual cash flows and matching the maturity profiles of financial assets and liabilities. Surplus cash is invested into a range of short-term money market securities. Investments are in high-credit quality government or corporate securities, in accordance with policies approved by the Board of Directors.

As at September 28, 2024, the Canada Post segment had $1,125 million of unrestricted liquid investments on hand (December 31, 2023 – $1,168 million), for a net liquidity position of $127 million (December 31, 2023 – $170 million), after outstanding loans and borrowings of $998 million (December 31, 2023 – $998 million). The segment's net cash position worsened in 2024 by $43 million due to significant operating losses, partially offset by dividends from the divestitures of SCI and Innovapost. The Corporation's cash resources have depleted significantly since 2018 due to recurring operating losses and significant costs associated with expanding capacity and maintaining the network. A debt of $500 million maturing in July 2025, less than 12 months from the date of these interim condensed consolidated financial statements, will create significant cash flow pressure.

The Corporation is actively working with the shareholder to align on solutions that alleviate its deteriorating liquidity position. Refer to Note 2 (a) for the going-concern discussion.

10. Contingent Liabilities

There have been no significant changes to the contingent liabilities as disclosed in Note 15 of the Corporation's 2023 annual consolidated financial statements, except as noted below.

An application was made to the Superior Court of Québec on July 6, 2020, to institute a class action against Canada Post on behalf of a class of customers who, since March 14, 2020, paid for an expedited service offered by Canada Post, for which the on-time delivery guarantee had not been met. Canada Post suspended on-time delivery guarantees on March 19, 2020, until further notice, due to COVID-19 and required operational changes to preserve the health and safety of employees and Canadians. The allegation is that Canada Post, nevertheless, continued to promote the delivery guarantees for expedited services while refusing to honour them. The class action has now been limited to consumers (as opposed to commercial accounts) who were not aware of the suspension of the on-time delivery guarantee in the province of Quebec only, and is seeking full refunds, compensatory damages and punitive damages. The class action has been certified by the Court. The Corporation has determined that the possibility of an outflow of resources is remote.

11. Commitments

In the normal course of business, the Group enters into contractual arrangements for the supply of goods and services over periods sometimes extending beyond one year. These contractual arrangements typically contain termination rights that allow the Group to terminate contracts without penalty, at its discretion. Disbursements largely depend on future volume-related requirements and consumption. The most significant arrangements relate to contracted transportation and IT services, operating, facility and property management costs, and contracts for the purchase of vehicles and plant equipment.

At September 28, 2024, contractual arrangements with third-party suppliers that contain a commitment or fee for the ability to terminate for convenience approximated $290 million (December 31, 2023 – $125 million) for contracts in effect until 2045.

12. Disaggregation of Revenue

(a) Geographic area revenue

Revenue reported for geographical areas outside of Canada is, for the Corporation, based on the location of the foreign postal administration or customer hiring the service. Individual foreign countries that are sources of material revenue are reported separately. The Group of Companies has no significant assets located outside of Canada. All intersegment revenue is domestic; therefore, revenue for geographic areas is reported net of intersegment revenue.

(in millions)

	Q3 2024	Q3 2023	**YTD 2024**	YTD 2023
Canada	2,137	2,169	6,630	6,803
United States	44	53	154	177
Rest of the world	32	43	100	126
Total revenue	**2,213**	2,265	**6,884**	7,106

(b) Products and services revenue

Revenue reported for products and services is based on information available at the time of sale, such that stamps and meter revenue are reported separately, rather than being attributed to the lines of business.

(in millions)

	Q3 2024			Q3 2023		
	Total revenue	**Intersegment and consolidation**	**Revenue from external customers**	Total revenue	Intersegment and consolidation	Revenue from external customers
Revenue attributed to products and services						
Parcels	1,406	(15)	1,391	1,503	(36)	1,467
Transaction Mail	394	–	394	384	–	384
Direct Marketing	246	–	246	226	(1)	225
Consumer products and services	54	–	54	144	(93)	51
	2,100	(15)	2,085	2,257	(130)	2,127
Unattributed revenue						
Stamp postage	49	–	49	56	–	56
Meter postage	79	–	79	82	–	82
	128	–	128	138	–	138
Total	**2,228**	**(15)**	**2,213**	2,395	(130)	2,265

(in millions)

	YTD 2024			YTD 2023		
	Total revenue	**Intersegment and consolidation**	**Revenue from external customers**	Total revenue	Intersegment and consolidation	Revenue from external customers
Revenue attributed to products and services						
Parcels	4,317	(55)	4,262	4,616	(113)	4,503
Transaction Mail	1,313	–	1,313	1,320	(1)	1,319
Direct Marketing	748	–	748	686	(1)	685
Consumer products and services	260	(135)	125	424	(274)	150
	6,638	(190)	6,448	7,046	(389)	6,657
Unattributed revenue						
Stamp postage	177	–	177	178	–	178
Meter postage	259	–	259	271	–	271
	436	–	436	449	–	449
Total	**7,074**	**(190)**	**6,884**	7,495	(389)	7,106

(c) Sales channel revenue

Sales channel revenue is reported for domestic revenue from commercial customers and for domestic retail from sales to consumers. International revenue includes revenue from the United States and the rest of the world, as defined in Note 12 (a). Revenue earned by Innovapost, the information technology (IT) business unit, was consolidated through April 15, 2024, the date of divestiture. IT services revenue was eliminated on consolidation.

(in millions)

	Q3 2024			Q3 2023		
	Total revenue	**Intersegment and consolidation**	**Revenue from external customers**	Total revenue	Intersegment and consolidation	Revenue from external customers
Domestic						
Commercial	1,612	(15)	1,597	1,672[1]	(37)	1,635
Retail	540	–	540	533	–	533
	2,152	(15)	2,137	2,205	(37)	2,168
International	76	–	76	97	–	97
IT services	–	–	–	93[1]	(93)	–
Total	**2,228**	**(15)**	**2,213**	2,395	(130)	2,265

1. Foreign exchange gains in Q3 2023 of $1 million were reclassified within sales channels from IT services (formerly "Other") to commercial, to conform to current year presentation and realignment due to the divestiture of the IT business unit in 2024.

(in millions)

	YTD 2024			YTD 2023		
	Total revenue	**Intersegment and consolidation**	**Revenue from external customers**	Total revenue	Intersegment and consolidation	Revenue from external customers
Domestic						
Commercial	5,015	(56)	4,959	5,218[1]	(115)	5,103
Retail	1,671	–	1,671	1,700	–	1,700
	6,686	(56)	6,630	6,918	(115)	6,803
International	254	–	254	303	–	303
IT services	134	(134)	–	274[1]	(274)	–
Total	**7,074**	**(190)**	**6,884**	7,495	(389)	7,106

1. Foreign exchange losses in the YTD 2023 of $2 million were reclassified within sales channels from IT services (formerly "Other") to commercial, to conform to current year presentation and realignment due to the divestiture of the IT business unit in 2024.

13. Other Operating Costs

(in millions)

	Q3 2024	Q3 2023	**YTD 2024**	YTD 2023
Non-labour collection, processing and delivery	487	500	1,517	1,526
Property, facilities and maintenance	75	78	251	260
Selling, administrative and IT	169	155	451	470
Non-capital investment expense	43	88	157	244
Other operating costs	**774**	821	**2,376**	2,500

14. Investing and Financing Income (Expense)

(in millions)

	Q3 2024	Q3 2023	**YTD 2024**	YTD 2023
Interest income	21	21	62	70
Gain (loss) on sale of disposal groups held for sale	(2)	–	346	–
Other Income	–	5	3	7
Investment and other income	**19**	26	**411**	77
Interest expense	(24)	(22)	(68)	(67)
Other expense	(5)	(1)	(10)	(5)
Finance costs and other expense	**(29)**	(23)	**(78)**	(72)
Investing and financing income (expense), net	**(10)**	3	**333**	5

15. Other Comprehensive Income (Loss)

(in millions)

	Items that may subsequently be reclassified to net profit (loss)			Item never reclassified to net profit (loss)	Other comprehensive income (loss)
	Change in unrealized fair value of financial assets	Cumulative foreign currency adjustment	Accumulated other comprehensive income (loss)	Remeasurements of defined benefit plans	
Accumulated balance as at December 31, 2023	–	4	4		
Gains (losses) arising	3	(1)	2	1,251	1,253
Income taxes	(1)	–	(1)	(312)	(313)
Net	**2**	**(1)**	**1**	**939**	**940**
Allocation to non-controlling interest	(1)	–	(1)		
Accumulated balance as at September 28, 2024	**1**	**3**	**4**		

16. Related Party Transactions

The Corporation is wholly owned by the Government of Canada and is under common control with other government agencies and departments, and Crown corporations. The Group of Companies had the following transactions with related parties in addition to those disclosed elsewhere in these interim financial statements:

(a) Government of Canada, its agencies and other Crown corporations

(in millions)

	Q3 2024	Q3 2023	**YTD 2024**	YTD 2023
Related party revenue	**76**	74	**252**	239
Compensation payments for programs				
Government mail and mailing of materials for persons who are blind	**8**	6	**14**	17
Payments from related parties for premises leased from the Corporation	**2**	3	**5**	5
Related party expenditures	**3**	3	**9**	8

Most of the related party revenue was for commercial contracts relating to postal services with the Government of Canada. As well, compensation was provided by the Government of Canada for parliamentary mail services and mailing of materials for persons who are blind sent free of postage. For related party lease information, refer to Note 8 (a).

The amounts due to and from related parties and included in the interim condensed statement of financial position were as follows (in millions):

	As at September 28, 2024	As at December 31, 2023
Due to/from related parties		
Included in trade and other receivables	**17**	19
Included in trade and other payables	**12**	18
Deferred revenue from related parties	**2**	1

(b) Transactions with entities in which key management personnel of the Canada Post Group of Companies have control or joint control

In the normal course of business, the Group of Companies may interact with companies whose financial and operating policies are solely or jointly governed by key management personnel (KMP) of the Group of Companies. The affected KMP are required to recuse themselves from all discussions and decisions relating to transactions between the companies. The only significant transactions for the YTD were between Purolator and a company controlled by one of the Group of Companies' KMP, who is a director and also a minority shareholder of Purolator. This company provided air services to Purolator in the amount of $4 million and $11 million for the Q3 and YTD 2024 periods, respectively (2023 – $4 million and $12 million, respectively). These transactions had been made at prices and terms comparable to those given to other suppliers of Purolator.

(c) Transactions with the Corporation's pension plans

During Q3 and YTD 2024, the Corporation provided administration services to the Canada Post Corporation Registered Pension Plan in the amount of $5 million and $15 million, respectively (2023 – $4 million and $11 million, respectively). As at September 28, 2024, $11 million (December 31, 2023 – $11 million) relating to transactions with the Registered Pension Plan is outstanding and included in trade and other receivables. Cash payments, including contributions to the defined benefit plans and defined contribution plans for the Group of Companies, are disclosed in Note 6 (c).

17. Segmented Information

Operating segments • The accounting policies of the operating segments are the same as those of the Group of Companies. Intersegment transactions have terms and conditions comparable to those offered in the marketplace. The results of consolidation entries, intersegment balance eliminations and the support functions provided by the information technology business unit, under a shared services agreement between Canada Post, Purolator and Innovapost (in effect until April 15, 2024) are presented separately below under consolidation entries and eliminations. On a consolidated basis, no external customer's purchases account for more than 10% of total revenue.

As at September 28, 2024, and for Q3 2024

(in millions)

	Canada Post	Purolator	Consolidation entries and eliminations[1]	Total
Revenue from external customers	1,564	647	2	2,213
Intersegment revenue	8	7	(15)	–
Revenue from operations	1,572	654	(13)	2,213
Labour and employee benefits	1,258	295	1	1,554
Other operating costs	535	259	(20)	774
Depreciation and amortization	92	35	–	127
Cost of operations	1,885	589	(19)	2,455
Profit (loss) from operations	(313)	65	6	(242)
Investment and other income	22	2	(5)	19
Finance costs and other expense	(24)	(5)	–	(29)
Profit (loss) before tax	(315)	62	1	(252)
Tax expense (recovery)	(58)	15	1	(42)
Net profit (loss)	(257)	47	–	(210)
Total assets	10,903	2,454	(221)	13,136
Total liabilities	6,700	1,041	12	7,753

1. Intercompany dividends are eliminated on consolidation.

As at September 30, 2023, and for Q3 2023
(in millions)

	Canada Post	Purolator	SCI	Consolidation entries and eliminations	Total
Revenue from external customers	1,568	618	79	–	2,265
Intersegment revenue	19	9	9	(37)	–
Revenue from operations	1,587	627	88	(37)	2,265
Labour and employee benefits	1,190	276	38	30	1,534
Other operating costs	599	258	32	(68)	821
Depreciation and amortization	89	27	13	1	130
Cost of operations	1,878	561	83	(37)	2,485
Profit (loss) from operations	(291)	66	5	–	(220)
Investment and other income	18	7	1	–	26
Finance costs and other expense	(17)	(5)	(1)	–	(23)
Profit (loss) before tax	(290)	68	5	–	(217)
Tax expense (recovery)	(73)	17	2	–	(54)
Net profit (loss)	(217)	51	3	–	(163)
Total assets	11,067	2,303	385	(316)	13,439
Total liabilities	6,338	911	239	(25)	7,463

As at September 28, 2024, and for YTD 2024

(in millions)

	Canada Post	Purolator	SCI[1]	Consolidation entries and eliminations[2,3]	Total
Revenue from external customers	4,946	1,917	53	(32)	6,884
Intersegment revenue	26	23	6	(55)	–
Revenue from operations	4,972	1,940	59	(87)	6,884
Labour and employee benefits	3,780	898	27	40	4,745
Other operating costs	1,718	772	22	(136)	2,376
Depreciation and amortization	277	99	9	(8)	377
Cost of operations	5,775	1,769	58	(104)	7,498
Profit (loss) from operations	(803)	171	1	17	(614)
Investment and other income	521	25	–	(135)	411
Finance costs and other expense	(63)	(14)	(1)	–	(78)
Profit (loss) before tax	(345)	182	–	(118)	(281)
Tax expense (recovery)	(230)	43	–	29	(158)
Net profit (loss)	(115)	139	–	(147)	(123)
Total assets	10,903	2,454	–	(221)	13,136
Total liabilities	6,700	1,041	–	12	7,753

1. Results for SCI were consolidated through March 1, 2024, the date of divestiture when control was transferred to the acquirer.
2. Results for Innovapost were consolidated through April 15, 2024, the date of divestiture when control was transferred to the acquirer.
3. Intercompany dividends are eliminated on consolidation.

As at September 30, 2023, and for YTD 2023
(in millions)

	Canada Post	Purolator	SCI	Consolidation entries and eliminations	Total
Revenue from external customers	4,973	1,906	227	–	7,106
Intersegment revenue	62	28	25	(115)	–
Revenue from operations	5,035	1,934	252	(115)	7,106
Labour and employee benefits	3,618	854	112	91	4,675
Other operating costs	1,818	796	94	(208)	2,500
Depreciation and amortization	261	79	36	2	378
Cost of operations	5,697	1,729	242	(115)	7,553
Profit (loss) from operations	(662)	205	10	–	(447)
Investment and other income	60	14	3	–	77
Finance costs and other expense	(49)	(18)	(5)	–	(72)
Profit (loss) before tax	(651)	201	8	–	(442)
Tax expense (recovery)	(163)	54	2	–	(107)
Net profit (loss)	(488)	147	6	–	(335)
Total assets	11,067	2,303	385	(316)	13,439
Total liabilities	6,338	911	239	(25)	7,463

18. Events after the reporting period

The collective agreements for the Canadian Union of Postal Workers – Urban Postal Operations (CUPW-UPO) and Rural and Suburban Mail Carriers (CUPW-RSMC) expired January 31, 2024, and December 31, 2023, respectively. On November 12, 2024, the Corporation received strike notices from CUPW-UPO and CUPW-RSMC. On November 15, 2024, CUPW-represented employees began a national strike. Several weeks of labour uncertainty prior to the strike significantly eroded volumes and impacted the Corporation's finances, with that trend expected to accelerate following the start of strike activity. Canada Post must now make operational adjustments, as allowed under the *Canada Labour Code*, based on its current operational realities and business needs. As a result, the terms and conditions of employment of CUPW-represented employees in the Urban and RSMC bargaining units have changed.

Management is assessing the financial impact of the labour disruption.

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