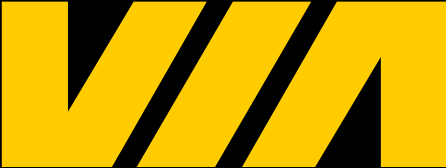


FIRST QUARTER REPORT 2024





MANAGEMENT'S DISCUSSION AND ANALYSIS

For the quarter ended March 31, 2024

1. Introduction

Management's discussion and analysis report outlines the financial results of VIA Rail Canada Inc. (The Corporation) for the quarter ended March 31, 2024, compared with the quarter ended March 31, 2023. This document should be read in conjunction with the interim condensed financial statements and notes.

Materiality

In assessing what information is to be provided in this report, management applies the materiality principle as guidance for disclosure. Management considers information material if it is probable that its omission or misstatement, judged in the surrounding circumstances, would influence decisions that the Corporation's stakeholders make on the basis of the financial information.

Forward-Looking Statement Disclosure

This Management's discussion and analysis report contains forward-looking statements which may be identified with the words "may", "likely to", "could". These statements reflect our evaluation of the information currently available and are subject to a number of risks and uncertainties referred to in the risk section of this document.

2. Corporate Overview

VIA Rail is a non-agent Crown corporation which operates Canada's national passenger rail service on behalf of the Government of Canada. The Corporation's objectives are to manage and provide a safe, efficient, reliable, and environmentally sustainable passenger rail service that meets the needs of travellers in Canada.

The Government of Canada determines the Corporation's role within the overall structure and services provided by the Federal government and provides appropriations to subsidize passenger rail services.

3. Highlights of Financial Results and Major Key Operating Statistics

(in millions of Canadian dollars)	QUARTERS ENDED MARCH 31			
	2024	2023	Var \$	Var %
Financial Performance				
Passenger revenues (section 4.2)	83.3	80.4	2.9	3.6%
Other revenues	5.5	5.1	0.4	7.8%
Total revenues	88.8	85.5	3.3	3.9%
Operating expenses (section 4.3)	240.1	226.8	13.3	5.9%
Operating loss before funding from the Government of Canada and income taxes (section 4.1)	(151.3)	(141.3)	(10.0)	(7.1%)
Net income for the period	10.3	3.8	6.5	171.1%
Remeasurements of defined benefit components of the pension plans and post-employment benefit plans (net of tax)	51.2	7.4	43.8	591.9%
Comprehensive income for the period	61.5	11.2	50.3	449.1%
Financial Position and Cash Flows				
Total assets (section 4.4) (Note 1)	3,010.0	2,868.6	141.4	4.9%
Total liabilities and deferred capital funding (section 4.4) (Note 1)	2,754.2	2,674.3	79.9	3.0%
Cash (section 4.5)	36.5	41.1	(4.6)	(11.2%)
Net cash (used in) provided by operating activities (section 4.5)	(24.0)	12.1	(36.1)	(298.3%)
Net cash provided by investing activities (section 4.5)	38.8	20.4	18.4	90.2%
Net cash (used in) financing activities (section 4.5)	(1.1)	(1.1)	-	0.0%
Government Funding				
Operating (section 5)	126.7	120.2	6.5	5.4%
Capital (section 5)	97.3	72.8	24.5	33.7%
Total Government funding	224.0	193.0	31.0	16.1%
Key Operating Statistics				
Train miles operated (in thousands)	1,682	1,544	138	8.9%
Seat miles (in millions)	386	344	42	12.2%
Passenger miles (in millions)	203	185	18	9.7%
Passengers (in thousands)	971.0	874.7	96.3	11.0%
Average passenger load factor (%)	53	54	(1)	(1.9%)
RASM (revenue per available seat mile) (in cents) – (Note 2)	23.47	24.59	(1.12)	(4.6%)
CASM (cost per available seat mile) (in cents) – (Note 2)	56.29	59.53	(3.24)	(5.4%)
Cost recovery ratio (%) – (Note 2)	41.7	41.3	0.4	1.0%
Operating deficit per passenger mile (in cents) – (Note 2)	62.4	65.0	(2.6)	(4.0%)
On-time performance (%)	72	69	3	4.3%

(Amounts in bracket represent decreases)

Note 1: Comparative figures as at December 31, 2023

Note 2: Based on funded results

Financial Highlights

First quarter

- Total revenues increased by 3.9 per cent resulting from an increase in ridership led by higher demand, compared to the corresponding quarter of 2023.
- Operating expenses increased by 5.9 per cent primarily due to the operating costs associated to the additional capacity deployed and to cost increases reflecting inflation.
- The operating loss increased by 7.1 per cent due to an increase in operating expenses, partly offset by an increase in revenues.
- Operating funding increased by 5.4 per cent, reflecting the higher amounts required for funded activities.
- The Corporation generated a comprehensive income of \$61.5 million compared to a comprehensive income of \$11.2 million in 2023. The variation is due to the remeasurements of the defined benefit components of the pension plans and post-employment benefit plans.

Most of the operating statistics related to revenues and ridership have improved this quarter. However revenues per available seat-mile (RASM) have slightly deteriorated reflecting the fact that the increase in revenues (3.9%) was lower than the increase in capacity (12.2 per cent seat-miles). Costs per available seat-mile (CASM) have decreased reflecting the fact that the increase in costs (10.2 per cent) was lower than the increase in capacity (12.2 per cent seat-miles).

The cost recovery ratio has improved by 1.0 per cent compared to the corresponding quarter last year.

4. Analysis of Financial Results

4.1 Comparison of IFRS and Funded Operating Results

(in millions of Canadian dollars)	QUARTERS ENDED MARCH 31			
	2024	2023	Var \$	Var %
Operating loss on a funded basis	(126.7)	(120.2)	(6.5)	(5.4%)
NON-FUNDED ADJUSTMENT TO REVENUES				
Adjustment for VIA Préférence points and other	(1.8)	0.9	(2.7)	(300.0%)
NON-FUNDED ADJUSTMENTS TO EXPENSES				
Pension and other employee future benefits	(1.8)	(0.5)	(1.3)	(260.0%)
Depreciation of property, plant and equipment, amortization of intangible assets, depreciation of right-of-use assets and loss on disposal	(33.9)	(27.6)	(6.3)	(22.9%)
Other provisions for non-cash items	12.9	6.1	6.8	111.5%
Total non-funded adjustments to expenses	(22.8)	(22.0)	(0.8)	(3.7%)
Total items not requiring funds from operations	(24.6)	(21.1)	(3.5)	(16.6%)
Operating loss under IFRS	(151.3)	(141.3)	(10.0)	(7.1%)
Operating funding from the Government of Canada	126.7	120.2	6.5	5.4%
Amortization of deferred capital funding	32.8	26.2	6.6	25.2%
Net (loss) income before income taxes	8.2	5.1	3.1	60.8%
Income tax recovery (expense)	2.1	(1.3)	3.4	261.5%
Net income under IFRS for the period	10.3	3.8	6.5	171.1%
Remeasurements of the defined benefit component of the pension plans and post-employment benefit plans	69.7	10.1	59.6	590.1%
Income tax expense	(18.5)	(2.7)	(15.8)	(585.2%)
Other comprehensive income	51.2	7.4	43.8	591.9%
Comprehensive income for the period	61.5	11.2	50.3	449.1%

(Amounts in bracket represent decreases)

Net income under IFRS for the quarter:

Net income of \$10.3 million this quarter, compared to a net income of \$3.8 million last year, representing an improvement of \$6.5 million mainly due to:

- Higher government funding recognized during the quarter \$6.5 million
- Higher amortization of deferred capital funding \$6.6 million
- Higher deferred income tax recovery of \$3.4 million partly offset by
- Higher operating loss of \$10.0 million (resulting from higher operating expenses of \$13.3 million less higher revenues of \$3.3 million)

Comprehensive income

Comprehensive income includes the remeasurement of defined benefit component of the pension plans and post-employment benefit plans is composed of quarterly non-cash remeasurements resulting from changes in actuarial assumptions and the return on pension plan assets. For more details see Note 12 of the interim condensed financial statements.

4.2 Revenues

(in millions of Canadian dollars)	QUARTERS ENDED MARCH 31			
	2024	2023	Var \$	Var %
Passenger revenues				
Corridor East	62.6	56.2	6.4	11.4%
Southwestern Ontario (SWO)	11.5	10.8	0.7	6.5%
Québec City – Windsor corridor	74.1	67.0	7.1	10.6%
Ocean	2.3	1.9	0.4	21.1%
Canadian	7.3	5.5	1.8	32.7%
Regional services	0.9	0.6	0.3	50.0%
Non-Corridor	10.5	8.0	2.5	31.3%
Other	(1.3)	5.4	(6.7)	(124.1%)
Total passenger revenues under IFRS	83.3	80.4	2.9	3.6%
Other revenues	5.5	5.1	0.4	7.8%
Total revenues under IFRS	88.8	85.5	3.3	3.9%
Adjustment for VIA Préférence points (non-funded) and other	1.8	(0.9)	2.7	300.0%
TOTAL FUNDED REVENUES	90.6	84.6	6.0	7.1%

(Amounts in bracket represent decreases)

Passengers

(in thousands)	QUARTERS ENDED MARCH 31			
	2024	2023	Var #	Var %
Passengers				
Corridor East	734.0	655.4	78.6	12.0%
Southwestern Ontario (SWO)	199.6	188.0	11.6	6.2%
Québec City – Windsor corridor	933.6	843.4	90.2	10.7%
Ocean	13.4	12.3	1.1	8.9%
Canadian	10.6	9.1	1.5	16.5%
Regional services	13.4	9.8	3.6	36.7%
Non-Corridor	37.4	31.2	6.2	19.9%
TOTAL PASSENGERS	971.0	874.6	96.4	11.0%

(Amounts in bracket represent decreases)

Passenger revenues

Passenger revenues have increased by \$2.9 million (3.6 per cent) during the quarter compared to the corresponding quarter of 2023. The increase is mainly attributable to higher revenues generated in all major train services reflecting the impact of the reintroduction of services and additional capacity deployed which resulted, in most services, in additional ridership (11.0 per cent).

Québec City – Windsor corridor

Revenues have increased by \$7.1 million (10.6 per cent) during the quarter as a result of higher ridership (10.7 per cent). Capacity deployed increased by 7.1 per cent.

Ocean

Revenues for the quarter have increased by \$0.4 million (21.1 per cent) compared to last year. The increase is attributable to higher ridership (8.9 per cent) as well as improved average revenues (11.1 per cent). Capacity deployed increased by 63.1 per cent.

Canadian

Revenues have increased by \$1.8 million (32.7 per cent) compared to the same quarter last year. The increase results mainly from higher ridership (16.5 per cent) and higher average revenues (13.9 per cent). Capacity deployed increased by 81.8 per cent.

Regional services

Revenues have increased by \$0.3 million (50.0 per cent) for the quarter. The increase results from higher ridership (36.7 per cent) and higher average revenues (9.7 per cent). Capacity deployed increased by 12.1 per cent.

Other revenues

Other revenues have increased by \$0.4 million (7.8 per cent) for the quarter. The increase is due to higher investment income driven by the high interest rates, as well as to higher third-party and station revenues, reflecting the increased levels of operations.

4.3 Operating Expenses

(in millions of Canadian dollars)	QUARTERS ENDED MARCH 31			
	2024	2023	Var \$	Var %
Compensation and employee benefits	89.5	85.6	3.9	4.6%
Train operations and fuel	48.3	46.2	2.1	4.5%
Stations and property	15.0	12.5	2.5	20.0%
Marketing and sales	6.9	8.6	(1.7)	(19.8%)
Maintenance material	12.1	9.9	2.2	22.2%
On-train product costs	10.0	8.6	1.4	16.3%
Professional services	3.3	7.7	(4.4)	(57.1%)
Telecommunications	8.7	7.1	1.6	22.5%
Technical services	1.1	1.0	0.1	10.0%
Depreciation and amortization	33.7	26.8	6.9	25.7%
Loss on disposal of property, plant and equipment and intangible assets	0.2	0.8	(0.6)	(75.0%)
Unrealized (net gain) net loss on derivative financial instruments	(2.0)	2.7	(4.7)	(174.1%)
Other	13.3	9.3	4.0	43.0%
Total operating expenses under IFRS	240.1	226.8	13.3	5.9%
Non-funded adjustments (section 4.1)	(22.8)	(22.0)	(0.8)	(3.7%)
Total funded expenses	217.3	204.8	12.5	6.1%

(Amounts in bracket represent decreases)

(Explanations are provided for expenses for which quarterly variances are of \$3 million or more, or 10 per cent or more)

Total operating expenses increased by \$13.3 million (5.9 per cent) for the quarter. The primary variances are:

Compensation and employee benefits

The expenses increased by \$3.9 million (4.6 per cent) during the quarter mainly due to higher staffing costs associated to the additional frequencies operated compared to the corresponding quarter in 2023 as well as the impact of annual salary increases.

Train operations and fuel

The expenses increased by \$2.1 million (4.5 per cent) during the quarter resulting from higher costs for access to third-party infrastructure, track maintenance and higher crew expenses reflecting the additional capacity deployed as well as from annual contractual cost increases.

Stations and property

The expenses increased by \$2.5 million (20.0 per cent) during the quarter due to higher lease costs, as well as additional building and site maintenance expenses reflecting the increased level of frequencies and ridership.

Marketing and sales

The expenses decreased by \$1.7 million (19.8 per cent) during the quarter. The decrease is mainly attributable to the lower data processing costs associated to the new reservation system (as last year, during the implementation of new reservation system, costs were paid for both the old and new system).

Maintenance material

The expenses have increased by \$2.2 million (22.2 per cent) for the quarter. The increase is due to the additional maintenance work resulting from the increase in capacity and utilization of the equipment, but also to the additional repairs required on the aging non-Corridor fleet.

On-train product costs

The expenses increased by \$1.4 million (16.3 per cent) for the quarter resulting from the increased ridership specifically in Business and Sleeper classes as well as higher prices reflecting current inflation rates.

Professional services

The expenses decreased by \$4.4 million (57.1 per cent) during the quarter. The decrease reflects the lower level of services, as last year additional consulting services were incurred as part of a corporate wide initiative to identify cost savings and revenue-generating opportunities.

Telecommunications

The expenses increased by \$1.6 million (22.5 per cent) during the quarter. The increase results from support and license costs associated with newly implemented systems as well as higher telecommunications costs reflecting the increased level of services and wifi usage.

Technical services

The expenses increased by \$0.1 million (10.0 per cent) during the quarter. The increase results from new corridor fleet trainsets in operations.

Loss on disposal of property, plant and equipment and intangible assets

The expenses decreased by \$0.6 million (75.0 per cent) during the quarter. The decrease is due to less retirement and disposal of equipment at the end of life.

Unrealized (net gain) net loss on derivative financial instruments

Net gain of \$2.0 million for the quarter compared to a net loss of \$2.7 million for the quarter ended March 31, 2023. Net gain for the quarter reflects the fact that contract prices are lower than market fuel prices.

Other expenses

The expenses increased by \$4.0 million (43.0 per cent) for the quarter. The increase results mainly from higher provision for costs resulting from incidents in which trains were involved.

4.4 Financial Position

(in millions of Canadian dollars)	March 31, 2024	December 31, 2023	Var \$	Var %
ASSETS				
Current assets	257.3	250.1	7.2	2.9%
Advances on contracts	41.9	45.2	(3.3)	(7.3%)
Property, plant and equipment	1,795.5	1,729.6	65.9	3.8%
Intangible assets	419.8	415.5	4.3	1.0%
Right-of-use assets	91.9	91.3	0.6	0.7%
Employee benefit assets	403.6	336.9	66.7	19.8%
Total Assets	3,010.0	2,868.6	141.4	4.9%
LIABILITIES				
Current liabilities	332.4	335.5	(3.1)	(0.9%)
Other payables	37.7	35.3	2.4	6.8%
Deferred income tax	51.7	35.2	16.5	46.9%
Lease liabilities	99.2	98.3	0.9	0.9%
Employee benefit liabilities	31.4	32.6	(1.2)	(3.7%)
Total Liabilities	552.4	536.9	15.5	2.9%
Deferred capital funding	2,201.8	2,137.4	64.4	3.0%
Share capital	9.3	9.3	-	0.0%
Accumulated surplus, beginning of period	185.1	225.9	(40.8)	(18.1%)
Net income	10.2	(9.1)	19.3	212.1%
Other comprehensive income	51.2	(31.8)	83.0	261.0%
Accumulated surplus, end of period	246.5	185.0	61.5	33.2%
Total Liabilities and Shareholder's equity	3,010.0	2,868.6	141.4	4.9%

(Amounts in bracket represent decreases)

The main changes in the Statement of Financial Position result from the following major elements:

Assets

Total assets have increased by \$141.4 million due mainly to an increase in property, plant and equipment by \$65.9 million and in intangible assets by \$4.3 million as the Corridor Fleet Replacement Project and Information Technology projects are progressing.

Employee benefit assets have increased by \$66.7 million resulting from an increase in discount rate. Current assets have increased by \$7.2 million, mainly from an increase in cash by \$13.7 million partly offset by a decrease of \$6.9 million in a receivable from the Government of Canada (see section 4.5).

Liabilities and deferred capital funding

Total liabilities have increased by \$15.5 million mainly due to an increase by \$16.5 million in deferred income tax liabilities associated with an increase of the employee benefits assets partly offset by a decrease of \$3.1 million in current liabilities. Deferred capital funding has increased by \$64.4 million due to capital investments.

Comprehensive income

Other comprehensive income increased due to discount rates affecting employee benefit assets and liabilities.

4.5 Liquidity, Cash Flows and Capital Investments

Liquidity and cash flows

(in millions of Canadian dollars)	QUARTERS ENDED MARCH 31			
	2024	2023	Var \$	Var %
Balance, beginning of period	22.8	9.7	13.1	135.1%
Net cash (used in) provided by operating activities	(24.0)	12.1	(36.1)	(298.3%)
Net cash provided by investing activities	38.8	20.4	18.4	90.2%
Net cash (used in) financing activities	(1.1)	(1.1)	-	0.0%
Balance, end of period	36.5	41.1	(4.6)	(11.2%)

(Amounts in bracket represent decreases)

Operating activities

Net cash decreased by \$36.1 million (298.3 per cent) for the quarter. The decrease for the quarter is mainly due to the variance of \$25.6 million in working capital items as shown in Note 12 of the interim condensed financial statements.

Investing activities

Net cash increased by \$18.4 million (90.2 per cent) for the quarter. The increase during the quarter is mainly due to the timing of the amount received from the government during the period compared to the amounts paid for the acquisition of property, plant and equipment and intangible assets.

Funded capital investments

Property, plant and equipment and intangible assets totalled \$2,215.3 million at March 31, 2024, which is an increase of \$70.2 million compared to the balance as at December 31, 2023.

Funded capital investments of \$97.3 million were made during the quarter.

(in millions of Canadian dollars)	QUARTERS ENDED MARCH 31			
	2024	2023	Var \$	Var %
Equipment	10.1	8.4	1.7	20.2%
Infrastructure	6.5	5.3	1.2	22.6%
Information technology	4.7	10.0	(5.3)	(53.0%)
Stations	6.6	4.9	1.7	34.7%
Corridor Fleet Replacement Program	56.2	38.4	17.8	46.4%
Other	13.2	5.8	7.4	127.6%
Total capital investments	97.3	72.8	24.5	33.7%

(Amounts in bracket represent decreases)

The most significant investments made during the quarter were in the Corridor Fleet Replacement Program, in Equipment projects including the HEP (head-end power) long haul and non-Corridor equipment rebuild program (referred to as the "Heritage program") and in Infrastructure projects (for track and bridge improvements as well as for the infrastructure project to improve the fluidity and connectivity in Montreal for which the Corporation received funding of \$490.1 million).

5. Results compared to the 2023-2027 Corporate Plan ⁽¹⁾

(1): The Corporate plan provides information on funded activities, therefore comparison between actual and planned results are based on funded activities.

The Corporation continues to work towards achieving the goals and strategies identified in its corporate plan. The financial results of the quarter were in line with corporate plan assumptions and forecasts.

In terms of capital expenditures, although investments for the quarter were below planned expenditures, work progresses on the major strategic projects identified in the plan such as the Corridor Fleet Replacement Program, the HEP equipment rebuild programs, and in the infrastructure projects.

Government funding relating to operating expenses:

(in millions of Canadian dollars)	March 31, 2024	March 31, 2023
Balance, beginning of period (January 1)	80.6	91.0
Received to fund operating expenses	(84.0)	(130.0)
Recognized in financial results	126.7	120.2
Government funding received for the Asset Renewal Fund transfer to operating funding	–	(0.9)
Balance, end of period	123.3	80.3

Government funding relating to capital expenditures:

(in millions of Canadian dollars)	March 31, 2024	March 31, 2023
Balance, beginning of period (January 1)	81.3	42.5
Received to fund the acquisition of property, plant and equipment and intangible assets (including the cost of land)	(147.0)	(90.0)
Used to fund capital expenditures	97.3	72.8
Balance, end of period	31.6	25.3

Parliamentary appropriations

The Corporation receives its funding from the Government of Canada based on the Government's fiscal year which begins April 1 and ends March 31. Thus, parliamentary appropriations for operating expenses and capital expenditures are based on the Government's fiscal year.

Parliamentary appropriation for operating expenses	For the twelve-month period ending March 31, 2024	For the twelve-month period ending March 31, 2023
Original parliamentary appropriation	300.4	339.8
Supplementary parliamentary appropriation (Note 1)	117.2	14.4
Revised annual parliamentary appropriation	417.6	354.2
Appropriation recognized for the three months ended June 30	85.6	79.9
Appropriation recognized for the three months ended September 30	82.5	67.0
Appropriation recognized for the three months ended December 31	93.5	87.1
Appropriation recognized for the three months ended March 31	126.7	120.2
Total appropriation recognized for the period	388.3	354.2
Appropriation available for remainder of the government fiscal year	29.3	-

Note 1: For 2023-2024 – includes an amount of \$115.4 million received for operations and \$1.8 million for decontamination and for 2022-2023 an amount of \$14.4 million for the creation of VIA's HFR subsidiary.



Parliamentary appropriation for capital expenditures	For the twelve-month period ending March 31, 2024	For the twelve-month period ending March 31, 2023
Original parliamentary appropriation	933.2	671.8
Supplementary parliamentary appropriation (Note 1)	131.7	101.4
Revised annual parliamentary appropriation	1,064.9	773.2
Appropriation recognized for the three months ended June 30	67.1	65.1
Appropriation recognized for the three months ended September 30	118.3	84.3
Appropriation recognized for the three months ended December 31	133.0	114.0
Appropriation recognized for the three months ended March 31	97.3	72.8
Total appropriation recognized for the period	415.7	336.2
Appropriation available for remainder of the government fiscal year	649.2	437.0

Note 1: For 2023-2024 – includes an amount of \$131.7 million received for capital investments obtained through Supplementary Estimates B and for 2022-2023 – includes an amount of \$96.3 million obtained through Supplementary Estimates B and an amount of \$5.2 million obtained through Supplementary Estimates C.

6. Risk Analysis

This section highlights the Corporation's key risks which may have potential impact on the Corporation's financial results and provides information on risks for which the trend or status has changed compared to the status as at December 31, 2023.

As at the quarter ended March 31, 2024, the trend changed for the two following risks:

Nature of risk	Trend	Current situation
Financial Sustainability		
<p>The Corporation has limited powers as a non-agent Crown Corporation and is dependent on annual government budgetary allocations to fund its operations, capital and pension obligations.</p> <p>Government funding constitutes a risk in the efficient delivery of the Corporation's services, as well as in the planning and execution of its medium-to-long-term strategies.</p>		<p>The Corporation has been faced with increasing costs since 2023 due to the high inflation, particularly in compensation costs but also in fuel, maintenance materials, on-train product costs and third-party access costs. The Corporation received additional operational funding from the Government of Canada as part of the 2024 Federal Budget and will have sufficient funding for the year 2024 and 2025.</p> <p>The Corporation continues to closely monitor the situation and is in communication with Transport Canada concerning potential additional funding requirements for years beyond 2024.</p>
Asset Management		
<p>Most of the Corporation's rolling stock equipment, used for non-Corridor services, has essentially reached the end of its operating life. Its reliability has deteriorated in the past few years, resulting in delays and additional operating costs to maintain a state of good repair.</p> <p>Increased maintenance costs and reduced availability of equipment in upcoming years are to be expected until a replacement fleet is introduced.</p>		<p>The Corporation is running an aging fleet requiring more inspections and repairs, as a result of which service revenues and costs as well as equipment availability will be negatively impacted in the future.</p> <p>Substantial investments will be required to keep as much equipment in operating conditions until it is replaced by a new fleet.</p> <p>The Corporation continues to closely monitor the situation and is in communication with Transport Canada concerning funding requirements for the replacement of the existing fleet providing services on non-Corridor routes. Federal budget 2024 proposes to provide new funding to replace our long-distance, regional and remote rail fleet.</p>



Increasing



Stable



Decreasing

7. Outlook

Results of the first quarter improved compared to the corresponding quarter of 2023 in terms of revenues and ridership, as the Corporation has now deployed its maximal available capacity and reintroduced almost all its pre-pandemic frequencies across the network.

The reintroduction of frequencies in services which do not all cover their costs, as well as higher costs resulting from current inflation rates have increased the Corporation's deficit and could result in a funding shortfall for future Government fiscal years.

In the meantime, work progresses to implement initiatives to streamline processes and minimize operating costs as part of the Corporation's continuous improvement journey, while communications continue with third-party infrastructure owners to improve on-time performance and protect the Corporation's operations on their network. In addition, strategic projects such as the Corridor Fleet Replacement Program and the new reservation system have reached important milestones with the introduction of additional trainsets of the new fleet this quarter operating on various routes across the Corridor, and the launch of the new reservation system in November 2023 with additional features to be introduced as part of the next phase of the project. In parallel, significant investments in our non-Corridor fleet are underway to ensure the equipment will continue to operate until the new fleet is put in service.



INTERIM CONDENSED FINANCIAL STATEMENTS

MANAGEMENT'S RESPONSIBILITY STATEMENT

Quarter ended March 31, 2024

Management of the Corporation is responsible for the preparation and fair presentation of these quarterly financial statements in accordance with the Treasury Board of Canada's *Directive on Accounting Standards: GC 5200 Crown Corporations Quarterly Financial Reports*, and for such internal controls as management determines are necessary to enable the presentation of quarterly financial statements that are free from material misstatements.

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

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



Mario Pélouquin, MBA
President and Chief Executive Officer



Carl Delisle, CPA
Chief Financial Officer

Montréal, Canada
May 29, 2024

Statement of Financial Position

	March 31, 2024	December 31, 2023
(in thousands of Canadian dollars)		
CURRENT ASSETS	<i>(unaudited)</i>	<i>(audited)</i>
Cash	\$ 36,491	\$ 22,826
Trade and other receivables (Note 5)	177,517	188,974
Materials	27,831	28,520
Other assets	15,430	9,903
	257,269	250,223
NON-CURRENT ASSETS		
Advances on contracts	41,858	45,159
Property, plant and equipment (Note 6)	1,795,530	1,729,587
Intangible assets (Note 7)	419,795	415,482
Right-of-use assets (Note 9)	91,896	91,259
Employee benefit assets (Note 12)	403,631	336,922
	2,752,710	2,618,409
Total Assets	\$ 3,009,979	\$ 2,868,632
CURRENT LIABILITIES		
Trade and other payables (Note 8)	\$ 258,496	\$ 281,084
Lease liabilities (Note 9)	2,113	2,340
Provisions (Note 10)	9,470	5,899
Deferred revenues and Other liabilities (Note 11)	62,282	46,162
	332,361	335,485
NON-CURRENT LIABILITIES		
Other payables	37,729	35,265
Deferred income tax (Note 13)	51,689	35,245
Lease liabilities (Note 9)	99,157	98,305
Employee benefit liabilities (Note 12)	31,392	32,582
	219,967	201,397
Deferred capital funding (Note 14)	2,201,829	2,137,385
SHAREHOLDER'S EQUITY		
Share capital	9,300	9,300
Accumulated surplus	246,522	185,065
	255,822	194,365
Total Liabilities and Shareholder's equity	\$ 3,009,979	\$ 2,868,632

Commitments (Note 17)
The accompanying notes are an integral part of these interim condensed financial statements.

Statement of Comprehensive Income

(in thousands of Canadian dollars) (unaudited)	QUARTERS ENDED MARCH 31	
	2024	2023
REVENUES		
Passenger	\$ 83,296	\$ 80,427
Other	5,504	5,039
	88,800	85,466
EXPENSES		
Compensation and employee benefits	89,529	85,569
Train operations and fuel	48,296	46,192
Stations and property	15,033	12,465
Marketing and sales	6,884	8,596
Maintenance material	12,143	9,934
On-train product costs	9,987	8,618
Operating taxes	3,967	4,387
Professional services	3,302	7,673
Telecommunications	8,738	7,123
Technical services	1,087	1,042
Depreciation of property, plant and equipment (Note 6)	25,671	21,022
Amortization of intangible assets (Note 7)	6,943	4,542
Depreciation of right-of-use assets (Note 9)	1,080	1,186
Loss on disposal of property, plant and equipment (Note 6)	145	766
Loss on disposal of intangible assets (Note 7)	67	-
Unrealized (net gain) net loss on derivative financial instruments	(1,959)	2,663
Realized net gain on derivative financial instruments	(257)	(88)
Interest expense on lease liabilities	495	502
Other	8,993	4,643
	240,144	226,835
OPERATING LOSS BEFORE FUNDING FROM THE GOVERNMENT OF CANADA AND INCOME TAXES	(151,344)	(141,369)
Operating funding from the Government of Canada	126,704	120,210
Amortization of deferred capital funding (Note 14)	32,839	26,239
Net income before income taxes	8,199	5,080
Income tax recovery (expense)	2,045	(1,276)
NET INCOME FOR THE PERIOD	10,244	3,804
Other comprehensive income		
Amounts not to be reclassified subsequently to net income:		
Remeasurements of the defined benefit component of the pension plans and post-employment benefit plans (Note 12)	69,702	10,129
Income tax expense	(18,489)	(2,688)
	51,213	7,441
COMPREHENSIVE INCOME FOR THE PERIOD	\$ 61,457	\$ 11,245

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

Statement of Changes in Shareholder's Equity

(in thousands of Canadian dollars) <i>(unaudited)</i>	QUARTERS ENDED MARCH 31	
	2024	2023
SHARE CAPITAL	\$ 9,300	\$ 9,300
Accumulated surplus		
Balance, beginning of period	185,065	225,883
Net income for the period	10,244	3,804
Other comprehensive income for the period	51,213	7,441
Balance, end of period	246,522	237,128
Total Shareholder's equity	\$ 255,822	\$ 246,428

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

Statement of Cash Flows

(in thousands of Canadian dollars) (unaudited)	QUARTERS ENDED MARCH 31	
	2024	2023
OPERATING ACTIVITIES		
Net income for the period	\$ 10,244	\$ 3,804
Adjustments to determine net cash (used in) provided by operating activities:		
Depreciation of property, plant and equipment (Note 6)	25,671	21,022
Amortization of intangible assets (Note 7)	6,943	4,542
Depreciation of right-of-use assets (Note 9)	1,080	1,186
Loss on disposal of property, plant and equipment (Note 6)	145	766
Loss on disposal of intangible assets (Note 7)	67	-
Other payables variations	-	28
Advances on contracts variations	(34)	(86)
Amortization of deferred capital funding (Note 14)	(32,839)	(26,239)
Income tax (recovery) expense	(2,045)	1,216
Interest income	(1,069)	(743)
Interest paid	(495)	(502)
Unrealized (net gain) net loss on derivative financial instruments	(1,959)	2,663
Post-employment and other employee benefit expenses (Note 12)	2,203	1,983
Employer post-employment and other employee benefit contributions (Note 12)	(1,205)	(1,482)
Defined benefit surplus utilized to fund employer contributions (Note 12)	805	-
Interest expense on lease liabilities	495	502
Net change in working capital items (Note 15)	(32,037)	3,395
Net cash (used in) provided by operating activities	(24,030)	12,055
INVESTING ACTIVITIES		
Government funding received related to acquisition of property, plant and equipment and intangible assets (Note 15)	147,000	90,000
Acquisition of property, plant and equipment and intangible assets (Notes 6, 7, 8 and 15)	(109,248)	(70,305)
Interest received	1,035	743
Net cash provided by investing activities	38,787	20,438
FINANCING ACTIVITIES		
Payment of the lease liabilities	(1,092)	(1,164)
Net cash (used in) financing activities	(1,092)	(1,164)
CASH		
Increase during the period	13,665	31,329
Balance, beginning of period	22,826	9,741
Balance, end of period	\$ 36,491	\$ 41,070
REPRESENTED BY:		
Cash	\$ 36,491	\$ 41,070
	\$ 36,491	\$ 41,070

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

1. Authority, Objectives and General Information

VIA Rail Canada Inc. is a Crown corporation named in Part I of Schedule III to the *Financial Administration Act* and is not an agent of His Majesty. The Corporation was incorporated in 1977 in Canada, under the *Canada Business Corporations Act*. The Corporation is subject to the provisions of *Income Tax Act*. The corporate headquarters is located at 3 Place Ville-Marie, Montréal (Québec). The Corporation’s vision is to be a smarter way to move people with a mission to place passengers at the core of everything we do and strive to offer a safe, smart and valued travel experience across Canada. The Corporation uses the roadway infrastructure of other railway companies and relies on them to control train operations. The Corporation has one operating segment, passenger transportation and related services in Canada. The Corporation’s activities are considered seasonal since passenger traffic increases significantly during the summer and holiday periods resulting in an increase in revenue for these same periods.

The Corporation is subject to a directive (P.C. 2013-1354) that was issued on December 9, 2013, and a related subsequent directive (P.C. 2016-443) that was issued on June 3, 2016, pursuant to sections 89.8 and 89.9 of the *Financial Administration Act*. As per these directives, the Corporation must obtain Treasury Board approval on the terms and conditions of employment of its non-unionized employees who are not appointed by Governor in Council. The Corporation confirms that the requirements of these directives have been met.

In July 2015, the Corporation was issued a directive (P.C. 2015-1114) pursuant to section 89(1) of the *Financial Administration Act* to align its travel, hospitality, conference and event expenditure policies, guidelines and practices with Treasury Board policies, directives and related instruments on travel, hospitality, conference and event expenditures in a manner that is consistent with its legal obligations, and to report on the implementation of this directive in the Corporation’s next corporate plan. The Corporation confirms that the requirements of the directive have been met.

In March 2022, the Corporation was issued a directive (P.C. 2022-0259) pursuant to section 89 of the *Financial Administration Act* to:

- a) procure the incorporation under the *Canada Business Corporations Act* of a wholly-owned subsidiary, the mandate of which is to develop and implement the High Frequency Rail project, including the design, construction, financing, operation and maintenance of passenger rail services in Ontario and Quebec through one or more agreements with the private sector, in cooperation with the Minister of Transport;
- b) provide all necessary support, expertise, and co-operation to the subsidiary to facilitate the subsidiary’s role and fulfilment of its mandate; and
- c) provide all necessary support, expertise, and co-operation to the Minister of Transport to facilitate the Minister’s role in the development and implementation of the High Frequency Rail project.

The Corporation has incorporated the subsidiary, named VIA HFR – VIA TGF Inc. on November 29, 2022, and confirms that the Corporation will continue to implement the requirements of the directive.

These financial statements were approved and authorized for issue by the Board of Directors on May 29, 2024.

The Corporation has received the additional funding from the Government of Canada and has the adequate resources to operate for the foreseeable future. Management continues to adopt the going concern basis of accounting in preparing the financial statements.

2. Basis of Preparation

a) Statement of compliance

These interim condensed financial statements have been prepared in accordance with Section 131.1 of the *Financial Administration Act* and International Accounting Standards IAS 34 – *Interim Financial Reporting* as issued by the International Accounting Standards Board (IASB) and approved by the Accounting Standards Board of Canada.

Section 131.1 of the *Financial Administration Act* requires that most parent Crown corporations prepare and make public quarterly financial reports in compliance with the *Treasury Board of Canada's Directive on Accounting Standards: GC 5200 Crown Corporations Quarterly Financial Reports*.

These interim condensed financial statements have not been audited and should be read in conjunction with the annual financial statements for the year ended December 31, 2023, which have been prepared in accordance with the IFRS.

b) Functional and presentation currency

These interim condensed financial statements are presented in Canadian dollars, which is the Corporation's functional currency. All financial information presented in Canadian dollars has been rounded to the nearest thousand in the interim condensed financial statements and rounded to the nearest million in the notes to the interim condensed financial statements.

3. Summary of Material Accounting Policies Information

The significant accounting policies applied in these unaudited interim condensed financial statements are disclosed in Note 4 of the Corporation's audited financial statements for the year ended December 31, 2023.

4. Key Sources of Estimation Uncertainty and Critical Judgments

In the application of the Corporation's accounting policies, management is required to make certain assumptions, estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and the disclosure of contingent liabilities, at the reporting date.

Assumptions and estimates are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

They are reviewed on an ongoing basis. Changes to accounting estimates are recognized in the period in which the estimate is revised and in any future period affected. However, uncertainties relating to assumptions, estimates and judgments could result in outcomes that would require a material adjustment to the carrying amount of the asset or liability affected in future years. Key sources of estimation uncertainty and critical judgments are disclosed in Note 5 of the Corporation's audited financial statements for the year ended December 31, 2023.

5. Trade and Other Receivables

The trade and other receivables balance includes the following:

(in millions of Canadian dollars)	March 31, 2024	December 31, 2023
Trade	5.8	9.1
Other receivables	6.3	7.0
Loss allowance	(1.7)	(0.3)
Trade and other receivables classified at amortized cost	10.4	15.8
Amount receivable from the Government of Canada – Operating funding	123.3	80.6
Amount receivable from the Government of Canada – Capital funding (Note 14)	31.7	81.3
Total receivable from the Government of Canada	155.0	161.9
Sales taxes	12.1	11.3
Total trade and other receivables	177.5	189.0

All trade and other receivables amounts have short-term maturities. Their net book values correspond to a reasonable approximation of their fair value.

The maturity of these receivables is detailed in the following table:

(in millions of Canadian dollars)	March 31, 2024	December 31, 2023
31 to 60 days	0.2	1.6
61 to 90 days	0.9	0.6
Over 90 days	0.5	0.1
Total	1.6	2.3

The Corporation has recognized in the current period an amount of \$1.5 million of impairment loss arising from contracts with customers and other receivables, which is presented in the line "Other" in the Statement of Comprehensive Income (March 31, 2023: \$0.6 million).

6. Property, Plant and Equipment

(in millions of Canadian dollars)	Land	Rolling stock	Maintenance buildings	Stations and facilities (Note 1)	Owned infrastructures	Leasehold improvements	Machinery and equipment	Computer hardware	Other	Projects in progress	Total
Cost:											
January 1, 2024	17.7	1,246.0	183.1	214.4	352.7	102.9	42.6	40.5	13.3	599.3	2,812.5
Additions	-	-	-	-	-	-	-	-	-	91.8	91.8
Disposals	-	(19.9)	-	-	-	-	(0.1)	(0.2)	(0.1)	-	(20.3)
Transfers	-	42.9	-	0.5	0.5	0.1	-	0.1	0.1	(44.2)	-
Total cost	17.7	1,269.0	183.1	214.9	353.2	103.0	42.5	40.4	13.3	646.9	2,884.0
Accumulated depreciation and impairment:											
January 1, 2024	-	632.4	113.8	75.0	142.8	58.6	24.9	28.7	6.7	-	1,082.9
Additions	-	16.2	0.9	2.4	2.7	1.2	0.6	1.3	0.4	-	25.7
Disposals	-	(19.7)	-	(0.1)	-	-	(0.1)	(0.2)	(0.1)	-	(20.2)
Total accumulated depreciation and impairment	-	628.9	114.7	77.3	145.5	59.8	25.4	29.8	7.0	-	1,088.4
Total carrying amount	17.7	640.1	68.4	137.6	207.7	43.2	17.1	10.6	6.3	646.9	1,795.6

Note 1 - The Corporation leases to third parties a small surface area of certain stations belonging to it. Given that this is only a non-significant proportion of certain stations, these assets are not presented on a separate line.

7. Intangible Assets

(in millions of Canadian dollars)	External software	In-house developed software	Right of access to rail infrastructure	Other	Projects in progress	Total
Cost:						
January 1, 2024	185.5	7.8	442.1	4.2	21.1	660.7
Additions	-	-	-	-	11.3	11.3
Disposals	-	-	(13.2)	(0.6)	-	(13.8)
Total cost	185.5	7.8	428.9	3.6	32.4	658.2
Accumulated amortization and impairment:						
January 1, 2024	63.4	7.8	170.5	3.5	-	245.2
Additions	4.3	-	2.5	0.1	-	6.9
Disposals	-	-	(13.2)	(0.5)	-	(13.7)
Total accumulated amortization and impairment	67.7	7.8	159.8	3.1	-	238.4
Total carrying amount	117.8	-	269.1	0.5	32.4	419.8

8. Trade and Other Payables

The trade and other payables balance includes the following:

(in millions of Canadian dollars)	March 31, 2024	December 31, 2023
Wages payable and accrued	54.0	61.3
Accounts payable and accruals – Trade	55.4	62.5
Accounts payable and accruals – Capital assets	138.3	150.1
Trade and other payables classified at Amortized cost	247.7	273.9
Other	10.8	7.2
Total trade and other payables	258.5	281.1

9. Leases

The Corporation as a lessee:

The Corporation leases several assets including land, office spaces, stations and facilities and information-technology equipment. The carrying amounts of right-of-use assets recognized and the movement during the period are as follows:

(In millions of Canadian dollars)	Land	Office spaces	Stations and facilities	Information technology equipment	Total
Cost:					
January 1, 2024	0.5	21.8	83.6	0.8	106.7
Additions	-	-	1.7	-	1.7
Total cost	0.5	21.8	85.3	0.8	108.4
Accumulated depreciation:					
January 1, 2024	0.1	7.2	7.3	0.8	15.4
Additions	-	0.4	0.7	-	1.1
Total accumulated depreciation	0.1	7.6	8.0	0.8	16.5
Net carrying amount	0.4	14.2	77.3	-	91.9

Total cash outflow is \$1.6 million (March 31, 2023: \$1.7 million).

The Corporation has not entered into any sale and leaseback transactions in the current or prior period and has no income from subleasing right-of-use assets. The Corporation has not entered in any variable leases that do not depend on an index or rate.

The carrying amounts of lease liabilities and the movements of the period are as follows:

(in millions of Canadian dollars)	March 31, 2024	December 31, 2023
Balance, beginning of period	100.6	103.9
Additions	1.7	2.3
Accretion of interest	0.5	2.5
Payment	(1.5)	(6.4)
Termination	-	(1.7)
Balance, end of period	101.3	100.6
Current	2.1	2.3
Non-current	99.2	98.3
Total lease liabilities	101.3	100.6

10. Provisions

The provisions balance includes the following:

(in millions of Canadian dollars)	January 1, 2024	Additional provisions recognized	Provisions utilized	Unused amounts reversed	March 31, 2024
Environmental costs	2.3	3.7	–	(0.2)	5.8
Litigation and equipment repairs	3.6	1.0	(0.9)	–	3.7
Total provisions	5.9	4.7	(0.9)	(0.2)	9.5

Environmental costs

The Corporation's operations are subject to numerous federal, provincial, and municipal environmental laws and regulations concerning among other things, the management of air emissions, wastewater, hazardous materials, wastes and soil contamination as well as the management and decommissioning of underground and aboveground storage tanks. A risk of environmental liability is inherent in railroad and related transportation operations, real estate ownership and other activities of the Corporation with respect to both current and past operations.

When remediation costs can be reasonably estimated, a provision is recorded based on the anticipated future costs.

Litigation and equipment repairs

The Corporation is subject to claims and legal proceedings brought against it in the normal course of business. Management believes that adequate provisions for litigation and equipment repairs have been made in the affected accounts. The ultimate resolution of those matters is not expected to have a significant adverse effect on the Corporation's financial position.

11. Deferred Revenues and Other Liabilities

Deferred revenues and other liabilities are comprised of the following:

(in millions of Canadian dollars)	March 31, 2024	December 31, 2023
Advance ticket sales	45.9	29.2
VIA Préférence loyalty program	10.3	9.8
Other	6.1	7.2
Total deferred revenues and other liabilities	62.3	46.2

Advance ticket sales, which represent contract liabilities, relate to payments received in advance of performance under the contract. Contract liabilities are recognized as revenue as the Corporation performs the contract.

12. Employee Benefit Assets and Liabilities

The Corporation provides a number of pension plans with defined benefits (funded) and defined contribution components. The Corporation also provides unfunded other post-employment benefits, including post-retirement medical and life insurance benefits, and long-term employee benefits such as unfunded self-insured workers' compensation benefits, long-term employee disability benefits and continuation of benefit coverage for employees on long-term disability.

As disclosed in Note 15 Employee benefit assets and liabilities of the Corporation's annual financial statements, the Corporation reviews its actuarial assumptions at each reporting period to ensure that the net defined benefit asset (liability) recognized in the financial statements is updated for significant changes arising from non-recurring events. The impact on the net defined benefit asset (liability) arising from any such changes in assumptions is recognized in other comprehensive income as remeasurement for the period.

The significant actuarial assumptions used for the purposes of determining the defined benefit obligation and pension benefit costs were:

	March 31, 2024	December 31, 2023
ASSUMPTIONS – DISCOUNT RATES		
Assumptions for the calculation of the obligation		
Defined benefit component of the pension plans	4.90%	4.60%
Post-employment benefit plans	4.90%	4.60%
Long-term employee benefit plans	4.60%	4.60%
Assumptions for the calculation of the costs		
Defined benefit component of the pension plans	4.60%	5.10%
Post-employment benefit plans	4.60%	5.10%
Long-term employee benefit plans	4.60%	5.00%

a) Defined benefit component of the pension plans and post-employment benefits plans

Based on these actuarial valuations and projections to March 31, the summary of the principal valuation results, in aggregate, is as follows:

	DEFINED BENEFIT COMPONENT OF THE PENSION PLANS		POST-EMPLOYMENT BENEFIT PLANS	
	March 31, 2024	December 31, 2023	March 31, 2024	December 31, 2023
(in millions of Canadian dollars)				
FAIR VALUE ON PLAN ASSETS				
Balance, beginning of period	2,402.4	2,334.2	-	-
Interest income	29.2	116.3	-	-
Return on plan assets (excluding interest income)	(0.8)	68.8	-	-
Employer contributions	-	-	0.2	0.7
Defined benefit surplus utilized to fund the employer contributions (Note 2)	(0.8)	(2.2)	-	-
Employee contributions	3.7	12.8	-	-
Benefits paid	(29.7)	(125.4)	(0.2)	(0.7)
Administration expenses	(0.5)	(2.1)	-	-
Balance, end of period	2,403.5	2,402.4	-	-
DEFINED BENEFIT OBLIGATION				
Balance, beginning of period	2,065.5	1,950.7	20.2	18.7
Service cost	4.6	18.3	-	0.2
Past service cost	-	0.1	-	0.3
Interest expense	25.2	97.7	0.3	0.9
Employee contributions	3.7	12.8	-	-
Benefits paid	(29.7)	(125.4)	(0.2)	(0.7)
Effect of change in demographic assumptions	-	(4.1)	-	(0.2)
Effect of change in financial assumptions	(69.4)	114.1	(1.1)	1.3
Effect of experience adjustments	-	1.3	-	(0.3)
Balance, end of period	1,999.9	2,065.5	19.2	20.2
Net defined benefit asset (liability)	403.6	336.9	(19.2)	(20.2)

Note 1: In 2022, VIA Rail's Defined Benefit Plan (DBP) had a going concern excess, and solvency assets exceeding 105% of liabilities, therefore no minimum contribution was required during the 2023 fiscal year.

Note 2: In accordance with the VIA Rail Pension regulations, a withdrawal of \$0.8 million (December 31, 2023: \$2.2 million) from the Non-Unionized DBP surplus was utilized to fund the Non-Unionized Defined Contribution Plan (DCP) employer contributions.

12. Employee Benefit Assets and Liabilities (cont'd)

b) Long-term employee benefit plans

Based on these actuarial valuations and projections to March 31, the summary of the principal valuation results for the long-term employee benefits, including self-insured workers' compensation benefits is as follows:

(in millions of Canadian dollars)	March 31, 2024	December 31, 2023
FAIR VALUE OF PLAN ASSETS		
Balance, beginning of period	-	-
Employer contributions	1.0	4.3
Benefits paid	(1.0)	(4.3)
Balance, end of period	-	-
LONG-TERM EMPLOYEE BENEFIT OBLIGATION		
Balance, beginning of period	12.3	12.4
Service cost	0.7	3.5
Interest expense	0.1	0.7
Benefits paid	(1.0)	(4.3)
Effect of change in financial assumptions	-	0.3
Effect of experience adjustments	-	(0.3)
Balance, end of period	12.1	12.3
Net long-term employee benefit liability	12.1	12.3

c) Summary of pension plans, post-employment benefit plans and long-term employee benefit plans recognized in the interim condensed financial statements

Total amounts recognized in the Statement of Financial Position:

(in millions of Canadian dollars)	March 31, 2024	December 31, 2023
Assets:		
Defined benefit component of the pension plans	403.6	336.9
Liabilities:		
Post-employment benefit plans	19.2	20.2
Long-term employee benefit plans	12.1	12.3
Other long-term employee benefits	0.1	0.1
Total employee benefit liabilities	31.4	32.6

Total amounts recognized in the Statement of Comprehensive Income:

QUARTERS ENDED MARCH 31 (in millions of Canadian dollars)	2024	2023
Operating expenses:		
Defined benefit component of the pension plans	1.1	0.6
Post-employment benefit plans	0.3	0.2
Long-term employee benefit plans	0.8	1.2
Total	2.2	2.0

These operating expenses are included in the "Compensation and employee benefits" line item of the Statement of Comprehensive Income.

QUARTERS ENDED MARCH 31 (in millions of Canadian dollars)	2024	2023
Other comprehensive income:		
Defined benefit component of the pension plans	68.6	10.6
Post-employment benefit plans	1.1	(0.5)
Total	69.7	10.1

13. Income Taxes

The income tax expense consists of the following:

QUARTERS ENDED MARCH 31 (in millions of Canadian dollars)	2024	2023
Deferred	(2.0)	1.2
Income tax (recovery) expense	(2.0)	1.2

Deferred income tax reflects the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

Significant components of the deferred income tax assets and (liabilities) are as follows:

DEFERRED INCOME TAX BALANCES MARCH 31, 2024 (in millions of Canadian dollars)	Opening Balance	Recognized in net income	Recognized in OCI	Closing Balance
Deferred income tax assets (liabilities)				
Property, plant and equipment and intangible assets	26.3	1.6	-	27.9
Provisions	2.1	0.6	-	2.7
Lease liabilities	26.8	0.2	-	27.0
Employee benefit liabilities	8.7	-	(0.3)	8.4
Losses carry-forward	14.5	(0.6)	-	13.9
Total deferred income tax assets	78.4	1.8	(0.3)	79.9
Other assets	-	(0.1)	-	(0.1)
Right-of-use assets	(24.2)	(0.2)	-	(24.4)
Employee benefit assets	(89.4)	0.5	(18.2)	(107.1)
Total deferred income tax liabilities	(113.6)	0.2	(18.2)	(131.6)
Deferred income tax assets (liabilities)	(35.2)	2.0	(18.5)	(51.7)

14. Deferred Capital Funding

Deferred capital funding represents the unamortized portion of the funding used to purchase property, plant and equipment and intangible assets.

(in millions of Canadian dollars)	March 31, 2024	December 31, 2023
Balance, beginning of period	2,137.4	1,867.1
Government funding for property, plant and equipment and intangible assets (including the cost of land)	97.3	391.2
Transfer from capital funding to operating funding	-	(0.9)
Total Government funding for property, plant and equipment, intangible assets and advance on contract	97.3	390.3
Amortization of deferred capital funding	(32.8)	(120.0)
Balance, end of period	2,201.9	2,137.4

15. Supplemental Cash Flows Information

Net change in working capital items:

QUARTERS ENDED MARCH 31 (in millions of Canadian dollars)	2024	2023
Trade and other receivables	(38.5)	17.1
Other assets	(5.0)	(11.5)
Materials	0.7	(1.2)
Trade and other payables	(10.6)	(14.7)
Provisions	3.9	(0.1)
Deferred revenues and other liabilities	17.5	13.8
Total	(32.0)	3.4

The change in trade and other receivables excludes an amount of \$49.7 million (March 31, 2023: \$17.2 million) in relation to government funding for capital expenditures, as the amount relates to investing activities.

The change in trade and other payables excludes an amount of (\$11.8) million (March 31, 2023: \$2.6 million) in relation to the acquisition of property, plant and equipment and intangible assets, as this amount relates to investing activities.

Investing activities supplemental information:

QUARTERS ENDED MARCH 31 (in millions of Canadian dollars)	2024	2023
Acquisition of property, plant and equipment and intangible assets	(103.1)	(73.2)
Additions to property, plant and equipment and intangible assets not affecting cash as they were previously cashed out through the advances on contracts	3.2	0.3
Change in accounts payable and accruals – Capital assets	(11.8)	2.6
Change in non-current other payables	2.5	-
Total cash out for acquisition of property, plant and equipment and intangible assets	(109.2)	(70.3)
Government funding invoiced for property, plant and equipment and intangible assets	97.3	72.8
Change in amount receivable from the Government of Canada – Capital funding	49.7	17.2
Total Government funding received for property, plant and equipment and intangible assets	147.0	90.0

16. Financial Risks

The Corporation's financial instruments are exposed to the same risks as disclosed in its annual financial statements for the year ended December 31, 2023.

17. Commitments

The following table presents the contractual commitments of the Corporation that are not included in the Statement of Financial Position:

(in millions of Canadian dollars)	MARCH 31, 2024				DECEMBER 31, 2023
	Total commitments	Less than 1 year	From 1 to 5 years	More than 5 years	Total commitments
COMMITMENTS RELATING TO OPERATIONS					
Non-cancellable leases: Lessee	120.9	5.7	23.3	91.9	156.4
Technical services and other services	376.0	14.4	109.8	251.8	383.9
Usage of tracks	42.6	5.3	5.6	31.7	42.9
Total	539.5	25.4	138.7	375.4	583.2
COMMITMENTS RELATING TO MAJOR CAPITAL INVESTMENTS					
Rolling stock	346.6	174.4	172.2	–	390.1
Maintenance buildings	209.1	63.0	146.1	–	213.0
Stations and facilities	8.3	4.8	3.5	–	10.4
Owned infrastructures	16.2	16.2	–	–	26.1
Leasehold improvement	–	–	–	–	0.1
Total	580.2	258.4	321.8	–	639.7
Total commitments	1,119.7	283.8	460.5	375.4	1,222.9

a) As mentioned in Note 1 Authority, Objectives and General Information, the Corporation has entered into train service agreements for the use of tracks and the control of train operations. For some contracts, no amounts are included in the table above regarding those contracts since the amount of the commitments depends on the annual usage of the tracks.

b) The Corporation has provided letters of credit from a financial institution totalling approximately \$25.3 million (December 31, 2023: \$25.3 million) to various provincial government workers' compensation boards as security for future payment streams.

