

# THIRD QUARTER REPORT 2024





# MANAGEMENT'S DISCUSSION AND ANALYSIS

For the quarter and the nine-month period ended September 30, 2024

## 1. Introduction

Management's discussion and analysis report outlines the financial results of VIA Rail Canada Inc. (The Corporation) for the quarter and the nine-month period ended September 30, 2024, compared with the quarter and the nine-month period ended September 30, 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 SEPTEMBER 30				NINE-MONTH PERIODS ENDED SEPTEMBER 30			
	2024	2023	Var \$	Var %	2024	2023	Var \$	Var %
<b>Financial Performance</b>								
Passenger revenues (section 4.2)	133.4	120.8	12.6	10.4%	332.8	303.5	29.3	9.7%
Other revenues	6.1	5.5	0.6	10.9%	18.3	16.2	2.1	13.0%
Total revenues	139.5	126.3	13.2	10.5%	351.1	319.7	31.4	9.8%
Operating expenses (section 4.3)	259.3	227.5	31.8	14.0%	747.1	682.0	65.1	9.5%
Operating loss before funding from the Government of Canada and income taxes (section 4.1)	(119.8)	(101.2)	(18.6)	(18.4%)	(396.0)	(362.3)	(33.7)	(9.3%)
Net income (loss) for the period	0.7	8.1	(7.4)	(91.4%)	(0.4)	4.7	(5.1)	(108.5%)
Remeasurements of defined benefit components of the pension plans and post-employment benefit plans (net of tax)	(0.4)	19.5	(19.9)	(102.1%)	78.3	(0.2)	78.5	39,250.0%
Comprehensive income for the period	0.3	27.6	(27.3)	(98.9%)	77.9	4.5	73.4	1,631.1%
<b>Financial Position and Cash Flows</b>								
Total assets (section 4.4) (Note 1)	3,237.9	2,868.6	369.3	12.9%	3,237.9	2,868.6	369.3	12.9%
Total liabilities and deferred capital funding (section 4.4) (Note 1)	2,965.6	2,674.3	291.3	10.9%	2,965.6	2,674.3	291.3	10.9%
Cash (section 4.5)	15.5	48.4	(32.9)	(68.0%)	15.5	48.4	(32.9)	(68.0%)
Net cash (used in) provided by operating activities (section 4.5)	(33.1)	(7.2)	(25.9)	(359.7%)	11.4	27.1	(15.7)	(57.9%)
Net cash provided by (used in) investing activities (section 4.5)	15.9	(5.5)	21.4	389.1%	(16.0)	14.7	(30.7)	(208.8%)
Net cash (used in) financing activities (section 4.5)	(0.8)	(1.0)	0.2	20.0%	(2.7)	(3.1)	0.4	12.9%
<b>Government Funding</b>								
Operating (section 5)	80.2	82.5	(2.3)	(2.8%)	284.8	288.3	(3.5)	(1.2%)
Capital (section 5)	171.2	118.3	52.9	44.7%	396.7	258.2	138.5	53.6%
<b>Total Government funding</b>	<b>251.4</b>	<b>200.8</b>	<b>50.6</b>	<b>25.2%</b>	<b>681.5</b>	<b>546.5</b>	<b>135.0</b>	<b>24.7%</b>
<b>Key Operating Statistics</b>								
Train miles operated (in thousands)	1,559	1,562	(3)	(0.2%)	4,911	4,658	253	5.4%
Seat-miles (in millions)	472	388	84	21.6%	1,306	1,098	208	18.9%
Passenger miles (in millions)	267	261	6	2.3%	717	672	45	6.7%
Passengers (in thousands)	1,179	1,135	44	3.9%	3,243	3,017	226	7.5%
Average passenger load factor (%)	57	67	(10)	(14.9%)	55	61	(6)	(9.8%)
RASM (revenue per available seat mile) (in cents) – Note 2	29.19	32.50	(3.31)	(10.2%)	26.94	29.02	(2.08)	(7.2%)
CASM (cost per available seat mile) (in cents) – Note 2	46.19	53.76	(7.57)	(14.1%)	48.75	55.27	(6.52)	(11.8%)
Cost recovery ratio (%) – Note 2	63.2	60.5	2.7	4.5%	55.3	52.5	2.8	5.3%
Operating deficit per passenger mile (in cents) – Note 2	30.0	31.6	(1.6)	(5.1%)	39.7	42.9	(3.2)	(7.5%)
On-time performance (%)	48	50	(2)	(4.0%)	57	60	(3)	(5.0%)

(Amounts in bracket represent decreases)

Note 1: Comparative figures as at December 31, 2023

Note 2: Based on funded results

## Financial Highlights

### Third quarter

- Total revenues increased by 10.5 per cent resulting from an increase in ridership led by higher demand as well as by an increase in average revenues, compared to the corresponding quarter of 2023.
- Operating expenses increased by 14.0 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 18.4 per cent due to an increase in operating expenses, partly offset by an increase in revenues.
- Operating funding decreased by 2.8 per cent, reflecting the lower amounts required for funded activities.
- The Corporation generated a comprehensive income of \$0.3 million compared to a comprehensive income of \$27.6 million in 2023. The variation is mainly due to the remeasurements of the defined benefit components of the pension plans and post-employment benefit plans which is lower than the corresponding quarter of 2023 and partly offset by an increase of the amortization of deferred capital funding.

### Nine-month period

- Total revenues increased by 9.8 per cent also resulting from an increase in frequencies led by higher demand and by increase in average revenues.
- Operating expenses increased by 9.5 per cent due to the higher costs directly associated to the additional frequencies operated compared to the corresponding nine-month period of 2023.
- The operating loss increased by 9.3 per cent due to an increase in operating expenses, partly offset by an increase in revenues.
- Operating funding decreased by 1.2 per cent, reflecting by lower amounts required for funded activities.
- The Corporation generated a comprehensive income of \$77.9 million compared to a comprehensive income of \$4.5 million in 2023. The variation is mainly due to the remeasurements of the defined benefit components of the pension plans and post-employment benefit plans.

Several operating statistics related to revenues and ridership are affected by wildfire in Jasper during this quarter. Revenues per available seat-mile (RASM) have deteriorated reflecting the fact that the increase in revenues (10.5 per cent) was lower than the increase in capacity (21.6 per cent seat-miles). Costs per available seat-mile (CASM) have decreased reflecting the fact that the increase in costs (14.0 per cent) was lower than the increase in capacity (21.6 per cent seat-miles).

The cost recovery ratio has improved by 4.5 per cent compared to the corresponding quarter last year and 5.3 per cent on a cumulative basis.

## 4. Analysis of Financial Results

### 4.1 Comparison of IFRS and Funded Operating Results

	QUARTERS ENDED SEPTEMBER 30				NINE-MONTH PERIODS ENDED SEPTEMBER 30			
	2024	2023	Var \$	Var %	2024	2023	Var \$	Var %
(in millions of Canadian dollars)								
<b>Operating loss on a funded basis</b>	<b>(80.2)</b>	<b>(82.5)</b>	<b>2.3</b>	<b>2.8%</b>	<b>(284.8)</b>	<b>(288.3)</b>	<b>3.5</b>	<b>1.2%</b>
<b>NON-FUNDED ADJUSTMENT TO REVENUES</b>								
Adjustment for VIA Préférence points and other	1.7	0.2	1.5	750.0%	(0.8)	1.1	(1.9)	(172.7%)
<b>NON-FUNDED ADJUSTMENTS TO EXPENSES</b>								
Pension and other employee future benefits	(2.7)	0.4	(3.1)	(775.0%)	(3.4)	0.2	(3.6)	(1,800.0%)
Depreciation of property, plant and equipment, amortization of intangible assets, depreciation of right-of-use assets and loss on disposal	(41.0)	(29.3)	(11.7)	(39.9%)	(110.2)	(84.0)	(26.2)	(31.2%)
Other provisions for non-cash items	2.4	10.0	(7.6)	(76.0%)	3.2	8.7	(5.5)	(63.2%)
Total non-funded adjustments to expenses	(41.3)	(18.9)	(22.4)	(118.5%)	(110.4)	(75.1)	(35.3)	(47.0%)
<b>Total items not requiring funds from operations</b>	<b>(39.6)</b>	<b>(18.7)</b>	<b>(20.9)</b>	<b>(111.8%)</b>	<b>(111.2)</b>	<b>(74.0)</b>	<b>(37.2)</b>	<b>(50.3%)</b>
<b>Operating loss under IFRS</b>	<b>(119.8)</b>	<b>(101.2)</b>	<b>(18.6)</b>	<b>(18.4%)</b>	<b>(396.0)</b>	<b>(362.3)</b>	<b>(33.7)</b>	<b>(9.3%)</b>
Operating funding from the Government of Canada	80.2	82.5	(2.3)	(2.8%)	284.8	288.3	(3.5)	(1.2%)
Amortization of deferred capital funding	40.0	28.4	11.6	40.8%	107.1	80.3	26.8	33.4%
<b>Net income (loss) before income taxes</b>	<b>0.4</b>	<b>9.7</b>	<b>(9.3)</b>	<b>(95.9%)</b>	<b>(4.1)</b>	<b>6.3</b>	<b>(10.4)</b>	<b>(165.1%)</b>
Income tax recovery (expense)	0.3	(1.6)	1.9	118.8%	3.7	(1.6)	5.3	331.3%
<b>Net income (loss) under IFRS for the period</b>	<b>0.7</b>	<b>8.1</b>	<b>(7.4)</b>	<b>(91.4%)</b>	<b>(0.4)</b>	<b>4.7</b>	<b>(5.1)</b>	<b>(108.5%)</b>
Remeasurements of the defined benefit component of the pension plans and post-employment benefit plans	(0.6)	26.5	(27.1)	(102.3%)	106.5	(0.3)	106.8	35,600.0%
Income tax recovery (expense)	0.2	(7.0)	7.2	102.9%	(28.2)	0.1	(28.3)	(28,300.0%)
<b>Other comprehensive (loss) income</b>	<b>(0.4)</b>	<b>19.5</b>	<b>(19.9)</b>	<b>(102.1%)</b>	<b>78.3</b>	<b>(0.2)</b>	<b>78.5</b>	<b>39,250.0%</b>
<b>Comprehensive income for the period</b>	<b>0.3</b>	<b>27.6</b>	<b>(27.3)</b>	<b>(98.9%)</b>	<b>77.9</b>	<b>4.5</b>	<b>73.4</b>	<b>1,631.1%</b>

(Amounts in bracket represent decreases)

**Net income under IFRS for the quarter**

Net income of \$0.7 million this quarter, compared to a net income of \$8.1 million last year, representing a reduction of \$7.4 million mainly due to:

- Higher operating loss of \$18.6 million resulting from higher operating expenses of \$31.8 million associated to the additional capacity deployed less higher revenues of \$13.2 million.
- Lower government operating funding recognized during the quarter of \$2.3 million, offset by higher amortization of deferred capital funding of \$11.6 million.

**Net (loss) income under IFRS for the nine-month period**

Net loss of \$0.4 million for the nine-month period, compared to a net income of \$4.7 million last year, representing a reduction of \$5.1 million mainly due to:

- Higher operating loss of \$33.7 million (attributable to higher expenses of \$65.1 million associated to the additional capacity deployed partially offset by higher revenues of \$31.4 million), and lower government funding recognized during the nine-month period of \$3.5 million and offset by higher deferred income tax recovery of \$5.3 million and higher amortization of deferred capital funding of \$26.8 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 and notes.



## 4.2 Revenues

(in millions of Canadian dollars)	QUARTERS ENDED SEPTEMBER 30				NINE-MONTH PERIODS ENDED SEPTEMBER 30			
	2024	2023	Var \$	Var %	2024	2023	Var \$	Var %
Passenger revenues								
Corridor East	88.7	77.4	11.3	14.6%	230.6	201.8	28.8	14.3%
Southwestern Ontario (SWO)	14.1	12.5	1.6	12.8%	38.4	34.7	3.7	10.7%
<b>Québec City – Windsor corridor</b>	<b>102.8</b>	<b>89.9</b>	<b>12.9</b>	<b>14.3%</b>	<b>269.0</b>	<b>236.5</b>	<b>32.5</b>	<b>13.7%</b>
Ocean	5.1	4.7	0.4	8.5%	11.0	9.7	1.3	13.4%
Canadian	21.0	21.6	(0.6)	(2.8%)	49.0	43.4	5.6	12.9%
Regional services	1.8	1.5	0.3	20.0%	3.7	2.9	0.8	27.6%
<b>Non-Corridor</b>	<b>27.9</b>	<b>27.8</b>	<b>0.1</b>	<b>0.4%</b>	<b>63.7</b>	<b>56.0</b>	<b>7.7</b>	<b>13.8%</b>
Other	2.7	3.1	(0.4)	(12.9%)	0.1	11.0	(10.9)	(99.1%)
<b>Total passenger revenues under IFRS</b>	<b>133.4</b>	<b>120.8</b>	<b>12.6</b>	<b>10.4%</b>	<b>332.8</b>	<b>303.5</b>	<b>29.3</b>	<b>9.7%</b>
Other revenues	6.1	5.5	0.6	10.9%	18.3	16.2	2.1	13.0%
<b>Total revenues under IFRS</b>	<b>139.5</b>	<b>126.3</b>	<b>13.2</b>	<b>10.5%</b>	<b>351.1</b>	<b>319.7</b>	<b>31.4</b>	<b>9.8%</b>
Adjustment for VIA Préférence points (non-funded) and other	(1.7)	(0.2)	(1.5)	(750.0%)	0.8	(1.1)	1.9	172.7%
<b>TOTAL FUNDED REVENUES</b>	<b>137.8</b>	<b>126.1</b>	<b>11.7</b>	<b>9.3%</b>	<b>351.9</b>	<b>318.6</b>	<b>33.3</b>	<b>10.5%</b>

(Amounts in bracket represent decreases)

## Passengers

(in thousands)	QUARTERS ENDED SEPTEMBER 30				NINE-MONTH PERIODS ENDED SEPTEMBER 30			
	2024	2023	Var #	Var %	2024	2023	Var #	Var %
Passengers								
Corridor East	894.6	849.0	45.6	5.4%	2,465.0	2,264.7	200.3	8.8%
Southwestern Ontario (SWO)	221.3	224.2	(2.9)	(1.3%)	625.8	613.3	12.5	2.0%
<b>Québec City – Windsor corridor</b>	<b>1,115.9</b>	<b>1,073.2</b>	<b>42.7</b>	<b>4.0%</b>	<b>3,090.8</b>	<b>2,878.0</b>	<b>212.8</b>	<b>7.4%</b>
Ocean	23.3	20.7	2.6	12.6%	53.4	49.1	4.3	8.8%
Canadian	19.6	22.6	(3.0)	(13.3%)	48.9	48.1	0.8	1.7%
Regional services	20.6	18.9	1.7	9.0%	49.7	41.9	7.8	18.6%
<b>Non-Corridor</b>	<b>63.5</b>	<b>62.2</b>	<b>1.3</b>	<b>2.1%</b>	<b>152.0</b>	<b>139.1</b>	<b>12.9</b>	<b>9.3%</b>
<b>TOTAL PASSENGERS</b>	<b>1,179.4</b>	<b>1,135.4</b>	<b>44.0</b>	<b>3.9%</b>	<b>3,242.8</b>	<b>3,017.1</b>	<b>225.7</b>	<b>7.5%</b>

(Amounts in bracket represent decreases)

**Passenger revenues**

Passenger revenues have increased by \$12.6 million (10.4 per cent) during the quarter and by \$29.3 million (9.7 per cent) for the nine-month period, reflecting the impact of the reintroduction of services in all major train services (capacity increased by 13.0 per cent for the quarter and by 11.1 per cent for the nine-month period).

The increase of revenues during the quarter (10.4 per cent) is attributable to both higher ridership (3.9 per cent) and improved average revenues (4.5 per cent), while the increase for the nine-month period (9.7 per cent) is mostly due to the increase in ridership (7.5 per cent), as well as by higher average revenues (2.6 per cent).

**Québec City – Windsor corridor**

Revenues have increased by \$12.9 million (14.3 per cent) during the quarter as a result of higher ridership (4.0 per cent) as well as improved average revenues (7.3 per cent). Capacity deployed has also increased by (14.9 per cent) compared to the corresponding quarter last year. On a cumulative basis, revenues have increased by \$32.5 million (13.7 per cent) for the nine-month period mostly due to higher ridership (7.4 per cent) combined with improved average revenues (2.5 per cent). Capacity deployed was (11.8 per cent) higher than last year.

The increase in average revenues during the third quarter and the nine-month period reflects the introduction of a fare differentiation pricing approach which is one of the new features of the new reservation system launched by the Corporation in November 2023. The fare differentiation approach allows customers to benefit from different fare options with distinctive features and benefits, enhancing value propositions.

**Ocean**

Revenues for the quarter have increased by \$0.4 million (8.5 per cent) compared to last year. Ridership has increased by (12.6 per cent) for the quarter while capacity deployed increased by (25.2 per cent). On a cumulative basis, revenues have increased by \$1.3 million (13.4 per cent). The increase is attributable to improved average revenues (1.4 per cent) and higher ridership (8.8 per cent). Capacity deployed increased by (22.3 per cent).

**Canadian**

Revenues have decreased by \$0.6 million (2.8 per cent) compared to the same quarter last year. The decrease results from lower ridership (13.3 per cent) mainly caused by partial service interruptions associated to Jasper wildfires offset by higher average revenues (9.5 per cent). On a cumulative basis, revenues have increased by \$5.6 million (12.9 per cent). The increase is attributable to higher average revenues (8.4 per cent) as well as improved in ridership (1.7 per cent). Capacity deployed increased by (0.3 per cent) for the quarter and by (4.2 per cent) for the nine-month period.

**Regional services**

Revenues have increased by \$0.3 million (20.0 per cent) for the quarter. The increase results from higher ridership (9.0 per cent) and higher average revenues (14.3 per cent). On a cumulative basis, revenues have increased by \$0.8 million (27.6 per cent) due in most part to the increase in ridership (18.6 per cent) and the increase in average revenues (8.4 per cent).

**Other revenues**

Other revenues have increased by \$0.6 million (10.9 per cent) for the quarter and have increased by \$2.1 million (13.0 per cent) for the nine-month period. These increases are 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 SEPTEMBER 30				NINE-MONTH PERIODS ENDED SEPTEMBER 30			
	2024	2023	Var \$	Var %	2024	2023	Var \$	Var %
Compensation and employee benefits	100.6	92.3	8.3	9.0%	290.2	269.8	20.4	7.6%
Train operations and fuel	49.2	48.8	0.4	0.8%	145.4	135.9	9.5	7.0%
Stations and property	10.4	9.8	0.6	6.1%	37.0	33.8	3.2	9.5%
Marketing and sales	8.1	9.5	(1.4)	(14.7%)	24.1	28.8	(4.7)	(16.3%)
Maintenance material	9.5	10.2	(0.7)	(6.9%)	31.7	30.2	1.5	5.0%
On-train product costs	11.8	11.3	0.5	4.4%	33.1	30.0	3.1	10.3%
Professional services	4.5	5.4	(0.9)	(16.7%)	10.7	22.1	(11.4)	(51.6%)
Telecommunications	8.9	7.4	1.5	20.3%	26.6	21.2	5.4	25.5%
Technical services	1.0	0.9	0.1	11.1%	3.2	3.1	0.1	3.2%
Depreciation and amortization	38.3	27.7	10.6	38.3%	105.6	81.6	24.0	29.4%
Loss on disposal of property, plant and equipment and intangible assets	2.7	1.6	1.1	68.8%	4.6	2.4	2.2	91.7%
Unrealized net loss (net gain) on derivative financial instruments	2.1	(4.5)	6.6	146.7%	0.4	(1.3)	1.7	130.8%
Other	12.2	7.1	5.1	71.8%	34.5	24.4	10.1	41.4%
<b>Total operating expenses under IFRS</b>	<b>259.3</b>	<b>227.5</b>	<b>31.8</b>	<b>14.0%</b>	<b>747.1</b>	<b>682.0</b>	<b>65.1</b>	<b>9.5%</b>
Non-funded adjustments (section 4.1)	(41.3)	(18.9)	(22.4)	(118.5%)	(110.4)	(75.1)	(35.3)	(47.0%)
<b>Total funded expenses</b>	<b>218.0</b>	<b>208.6</b>	<b>9.4</b>	<b>4.5%</b>	<b>636.7</b>	<b>606.9</b>	<b>29.8</b>	<b>4.9%</b>

(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 \$31.8 million (14.0 per cent) for the quarter and by \$65.1 million (9.5 per cent) for the nine-month period. The primary variances are:

#### Compensation and employee benefits

The expenses increased by \$8.3 million (9.0 per cent) during the quarter and by \$20.4 million (7.6 per cent) for the nine-month period. The increases for both the quarter and the nine-month period are 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 \$0.4 million (0.8 per cent) during the quarter and by \$9.5 million (7.0 per cent) for the nine-month period. The increases for both the quarter and the nine-month period are resulting from higher costs for access to third-party infrastructure, fuel expenses, 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 \$0.6 million (6.1 per cent) during the quarter and by \$3.2 million (9.5 per cent) for the nine-month period. The increases for both the quarter and the nine-month period are 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 \$1.4 million (14.7 per cent) during the quarter and by \$4.7 million (16.3 per cent) for the nine-month period. The decreases for both the quarter and the nine-month period are 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 systems).

**On-train product costs**

The expenses increased by \$0.5 million (4.4 per cent) for the quarter and by \$3.1 million (10.3 per cent) for the nine-month period. The increases for both the quarter and the nine-month period are resulting from the increased in ridership, specifically in Business and Sleeper classes, as well as higher prices reflecting current inflation rates.

**Professional services**

The expenses decreased by \$0.9 million (16.7 per cent) during the quarter and by \$11.4 million (51.6 per cent) for the nine-month period. The decreases for both the quarter and the nine-month period reflect the fact that in 2023 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 \$1.5 million (20.3 per cent) during the quarter and by \$5.4 million (25.5 per cent) for the nine-month period. The increases for both the quarter and the nine-month period result 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.

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

The expenses increased by \$1.1 million (68.8 per cent) during the quarter and by \$2.2 million (91.7 per cent) for the nine-month period. The increases are due to the retirement and disposal of equipment at the end of life.

**Unrealized net loss (net gain) on derivative financial instruments**

Net loss of \$2.1 million for the quarter and net loss of \$0.4 million for the nine-month period compared to a net gain of \$4.5 million for the quarter and net gain of \$1.3 million for the nine-month period ended September 30, 2023. Net loss for the quarter and the nine-month reflects the fact that contract prices are higher than market fuel prices.

**Other expenses**

The expenses increased by \$5.1 million (71.8 per cent) for the quarter and by \$10.1 million (41.4 per cent) for the nine-month period. The increases for both the quarter and the nine-month period result mainly from higher provision for costs resulting mainly from environmental cases.

## 4.4 Financial Position

(in millions of Canadian dollars)	September 30, 2024	December 31, 2023	Var \$	Var %
<b>ASSETS</b>				
Current assets	220.6	250.1	(29.5)	(11.8%)
Advances on contracts	30.3	45.2	(14.9)	(33.0%)
Property, plant and equipment	2,037.2	1,729.6	307.6	17.8%
Intangible assets	423.4	415.5	7.9	1.9%
Right-of-use assets	90.2	91.3	(1.1)	(1.2%)
Employee benefit assets	436.2	336.9	99.3	29.5%
<b>Total Assets</b>	<b>3,237.9</b>	<b>2,868.6</b>	<b>369.3</b>	<b>12.9%</b>
<b>LIABILITIES</b>				
Current liabilities	304.5	335.5	(31.0)	(9.2%)
Other payables	46.6	35.3	11.3	32.0%
Deferred income tax	59.8	35.2	24.6	69.9%
Lease liabilities	96.6	98.3	(1.7)	(1.7%)
Employee benefit liabilities	31.1	32.6	(1.5)	(4.6%)
<b>Total Liabilities</b>	<b>538.6</b>	<b>536.9</b>	<b>1.7</b>	<b>0.3%</b>
Deferred capital funding	2,427.0	2,137.4	289.6	13.5%
Share capital	9.3	9.3	-	0.0%
Accumulated surplus, beginning of period	262.7	225.9	36.8	16.3%
Net income (loss)	0.7	(9.1)	9.8	107.7%
Other comprehensive (loss)	(0.4)	(31.8)	31.4	98.7%
<b>Accumulated surplus, end of period</b>	<b>263.0</b>	<b>185.0</b>	<b>78.0</b>	<b>42.2%</b>
<b>Total Liabilities and Shareholder's equity</b>	<b>3,237.9</b>	<b>2,868.6</b>	<b>369.3</b>	<b>12.9%</b>

(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)

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

### Assets

Total assets have increased by \$369.3 million due mainly to:

- An increase in property, plant and equipment and intangible assets of \$315.5 million as the Corridor Fleet Replacement Project and maintenance centres projects and Information technologies projects are progressing.
- An increase in employee benefit assets of \$99.3 million resulting from a return on plan assets partly offset by a decrease in current assets of \$29.5 million, mainly due to a decrease of \$27.4 million in a receivable from the Government of Canada and to a decrease in cash of \$7.3 million (see section 4.5).

## 4.4 Financial Position (cont'd)

### Liabilities and deferred capital funding

Total liabilities and deferred capital funding have increased by \$291.3 million mainly due to:

- An increase in deferred capital funding of \$289.6 million due to government funding invoiced of \$396.8 million less amortization of \$107.2 million.
- An increase in deferred income tax liabilities of \$24.6 million associated with an increase in employee benefits assets partly offset by:
- A decrease of \$31.0 million in current liabilities due to a decrease in trade and other payables of \$53.8 million due to the timing partly offset by an increase in provisions for equipment repairs due to higher incidents in which trains were involved of \$3.9 million.

### Comprehensive income

Other comprehensive income increased mainly due to the return on plan assets affecting employee benefit assets and liabilities.

## 4.5 Liquidity, Cash Flows and Capital Investments

### Liquidity and cash flows

	QUARTERS ENDED SEPTEMBER 30				NINE-MONTH PERIODS ENDED SEPTEMBER 30			
	2024	2023	Var \$	Var %	2024	2023	Var \$	Var %
(in millions of Canadian dollars)								
<b>Balance, beginning of period</b>	<b>33.5</b>	62.1	(28.6)	(46.1%)	<b>22.8</b>	9.7	13.1	135.1%
Net cash (used in) provided by operating activities	<b>(33.1)</b>	(7.2)	(25.9)	(359.7%)	<b>11.4</b>	27.1	(15.7)	(57.9%)
Net cash provided by (used in) investing activities	<b>15.9</b>	(5.5)	21.4	389.1%	<b>(16.0)</b>	14.7	(30.7)	(208.8%)
Net cash (used in) financing activities	<b>(0.8)</b>	(1.0)	0.2	20.0%	<b>(2.7)</b>	(3.1)	0.4	12.9%
<b>Balance, end of period</b>	<b>15.5</b>	<b>48.4</b>	<b>(32.9)</b>	<b>(68.0%)</b>	<b>15.5</b>	<b>48.4</b>	<b>(32.9)</b>	<b>(68.0%)</b>

(Amounts in bracket represent decreases)

### Operating activities

Net cash decreased by \$25.9 million (359.7 per cent) for the quarter and by \$15.7 million (57.9 per cent) for the nine-month period. The variances are mainly due to the change in working capital items (\$26.6 million for the quarter and \$10.6 million for the nine-month period) as shown in Note 15 of the interim condensed financial statements.

### Investing activities

Net cash increased by \$21.4 million (389.1 per cent) for the quarter and decreased by \$30.7 million (208.8 per cent) for the nine-month period. The increase for the quarter and the decrease for the nine-month period are mainly due to the timing of the amount received from the government 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 \$2,460.6 million at September 30, 2024, which is an increase of \$315.5 million compared to the balance as at December 31, 2023.

Funded capital investments of \$396.7 million were made during the nine-month period.

(in millions of Canadian dollars)	QUARTERS ENDED SEPTEMBER 30				NINE-MONTH PERIODS ENDED SEPTEMBER 30			
	2024	2023	Var \$	Var %	2024	2023	Var \$	Var %
Equipment	5.5	9.4	(3.9)	(41.5%)	24.3	27.6	(3.3)	(12.0%)
Infrastructure	26.4	7.4	19.0	256.8%	34.2	15.0	19.2	128.0%
Maintenance	20.6	6.2	14.4	232.3%	43.5	15.9	27.6	173.6%
Information technology	6.0	5.7	0.3	5.3%	15.7	24.4	(8.7)	(35.7%)
Stations	12.0	13.7	(1.7)	(12.4%)	27.2	26.0	1.2	4.6%
Corridor Fleet Replacement Program	98.5	73.2	25.3	34.6%	245.3	144.5	100.8	69.8%
Other	2.2	2.7	(0.5)	(18.5%)	6.5	4.8	1.7	35.4%
<b>Total capital investments</b>	<b>171.2</b>	<b>118.3</b>	<b>52.9</b>	<b>44.7%</b>	<b>396.7</b>	<b>258.2</b>	<b>138.5</b>	<b>53.6%</b>

(Amounts in bracket represent decreases)

The most significant investments made during the quarter and the nine-month period were in the Corridor Fleet Replacement Program, in the Maintenance centres 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 2024-2028 Corporate Plan <sup>(1)</sup>

**(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, investments for the quarter were higher than 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)	September 30, 2024	September 30, 2023
<b>Balance, beginning of period (January 1)</b>	<b>80.6</b>	91.0
Received to fund operating expenses	<b>(292.3)</b>	(322.3)
Recognized in financial results	<b>284.8</b>	288.3
Government funding received for the Asset Renewal Fund transfer to operating funding	–	(0.9)
<b>Balance, end of period</b>	<b>73.1</b>	56.1

### Government funding relating to capital expenditures:

(in millions of Canadian dollars)	September 30, 2024	September 30, 2023
<b>Balance, beginning of period (January 1)</b>	<b>81.3</b>	42.5
Received to fund the acquisition of property, plant and equipment and intangible assets (including the cost of land)	<b>(416.6)</b>	(248.3)
Used to fund capital expenditures	<b>396.7</b>	258.2
<b>Balance, end of period</b>	<b>61.4</b>	52.4



## 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, 2025	For the twelve-month period ending March 31, 2024
Original parliamentary appropriation	302.7	300.4
Supplementary parliamentary appropriation (Note 1 and 2)	132.3	117.2
Revised annual parliamentary appropriation	435.0	417.6
<b>Appropriation recognized for the three months ended:</b>		
June 30	77.9	85.6
September 30	80.2	82.5
Total appropriation recognized for the period	158.1	168.1
<b>Appropriation available for remainder of the government fiscal year</b>	<b>276.9</b>	<b>249.5</b>

Note 1: For 2023-2024 – includes an amount of \$115.4 million received for operations and \$1.8 million for decontamination.

Note 2: For the period ending March 31, 2025, include a reprofiling amount of \$25.0 million from 2023-2024 to 2024-2025.

Parliamentary appropriation for capital expenditures	For the twelve-month period ending March 31, 2025	For the twelve-month period ending March 31, 2024
Original parliamentary appropriation	856.7	933.2
Supplementary parliamentary appropriation (Note 1 and 2)	694.2	131.7
Revised annual parliamentary appropriation	1,550.9	1,064.9
<b>Appropriation recognized for the three months ended:</b>		
June 30	128.3	67.1
September 30	171.1	118.3
Total appropriation recognized for the period	299.4	185.4
<b>Appropriation available for remainder of the government fiscal year</b>	<b>1,251.5</b>	<b>879.5</b>



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

Note 2: For the period ending March 31, 2025, include a reprofiling amount of \$192.6 million from 2023-2024 to 2024-2025.

## 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 September 30, 2024, the trend changed for the two following risks:

Nature of risk	Trend	Current situation
<b>Financial Sustainability</b>		
<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 years 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 2025.</p>
<b>Asset Management</b>		
<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>In Budget 2024, the Government of Canada confirmed its commitment to replace the Heritage Fleet and Treasury Board of Canada confirmed, on October 10, 2024, that new funding is approved in order to replace our long-distance, regional and remote rail fleet. As the procurement process begins, the Corporation maintenance teams will continue to ensure that the existing fleet operates safely and effectively.</p> <p>The Corporation is running an aging fleet, for which the average age of the cars is 77 years, requiring more inspections and repairs. Substantial investments will therefore be required to keep as much equipment in operating conditions until it is replaced by a new fleet. However, the Corporation could still be forced to prematurely retire some of its fleet, as a result of which service revenues and costs will be negatively impacted in the future.</p>



Increasing



Stable



Decreasing

## 7. Outlook

Results of the third 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, the Corporation is launching a reliability program designed to complement the scope of the Heritage Fleet Modernization program. These investments will improve the reliability of the Heritage Fleet but cannot guarantee the availability of the entire fleet until the arrival of the new trains.



# **INTERIM CONDENSED FINANCIAL STATEMENTS**

# MANAGEMENT'S RESPONSIBILITY STATEMENT

Quarter ended September 30, 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  
November 21, 2024

## Statement of Financial Position

September 30, 2024

December 31, 2023

(in thousands of Canadian dollars)

	(unaudited)	(audited)
<b>CURRENT ASSETS</b>		
Cash	\$ 15,484	\$ 22,826
Trade and other receivables (Note 5)	162,761	188,974
Materials	30,192	28,520
Other assets	12,194	9,903
	220,631	250,223
<b>NON-CURRENT ASSETS</b>		
Advances on contracts	30,283	45,159
Property, plant and equipment (Note 6)	2,037,164	1,729,587
Intangible assets (Note 7)	423,413	415,482
Right-of-use assets (Note 9)	90,214	91,259
Employee benefit assets (Note 12)	436,204	336,922
	3,017,278	2,618,409
<b>Total Assets</b>	<b>\$ 3,237,909</b>	<b>\$ 2,868,632</b>
<b>CURRENT LIABILITIES</b>		
Trade and other payables (Note 8)	\$ 227,253	\$ 281,084
Lease liabilities (Note 9)	3,255	2,340
Provisions (Note 10)	9,840	5,899
Deferred revenues and other liabilities (Note 11)	64,307	46,162
	304,655	335,485
<b>NON-CURRENT LIABILITIES</b>		
Other payables	46,591	35,265
Deferred income tax (Note 13)	59,792	35,245
Lease liabilities (Note 9)	96,570	98,305
Employee benefit liabilities (Note 12)	31,074	32,582
	234,027	201,397
Deferred capital funding (Note 14)	2,426,974	2,137,385
<b>SHAREHOLDER'S EQUITY</b>		
Share capital	9,300	9,300
Accumulated surplus	262,953	185,065
	272,253	194,365
<b>Total Liabilities and Shareholder's equity</b>	<b>\$ 3,237,909</b>	<b>\$ 2,868,632</b>

Commitments (Note 16)

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 SEPTEMBER 30		NINE-MONTH PERIODS ENDED SEPTEMBER 30	
	2024	2023	2024	2023
<b>REVENUES</b>				
Passenger	\$ 133,339	\$ 120,783	\$ 332,763	\$ 303,511
Other	6,078	5,519	18,297	16,229
	<b>139,417</b>	<b>126,302</b>	<b>351,060</b>	<b>319,740</b>
<b>EXPENSES</b>				
Compensation and employee benefits	100,595	92,331	290,213	269,789
Train operations and fuel	49,143	48,714	145,357	135,851
Stations and property	10,397	9,851	36,964	33,831
Marketing and sales	8,054	9,548	24,063	28,830
Maintenance material	9,532	10,161	31,731	30,179
On-train product costs	11,842	11,315	33,121	29,998
Operating taxes	4,106	3,426	12,366	10,862
Professional services	4,554	5,408	10,724	22,094
Telecommunications	8,858	7,408	26,593	21,172
Technical services	990	871	3,157	3,079
Depreciation of property, plant and equipment (Note 6)	30,242	22,525	81,793	64,880
Amortization of intangible assets (Note 7)	7,126	4,256	20,920	13,262
Depreciation of right-of-use assets (Note 9)	914	906	2,879	3,454
Loss on disposal of property, plant and equipment (Note 6)	2,435	1,614	4,288	2,380
Loss on disposal of intangible assets (Note 7)	250	48	326	48
Lease termination	-	(62)	-	(62)
Unrealized net loss (net gain) on derivative financial instruments	2,113	(4,478)	394	(1,291)
Realized net loss (net gain) on derivative financial instruments	493	(249)	321	599
Interest expense on lease liabilities	802	658	2,104	1,814
Other	6,807	3,181	19,799	11,207
	<b>259,253</b>	<b>227,432</b>	<b>747,113</b>	<b>681,976</b>
<b>OPERATING LOSS BEFORE FUNDING FROM THE GOVERNMENT OF CANADA AND INCOME TAXES</b>	<b>(119,836)</b>	<b>(101,130)</b>	<b>(396,053)</b>	<b>(362,236)</b>
Operating funding from the Government of Canada	80,225	82,523	284,827	288,303
Amortization of deferred capital funding (Note 14)	39,958	28,338	107,156	80,278
Net income (loss) before income taxes	347	9,731	(4,070)	6,345
Income tax recovery (expense)	379	(1,722)	3,707	(1,681)
<b>NET INCOME (LOSS) FOR THE PERIOD</b>	<b>726</b>	<b>8,009</b>	<b>(363)</b>	<b>4,664</b>
Other comprehensive (loss) 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)	(603)	26,536	106,505	(310)
Income tax recovery (expense)	160	(7,039)	(28,254)	104
	<b>(443)</b>	<b>19,497</b>	<b>78,251</b>	<b>(206)</b>
<b>COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>\$ 283</b>	<b>\$ 27,506</b>	<b>\$ 77,888</b>	<b>\$ 4,458</b>

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

## Statement of Changes in Shareholder's Equity

	QUARTERS ENDED SEPTEMBER 30		NINE-MONTH PERIODS ENDED SEPTEMBER 30	
	2024	2023	2024	2023
(in thousands of Canadian dollars) <i>(unaudited)</i>				
<b>SHARE CAPITAL</b>	\$ 9,300	\$ 9,300	\$ 9,300	\$ 9,300
<b>Accumulated surplus</b>				
<b>Balance, beginning of period</b>	262,670	202,835	185,065	225,883
Net income (loss) for the period	726	8,009	(363)	4,664
Other comprehensive (loss) income for the period	(443)	19,497	78,251	(206)
<b>Balance, end of period</b>	262,953	230,341	262,953	230,341
<b>Total Shareholder's equity</b>	\$ 272,253	\$ 239,641	\$ 272,253	\$ 239,641

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

## Statement of Cash Flows

	QUARTERS ENDED SEPTEMBER 30		NINE-MONTH PERIODS ENDED SEPTEMBER 30	
	2024	2023	2024	2023
(in thousands of Canadian dollars) (unaudited)				
<b>OPERATING ACTIVITIES</b>				
Net income (loss) for the period	\$ 726	\$ 8,009	\$ (363)	\$ 4,664
Adjustments to determine net cash (used in) provided by operating activities:				
Depreciation of property, plant and equipment (Note 6)	30,242	22,525	81,793	64,880
Amortization of intangible assets (Note 7)	7,126	4,256	20,920	13,262
Depreciation of right-of-use assets (Note 9)	914	906	2,879	3,454
Loss on disposal of property, plant and equipment (Note 6)	2,435	1,614	4,288	2,380
Loss on disposal of intangible assets (Note 7)	250	48	326	48
Lease termination	-	(62)	-	(62)
Other payables variations	-	47	-	131
Advances on contracts variations	106	(809)	112	(1,651)
Amortization of deferred capital funding (Note 14)	(39,958)	(28,338)	(107,156)	(80,278)
Income tax (recovery) expense	(379)	1,722	(3,707)	1,681
Interest income	(1,020)	(1,004)	(3,706)	(2,640)
Interest paid	(802)	(658)	(2,104)	(1,814)
Unrealized net loss (net gain) on derivative financial instruments	2,113	(4,478)	394	(1,291)
Post-employment and other employee benefit expenses (Note 12)	4,154	745	7,903	4,078
Employer post-employment and other employee benefit contributions (Note 12)	(1,442)	(1,217)	(4,518)	(4,307)
Defined benefit surplus utilized to fund the employer contributions (Note 12)	820	1,371	2,330	1,371
Interest expense on lease liabilities	802	658	2,104	1,814
Net change in working capital items (Note 15)	(39,156)	(12,517)	9,932	20,534
<b>Net cash (used in) provided by operating activities</b>	<b>(33,069)</b>	<b>(7,182)</b>	<b>11,427</b>	<b>26,254</b>
<b>INVESTING ACTIVITIES</b>				
Government funding received for acquisition of property, plant and equipment and intangible assets (Note 15)	206,000	99,000	416,664	248,292
Acquisition of property, plant and equipment and intangible assets (Notes 6, 7, 8 and 15)	(191,247)	(105,155)	(436,431)	(235,029)
Interest received	1,093	624	3,652	2,260
<b>Net cash provided by (used in) investing activities</b>	<b>15,846</b>	<b>(5,531)</b>	<b>(16,115)</b>	<b>15,523</b>
<b>FINANCING ACTIVITIES</b>				
Payment of the lease liabilities	(800)	(950)	(2,654)	(3,110)
<b>Net cash (used in) financing activities</b>	<b>(800)</b>	<b>(950)</b>	<b>(2,654)</b>	<b>(3,110)</b>
<b>CASH</b>				
(Decrease) increase during the period	(18,023)	(13,663)	(7,342)	38,667
Balance, beginning of period	33,507	62,071	22,826	9,741
<b>Balance, end of period</b>	<b>\$ 15,484</b>	<b>\$ 48,408</b>	<b>\$ 15,484</b>	<b>\$ 48,408</b>
<b>REPRESENTED BY:</b>				
Cash	15,484	48,408	15,484	48,408
	\$ 15,484	\$ 48,408	\$ 15,484	\$ 48,408

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 November 21, 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)	<b>September 30, 2024</b>	<b>December 31, 2023</b>
Trade	4.0	9.1
Other receivables	6.5	7.0
Loss allowance	(0.5)	(0.3)
<b>Trade and other receivables classified at Amortized cost</b>	<b>10.0</b>	<b>15.8</b>
Amount receivable from the Government of Canada – Operating funding	73.1	80.6
Amount receivable from the Government of Canada – Capital funding (Note 15)	61.4	81.3
Total receivable from the Government of Canada	134.5	161.9
Sales taxes	18.3	11.3
<b>Total trade and other receivables</b>	<b>162.8</b>	<b>189.0</b>

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

## 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
<b>Cost:</b>											
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	-	-	-	-	-	-	-	-	-	393.7	393.7
Disposals	-	(41.1)	-	-	(0.4)	(0.1)	(0.1)	(0.3)	(0.1)	-	(42.1)
Transfers	-	406.2	0.4	0.9	0.4	4.8	0.8	1.0	0.1	(414.6)	-
<b>Total cost</b>	<b>17.7</b>	<b>1,611.1</b>	<b>183.5</b>	<b>215.3</b>	<b>352.7</b>	<b>107.6</b>	<b>43.3</b>	<b>41.2</b>	<b>13.3</b>	<b>578.4</b>	<b>3,164.1</b>
<b>Accumulated depreciation and impairment:</b>											
January 1, 2024	-	632.4	113.8	75.0	142.8	58.6	24.9	28.7	6.7	-	1,082.9
Additions	-	53.0	2.6	7.4	8.1	3.8	1.7	4.1	1.1	-	81.8
Disposals	-	(37.3)	-	-	-	-	(0.1)	(0.3)	(0.1)	-	(37.8)
<b>Total accumulated depreciation and impairment</b>	<b>-</b>	<b>648.1</b>	<b>116.4</b>	<b>82.4</b>	<b>150.9</b>	<b>62.4</b>	<b>26.5</b>	<b>32.5</b>	<b>7.7</b>	<b>-</b>	<b>1,126.9</b>
<b>Total carrying amount</b>	<b>17.7</b>	<b>963.0</b>	<b>67.1</b>	<b>132.9</b>	<b>201.8</b>	<b>45.2</b>	<b>16.8</b>	<b>8.7</b>	<b>5.6</b>	<b>578.4</b>	<b>2,037.2</b>

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
<b>Cost:</b>						
January 1, 2024	185.5	7.8	442.1	4.2	21.1	660.7
Additions	-	-	-	-	29.1	29.1
Disposals	(0.7)	-	(13.2)	(0.6)	-	(14.5)
Transfers	2.9	-	-	-	(2.9)	-
<b>Total cost</b>	<b>187.7</b>	<b>7.8</b>	<b>428.9</b>	<b>3.6</b>	<b>47.3</b>	<b>675.3</b>
<b>Accumulated amortization and impairment:</b>						
January 1, 2024	63.4	7.8	170.5	3.5	-	245.2
Additions	13.1	-	7.8	-	-	20.9
Disposals	(0.5)	-	(13.2)	(0.5)	-	(14.2)
<b>Total accumulated amortization and impairment</b>	<b>76.0</b>	<b>7.8</b>	<b>165.1</b>	<b>3.0</b>	<b>-</b>	<b>251.9</b>
<b>Total carrying amount</b>	<b>111.7</b>	<b>-</b>	<b>263.8</b>	<b>0.6</b>	<b>47.3</b>	<b>423.4</b>

## 8. Trade and Other Payables

The trade and other payables balance includes the following:

(in millions of Canadian dollars)	September 30, 2024	December 31, 2023
Wages payable and accrued	54.0	61.3
Accounts payable and accruals – Trade	50.9	62.5
Accounts payable and accruals – Capital assets	110.4	150.1
<b>Trade and other payables classified at Amortized cost</b>	<b>215.3</b>	<b>273.9</b>
Capital tax and other taxes payable	12.0	7.2
<b>Total trade and other payables</b>	<b>227.3</b>	<b>281.1</b>

## 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
<b>Cost:</b>					
January 1, 2024	0.5	21.8	83.6	0.8	106.7
Additions	-	-	1.7	0.1	1.8
Disposals	-	(7.2)	-	(0.8)	(8.0)
<b>Total cost</b>	<b>0.5</b>	<b>14.6</b>	<b>85.3</b>	<b>0.1</b>	<b>100.5</b>
<b>Accumulated depreciation:</b>					
January 1, 2024	0.1	7.2	7.3	0.8	15.4
Additions	-	0.8	2.0	0.1	2.9
Disposals	-	(7.2)	-	(0.8)	(8.0)
<b>Total accumulated depreciation</b>	<b>0.1</b>	<b>0.8</b>	<b>9.3</b>	<b>0.1</b>	<b>10.3</b>
<b>Net carrying amount</b>	<b>0.4</b>	<b>13.8</b>	<b>76.0</b>	<b>-</b>	<b>90.2</b>

### Amount recognized in the Statement of Comprehensive Income:

(in millions of Canadian dollars)	QUARTERS ENDED SEPTEMBER 30		NINE-MONTH PERIODS ENDED SEPTEMBER 30	
	2024	2023	2024	2023
<b>Low-value assets</b>	-	-	0.1	0.1

Total cash outflow is \$1.7 million for the quarter and \$4.9 million for the nine-month period (September 30, 2023: \$1.6 million for the quarter and \$5.0 million for the nine-month period).

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)	September 30, 2024	December 31, 2023
<b>Balance, beginning of period</b>	<b>100.6</b>	103.9
Additions	1.8	2.3
Accretion of interest	2.1	2.5
Payment	(4.7)	(6.4)
Termination	-	(1.7)
<b>Balance, end of period</b>	<b>99.8</b>	100.6
Current	3.2	2.3
Non-current	96.6	98.3
<b>Total lease liabilities</b>	<b>99.8</b>	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	September 30, 2024
Environmental costs	2.3	6.3	(2.0)	(1.1)	5.5
Litigation and equipment repairs	3.6	6.3	(5.3)	(0.3)	4.3
<b>Total provisions</b>	<b>5.9</b>	<b>12.6</b>	<b>(7.3)</b>	<b>(1.4)</b>	<b>9.8</b>

### 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)	September 30, 2024	December 31, 2023
Advance ticket sales	45.9	29.2
VIA Préférence loyalty program	10.5	9.8
Other	7.9	7.2
<b>Total deferred revenues and other liabilities</b>	<b>64.3</b>	<b>46.2</b>

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

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:

	September 30, 2024	December 31, 2023
<b>ASSUMPTIONS – DISCOUNT RATES</b>		
<b>Assumptions for the calculation of the obligation</b>		
Defined benefit component of the pension plans	4.60%	4.60%
Post-employment benefit plans	4.70%	4.60%
Long-term employee benefit plans	4.60%	4.60%
<b>Assumptions for the calculation of the costs</b>		
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%

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

Based on these actuarial valuations and projections to September 30, the summary of the principal valuation results, in aggregate, is as follows:

	DEFINED BENEFIT COMPONENT OF THE PENSION PLANS		POST-EMPLOYMENT, LONG-TERM AND OTHER LONG-TERM EMPLOYEE BENEFIT PLANS	
	September 30, 2024	December 31, 2023	September 30, 2024	December 31, 2023
(in millions of Canadian dollars)				
Fair value of plan assets	2,502.0	2,402.4	-	-
Defined benefit obligation	(2,065.8)	(2,065.5)	(31.1)	(32.6)
<b>Net defined benefit asset (liability)</b>	<b>436.2</b>	<b>336.9</b>	<b>(31.1)</b>	<b>(32.6)</b>

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

	DEFINED BENEFIT COMPONENT OF THE PENSION PLANS		POST-EMPLOYMENT, LONG-TERM AND OTHER LONG-TERM EMPLOYEE BENEFIT PLANS		TOTAL	
	FOR THE QUARTER ENDED SEPTEMBER 30				TOTAL	
	2024	2023	2024	2023	2024	2023
(in millions of Canadian dollars)						
Service cost	4.8	5.4	0.8	0.9	5.6	6.3
Interest income	(22.1)	(40.8)	-	-	(22.1)	(40.8)
Interest expense	19.5	34.4	0.3	0.4	19.8	34.8
Administration expenses	0.9	0.4	-	-	0.9	0.4
<b>Total expenses recognized in net income (loss)</b>	<b>3.1</b>	<b>(0.6)</b>	<b>1.1</b>	<b>1.3</b>	<b>4.2</b>	<b>0.7</b>

	FOR THE QUARTER ENDED SEPTEMBER 30				TOTAL	
	2024	2023	2024	2023	2024	2023
	(in millions of Canadian dollars)					
Return on plan assets	94.5	(144.4)	-	-	94.5	(144.4)
Effect of change in financial assumptions	(94.1)	171.1	(1.0)	(0.2)	(95.1)	170.9
<b>Total remeasurements recognized in other comprehensive income (loss)</b>	<b>0.4</b>	<b>26.7</b>	<b>(1.0)</b>	<b>(0.2)</b>	<b>(0.6)</b>	<b>26.5</b>

	FOR THE QUARTER ENDED SEPTEMBER 30				TOTAL	
	2024	2023	2024	2023	2024	2023
	(in millions of Canadian dollars)					
Employer contributions	-	-	1.4	1.2	1.4	1.2
Defined benefit surplus utilized to fund the employer contributions (Note 2)	(0.8)	(1.4)	-	-	(0.8)	(1.4)
<b>Total employer contributions</b>	<b>(0.8)</b>	<b>(1.4)</b>	<b>1.4</b>	<b>1.2</b>	<b>0.6</b>	<b>(0.2)</b>
Employee contributions	3.3	3.4	-	-	3.3	3.4
<b>Total contributions</b>	<b>2.5</b>	<b>2.0</b>	<b>1.4</b>	<b>1.2</b>	<b>3.9</b>	<b>3.2</b>

Note 1: In 2022 and 2023, 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 to be made during the 2023 and 2024 fiscal years.

Note 2: In accordance with the VIA Rail Pension regulations, a withdrawal of \$0.8 million (September 30, 2023: \$1.4 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)

(in millions of Canadian dollars)	DEFINED BENEFIT COMPONENT OF THE PENSION PLANS		POST-EMPLOYMENT, LONG-TERM AND OTHER LONG-TERM EMPLOYEE BENEFIT PLANS		TOTAL	
	FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30					
	2024	2023	2024	2023	2024	2023
Service cost	13.2	13.8	2.1	2.7	15.3	16.5
Interest income	(81.5)	(96.2)	-	-	(81.5)	(96.2)
Interest expense	70.7	81.0	1.1	1.2	71.8	82.2
Administration expenses	2.3	1.5	-	-	2.3	1.5
<b>Total expenses recognized in net income (loss)</b>	<b>4.7</b>	<b>0.1</b>	<b>3.2</b>	<b>3.9</b>	<b>7.9</b>	<b>4.0</b>

(in millions of Canadian dollars)	FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30				TOTAL	
	2024	2023	2024	2023	2024	2023
	Return on plan assets	106.9	(102.8)	-	-	106.9
Effect of change in financial assumptions	(0.6)	103.3	0.2	(0.8)	(0.4)	102.5
<b>Total remeasurements recognized in other comprehensive income (loss)</b>	<b>106.3</b>	<b>0.5</b>	<b>0.2</b>	<b>(0.8)</b>	<b>106.5</b>	<b>(0.3)</b>

(in millions of Canadian dollars)	FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30				TOTAL	
	2024	2023	2024	2023	2024	2023
	Employer contributions	-	-	4.5	4.3	4.5
Defined benefit surplus utilized to fund the employer contributions (Note 2)	(2.3)	(1.4)	-	-	(2.3)	(1.4)
<b>Total employer contributions</b>	<b>(2.3)</b>	<b>(1.4)</b>	<b>4.5</b>	<b>4.3</b>	<b>2.2</b>	<b>2.9</b>
Employee contributions	10.3	10.3	-	-	10.3	10.3
<b>Total contributions</b>	<b>8.0</b>	<b>8.9</b>	<b>4.5</b>	<b>4.3</b>	<b>12.5</b>	<b>13.2</b>

Note 1: In 2022 and 2023, VIA Rail's Defined Benefit Plan (DBP) had a going concern excess, and solvency assets exceeding 105% of liabilities; therefore no minimum contributions were required during the 2023 and 2024 fiscal years.

Note 2: In accordance with the VIA Rail Pension regulations, a withdrawal of \$2.3 million (September 30, 2023: \$1.4 million) from the Non-Unionized DBP surplus was utilized to fund the Non-Unionized Defined Contribution Plan (DCP) employer contributions.

## 13. Income Taxes

The income tax expense consists of the following:

(in millions of Canadian dollars)	QUARTERS ENDED SEPTEMBER 30		NINE-MONTH PERIODS ENDED SEPTEMBER 30	
	2024	2023	2024	2023
Deferred	0.4	(1.7)	3.7	(1.7)
<b>Income tax recovery (expenses)</b>	<b>0.4</b>	<b>(1.7)</b>	<b>3.7</b>	<b>(1.7)</b>

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 SEPTEMBER 30, 2024 (in millions of Canadian dollars)	Opening Balance	Recognized in net income	Recognized in OCI	Closing Balance
<b>Deferred income tax assets (liabilities)</b>				
Property, plant and equipment and intangible assets	26.3	2.2	-	28.5
Provisions	2.1	1.1	-	3.2
Lease liabilities	26.8	(0.2)	-	26.6
Employee benefit liabilities	8.7	(0.4)	-	8.3
Losses carry-forward	14.5	(1.3)	-	13.2
<b>Total deferred income tax assets</b>	<b>78.4</b>	<b>1.4</b>	<b>-</b>	<b>79.8</b>
Right-of-use assets	(24.2)	0.3	-	(23.9)
Employee benefit assets	(89.4)	2.0	(28.3)	(115.7)
<b>Total deferred income tax liabilities</b>	<b>(113.6)</b>	<b>2.3</b>	<b>(28.3)</b>	<b>(139.6)</b>
<b>Deferred income tax assets (liabilities)</b>	<b>(35.2)</b>	<b>3.7</b>	<b>(28.3)</b>	<b>(59.8)</b>



## 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)	<b>September 30, 2024</b>	<b>December 31, 2023</b>
<b>Balance, beginning of period</b>	<b>2,137.4</b>	1,867.1
Government funding for property, plant and equipment and intangible assets (including the cost of land)	<b>396.8</b>	391.2
Transfer from capital funding to operating funding	-	(0.9)
<b>Total Government funding for property, plant and equipment, intangible assets and advance on contract</b>	<b>396.8</b>	390.3
Amortization of deferred capital funding	<b>(107.2)</b>	(120.0)
<b>Balance, end of period</b>	<b>2,427.0</b>	2,137.4

## 15. Supplemental Cash Flows Information

### Net change in working capital items:

(in millions of Canadian dollars)	QUARTERS ENDED SEPTEMBER 30		NINE-MONTH PERIODS ENDED SEPTEMBER 30	
	2024	2023	2024	2023
Trade and other receivables	(34.8)	(3.7)	6.3	33.4
Other assets	2.6	6.5	(2.3)	(4.3)
Materials	(1.4)	1.7	(1.7)	(1.6)
Trade and other payables	2.9	(10.3)	(14.1)	(19.0)
Provisions	-	(0.4)	3.9	(0.9)
Deferred revenues and other liabilities	(8.5)	(6.4)	17.8	12.9
<b>Total</b>	<b>(39.2)</b>	<b>(12.6)</b>	<b>9.9</b>	<b>20.5</b>

The change in trade and other receivables excludes an amount of \$19.9 million (September 30, 2023: (\$9.9) million) in relation to government funding receivable from the Government of Canada for capital expenditures, as the amount relates to investing activities.

The change in trade and other payables excludes an amount of (\$39.7) million (September 30, 2023: \$23.2 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:

(in millions of Canadian dollars)	QUARTERS ENDED SEPTEMBER 30		NINE-MONTH PERIODS ENDED SEPTEMBER 30	
	2024	2023	2024	2023
Acquisition of property, plant and equipment and intangible assets	(180.6)	(120.0)	(422.8)	(260.6)
Additions to property, plant and equipment and intangible assets not affecting cash as they were previously cashed out through the advances on contracts	5.4	1.1	14.8	1.8
Change in accounts payable and accruals – Capital assets	(20.1)	13.2	(39.7)	23.2
Change in non-current other payables	4.1	0.6	11.3	0.6
<b>Total cash out for acquisition of property, plant and equipment and intangible assets</b>	<b>(191.2)</b>	<b>(105.1)</b>	<b>(436.4)</b>	<b>(235.0)</b>
Government funding invoiced for property, plant and equipment and intangible assets	171.2	118.3	396.8	258.2
Change in amount receivable from the Government of Canada – Capital funding	34.8	(19.3)	19.9	(9.9)
<b>Total Government funding received for property, plant and equipment and intangible assets</b>	<b>206.0</b>	<b>99.0</b>	<b>416.7</b>	<b>248.3</b>

## 16. Commitments

- a) For the nine-month period ending September 30, 2024, there have been no material changes to the Company's contractual commitments, other than normal procurement activities relating to tangible and intangible assets and the use of existing contracts relating to payments made to service providers.

For a description of these contractual commitments, see Note 21 of the audited annual financial statements for the year ending December 31, 2023.

- b) 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.
- c) The Corporation has provided letters of credit from a financial institution totalling approximately \$23.6 million (December 31, 2023: \$25.3 million) to various provincial government workers' compensation boards as security for future payment streams.

## 17. Related Party Transactions

### A) Government of Canada, its agencies and other Crown corporations

The Corporation is related in terms of common ownership to all Government of Canada created departments, agencies and Crown corporations. The Corporation enters into transactions with these entities in the normal course of business on trade terms similar to those applied to other individuals and enterprises and these transactions are recorded at fair value.

In 2022, the Corporation and the unconsolidated structured entity entered into a service agreement for collaboration and support regarding the High Frequency Rail (HFR) project and for back-office services provided by the Corporation to VIA HFR – TGF VIA Inc. to facilitate the organization and functioning of the unconsolidated structured entity. As at September 30, 2024, the Corporation has an account receivable from VIA HFR – TGF VIA Inc. of \$0.2 million (December 31, 2023: \$1.2 million) and re-invoiced a total amount of \$3.1 million (September 30, 2023: \$0.4 million) on a cumulative basis. There were no significant transactions in 2024 and 2023.

### B) Transactions with post-employment benefits plans

Transactions with the Corporation's post-employment benefits plans are conducted in the normal course of business. The transactions with the Corporation's post-employment benefit plans consist of contributions as determined by actuarial valuations, as disclosed in Note 12. There were no other significant transactions during the year.

