2025

Canada Post Corporation

Third Quarter FINANCIAL REPORT

For the period ended September 27, 2025

Financial Performance

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Management's Discussion and Analysis

Unaudited Interim Condensed Consolidated Financial Statements

Management's Discussion and Analysis

This Management's Discussion and Analysis (MD&A) of financial condition and operating results is prepared for the 13-week period (third quarter or Q3) and the 39-week period (year to date or YTD) ended September 27, 2025, for Canada Post Corporation (the Corporation or Canada Post) and its subsidiary, Purolator Holdings Ltd. (Purolator). Collectively, these entities are referred to as the Canada Post Group of Companies, the Group of Companies or the Group. References to "the Corporation," "Canada Post" or "Canada Post segment" refer specifically to Canada Post Corporation, excluding its subsidiary. The Corporation manages its consolidated operations and defines its operating segments based on how senior leadership reviews performance, allocates resources and evaluates results.

As of September 27, 2025, Canada Post and Purolator have been identified as the Corporation's two reportable operating segments. Consolidation entries, intersegment eliminations and support services provided by the information technology business unit – under a shared services agreement between Canada Post, Purolator and Innovapost (effective until April 15, 2024) – are presented separately. The Corporation ceased consolidating results for SCI as of March 1, 2024, and for Innovapost as of April 15, 2024, following the completion of their respective divestitures. Details of the Corporation's material subsidiaries are outlined below.

Name of subsidiary	Principal activity	Place of incorporation	Place of operation	Ownership as at Dec. 31, 2024 and Q3 2025	Date of divestiture
Purolator Holdings Ltd.	Transportation and courier services	Canada	Canada and United States	91%	–
SCI Group Inc.	Logistics and transportation services	Canada	Canada	–	March 1, 2024
Innovapost Inc.	IS/IT services	Canada	Canada	–	April 15, 2024

The financial results presented in this MD&A have been prepared in accordance with IFRS Accounting Standards, as issued by the International Accounting Standards Board (IASB). All figures are reported in Canadian dollars and rounded to the nearest million, with related percentages calculated based on figures rounded to the nearest thousand. Percentage changes in revenue, volume, and cost of operations are adjusted to reflect differences in business and paid days in Q3 and year-to-date (YTD) 2025 compared to the same periods in 2024. Fewer business or paid days typically result in lower revenue, volume, and operating costs, while additional days have the opposite effect. These day-count differences varied by reporting entity, as outlined below. These days are not adjusted when there is a labour disruption.

	Q3 2025		YTD 2025	
	Business days	Paid days	Business days	Paid days
Canada Post Group of Companies and Canada Post	–	–	(2)	(2)
Purolator	–	–	(2)	(2)

This discussion should be read in conjunction with the unaudited condensed consolidated financial statements for Q3 2025, prepared in accordance with the Treasury Board of Canada Standard on Quarterly Financial Reports for Crown Corporations and International Accounting Standard (IAS) 34, Interim Financial Reporting. It is also recommended that this information be considered alongside the Corporation's annual consolidated financial statements and MD&A for the year ended December 31, 2024.

Management is responsible for the information presented in the interim financial statements and this MD&A. References to "we" or "our" refer to Canada Post or, where appropriate, to Canada Post and its subsidiaries collectively. The Board of Directors, based on the recommendation of its Audit Committee, approved the content of this MD&A and the interim financial statements on November 20, 2025.

Forward-looking statements

This MD&A includes forward-looking statements, including financial outlooks, that reflect management's expectations regarding the Group's objectives, strategies, future performance and business prospects. These statements may address, among other things:

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

Forward-looking statements are typically identified by terms such as assumption, goal, objective, outlook, strategy, target and similar expressions, or by future-oriented verbs such as aim, anticipate, believe, could, expect, intend, may, plan, predict, seek, should, strive and will. These statements are not guarantees of future results but are based on assumptions that management considers reasonable given available information. However, actual outcomes may differ materially due to various risks, uncertainties and other factors. Readers are cautioned not to place undue reliance on these forward-looking statements.

All forward-looking statements included in the interim financial statements and MD&A are made as of November 20, 2025. The Corporation does not undertake to update these statements publicly to reflect new information, future events or changes in circumstances after this date.

1. Executive Summary

An overview of the Group and summary of the Q3 2025 financial results.

As one of Canada's largest employers, the Canada Post Group of Companies employs over 76,000 individuals nationwide, including full-time, part-time, temporary, casual and term employees (as of December 31, 2024). Canada Post, the Group's largest segment, accounts for approximately 62,300 of these employees and operates as a federal Crown corporation reporting to Parliament through the Minister of Government Transformation, Public Services and Procurement. The Corporation manages the country's largest retail network, with approximately 5,700 post offices across Canada. Under the *Canada Post Corporation Act*, Canada Post is mandated to provide postal services that meet the needs of Canadians securely and to operate on a financially self-sustaining basis. Canada Post is also part of the global postal industry, where many foreign postal administrations have traditionally funded their universal service obligation through legislated exclusive privilege or monopoly within a portion of the postal market.

Financial and business highlights – Q3 2025

Government funding allowed the Corporation to continue operating as a going concern

For years, Canada Post signalled that it would face potential insolvency in mid-2025. Since 2018, the Canada Post segment has incurred cumulative operating losses exceeding $5.5 billion. Over the same period, cumulative losses before tax (which include one-time gains from the 2024 divestitures) have surpassed $4.8 billion. Significant financial pressures will persist through the remainder of 2025 from continued labour uncertainty and impacts from the national strike launched on September 25, 2025. In July 2025, Canada Post repaid $500 million in maturing debt, intensifying the urgent need for financial support from its sole shareholder, the Government of Canada, to preserve solvency, sustain operations and ensure short-term viability.

In Q3 2025, the Corporation began to receive funding to cover operating and income charges not sufficiently supported by projected revenues in accordance with section 31 of the *Canada Post Corporation Act* (Act). Three payments totalling $755 million were received in Q3, while an additional $200 million was received prior to the issuance of this report for a total of $955 million to date. The approved funding of 1.034 billion was meant to carry the Corporation through the Government of Canada's fiscal year ending March 31, 2026. The Corporation is expected to fully utilize the funding by December 31, 2025, due to the ongoing labour uncertainty and its impact on revenue. The Corporation will need to access short-term financing facilities or other measures to maintain solvency and support operations over the next 12 months.

The Corporation's consolidated financial statements have been prepared on a going-concern basis in accordance with IFRS Accounting Standards, which assumes Canada Post will continue to operate for the foreseeable future, enabling it to meet obligations and manage assets in the normal course of business. In assessing its ability to continue as a going concern, the Corporation considered several critical factors: capital management strategies, available borrowing capacity, liquidity risk management, and – most importantly – the receipt of repayable government funding. These evaluations require significant judgment.

Transformation is required to protect services for Canadians and return Canada Post to solvency

A postal system designed to handle 5.5 billion letters cannot remain viable on a volume of just two billion. While letter mail continues to play an important role, the Canadian ecommerce market is projected to double over the next decade – making parcel delivery the key area for growth. In recent years, competition in the parcel delivery space has intensified to meet the surge in online shopping. Canada Post's early success as a leader in ecommerce delivery masked the reality that it was operating within a structure – operational, regulatory, and policy—that was built for traditional mail delivery.

Structural challenges, combined with outdated restrictions and stalled negotiations between the Corporation and the Canadian Union of Postal Workers (CUPW), have further limited the Corporation's ability to adapt. To better serve Canadians and remain competitive in today's parcel-driven market, the Corporation requires greater flexibility in its delivery model, collective agreements and regulatory framework. Canada Post must evolve into a seven-day-a-week parcel business that continues to deliver mail. Achieving this transformation will require urgent changes to both its delivery model and labour agreements.

Had it not been for the government funding, the Corporation would be effectively insolvent. The Government of Canada has reiterated that repeated bailouts through the use of taxpayer funds is not the long-term solution. Transformation is required to ensure the survival of Canada Post and protect the services Canadians rely on.

Recommendations from the Industrial Inquiry Commission report were supported by the Government of Canada

The labour disruption during Q4 2024 and ongoing labour uncertainty and disruption through 2025 is weighing heavily on financial performance, as the Corporation now reports its most severe and challenging financial results in its history. Since the onset of the full national strike in late 2024, successive labour actions – including overtime bans in Q2 2025, Neighbourhood Mail delivery bans as well as a local rotating strikes in late Q3 and into Q4 2025 – the operating environment has been challenging – creating an even more pronounced collapse in revenue. Uncertainty surrounding and between these disruptions has further accelerated customer migration to alternative providers to maintain business continuity in the event of labour interruption.

In late 2024, the Minister of Labour established an Industrial Inquiry Commission (IIC) led by Commissioner William Kaplan to investigate key issues related to Canada Post's collective bargaining dispute with CUPW. The Commission was also tasked with assessing the company's overall financial position and long-term competitiveness. The IIC report was published on May 16, 2025, and detailed the significant issues facing Canada Post and CUPW. It also provided the following recommendations:

- **Amend the *Canadian Postal Service Charter*** to establish realistic delivery standards by phasing out daily door-to-door mail delivery for individuals in favour of community mailboxes, while maintaining daily service for businesses.
- **End the moratoriums** on rural post office closures and community mailbox conversions, while reviewing and enhancing Canada Post's Delivery Accommodation Program to support those with accessibility needs.
- **Incorporate all pre-dispute agreements** into the new collective agreements and build on tentative agreements reached through IIC-facilitated mediation.
- **Enable flexible staffing** by allowing part-time parcel delivery roles with equal pay, benefits, and pension access, giving hiring priority to current employees.
- **Revise the collective agreement of Urban Postal Operations** to allow assignment of work during paid hours, improving operational efficiency.
- **Introduce dynamic routing** by piloting and implementing route adjustments based on daily mail volumes to reduce inefficiencies and overtime.
- **Streamline the postage rate approval process** to allow for more timely and responsive pricing adjustments.

Building on these recommendations, on September 25, 2025, the Government of Canada announced changes:

- **Updating letter mail delivery standards** to reflect today's lower volumes.
- **Lifting the moratorium** on conversions from home delivery to community mailboxes.
- **Modernizing the postal network** by lifting the moratorium on rural post office closures.

Additionally, the government is reviewing the stamp rate increase process to modernize and shorten it. Management has been directed to assess its cost structure to put the Corporation on a stronger financial footing.

On November 7, 2025, Canada Post submitted a plan to the Minister of Government Transformation, Public Services and Procurement outlining proposals that would place the Corporation on a path to financial solvency and eliminate reliance on government cash injections to cover operating deficits.

While the current labour situation remains unresolved, it is vital that our collective agreements reflect our financial reality and support the changes we need to make – while helping us stand on our own, without taxpayer funding. The gap between the parties remains substantial but Canada Post remains committed to reaching new collective agreements through the bargaining process. We are determined to work with all our unions to set the company on a path to financial sustainability and doing so in a way that preserves good Canadian jobs. Our goal is to provide an affordable, reliable and sustainable service to every Canadian.

2026-30 Corporate Plan includes transformational measures and continued government funding

Building on the recommendations in the IIC report, on September 25, 2025, the Government of Canada announced new measures to advance Canada Post's transformation and ensure its financial sustainability. These measures were incorporated into the Corporation's 2026-30 Corporate Plan (Plan), which was submitted to our shareholder on November 5, 2025, for approval. This Plan also includes continued government funding through its fiscal year April 1, 2026, to March 31, 2027, to maintain solvency. Canada Post is taking action to preserve cash and manage costs while working closely with the government on a path to secure the long-term viability of a service that millions of Canadians consider essential.

Segment results

Divestiture of SCI and Innovapost

In 2024, the comparative period, Canada Post and Purolator divested 100% of the shares of SCI, a leading Canadian third-party logistics provider, and Innovapost, the Corporation's shared-services provider in information technology. A summary of the divestitures follows:

Divestiture summary	SCI	Innovapost
Closing date	March 1, 2024	April 15, 2024
Proceeds (in millions of dollars)	363	61
Gain on sale (in millions of dollars, before tax)	294	52

Purolator's acquisition of Livingston International

On January 31, 2025, Purolator Holdings Ltd. acquired 100% of the shares of an international trade-service firm operating under Livingston International (Livingston), specializing in customs brokerage, global freight forwarding and trade consulting. Results of Livingston were consolidated from the acquisition date, which impact year-over-year comparisons of the Group and the Purolator segment.

Profit (loss) from operations

(in millions of dollars)

	Q3 2025	Q3 2024	$ change	% change	YTD 2025	YTD 2024	$ change	% change
Canada Post	(535)	(313)	(222)	(70.6)%	(1,042)	(803)	(239)	(29.7)%
Purolator	78	65	13	19.8%	209	171	38	22.5%
SCI	–	–	–	–	–	1	(1)	(100.0)%
Consolidation entries and eliminations	–	6	(6)	(100.0)%	–	17	(17)	(99.8)%
Canada Post Group of Companies	**(457)**	**(242)**	**(215)**	**(88.5)%**	**(833)**	**(614)**	**(219)**	**(35.6)%**

The Canada Post segment reported unprecedented Q3 operating losses of $535 million ($222 million worse than the prior year), which were partially offset by operating profits in the Purolator segment, now including Livingston results. In Q3 and YTD 2025, the Group's operating losses increased, primarily due to revenue declines and higher labour costs in the Canada Post segment. This was partially offset by stronger performance in Purolator during Q3 due to the acquisition of Livingston, and increased parcel volumes.

Profit (loss) before tax

(in millions of dollars)

	Q3 2025	Q3 2024	$ change	% change	YTD 2025	YTD 2024	$ change	% change
Canada Post	(541)	(315)	(226)	(71.5)%	(989)	(345)	(644)	+
Purolator	59	62	(3)	(5.3)%	160	182	(22)	(12.0)%
Consolidation entries and eliminations	1	1	–	–	(79)	(118)	39	(32.6)%
Canada Post Group of Companies	**(481)**	**(252)**	**(229)**	**(90.4)%**	**(908)**	**(281)**	**(627)**	**+**

The Group's loss before tax worsened in 2025 compared to 2024, due to the non-recurring gain on sale of SCI and Innovapost, in Q1 and Q2 2024, respectively. Purolator's profit before tax for Q3 2025 and year-to-date declined compared to the same periods in 2024 due to additional costs to finance the Livingston acquisition.

Canada Post segment

Summary of results for Q3 and YTD

(in millions of dollars)

	Q3 2025	Q3 2024	$ change	% change	YTD 2025	YTD 2024	$ change	% change
Revenue from operations	1,289	1,572	(283)	(18.0)%	4,586	4,972	(386)	(6.8)%
Cost of operations	1,824	1,885	(61)	(3.3)%	5,628	5,775	(147)	(1.5)%
Loss from operations	**(535)**	**(313)**	**(222)**	**(70.6)%**	**(1,042)**	**(803)**	**(239)**	**(29.7)%**
Investing and financing income (expense), net	(6)	(2)	(4)	+	53	458	(405)	(88.3)%
Profit (loss) before tax	**(541)**	**(315)**	**(226)**	**(71.5)%**	**(989)**	**(345)**	**(644)**	**+**

+ Large percentage change.

Canada Post is on track to post its eighth consecutive year of losses; 2025 losses are expected to be the most significant of any annual losses in Canada Post's history. The magnitude of Q3 2025 losses from operations is unprecedented, even compared to previously reported record-breaking losses in Q2 2025, and has worsened over the prior year due to continued labour uncertainty and disruption, which negatively impacted revenue in the Parcels and Direct Marketing lines of business. Despite some mail revenue gains from regulated rate increases, elections and backlogs processed following the late 2024 labour disruption, revenue overall for Q3 and YTD declined by $283 million and $386 million, respectively, compared to 2024. The cost of operations decreased in Q3 and YTD by $61 million and $147 million, respectively, and transportation and labour savings from falling parcel volumes as well as a continued re-prioritization of investments were partially offset by higher labour costs due to wage increases and our inefficient labour structure. The decline in costs was not sufficient to offset much larger declines to revenue.

Revenue by line of business

	Revenue (in millions of dollars)				Volume (in millions of pieces)			
	Q3 2025	Q3 2024	$ change	% change	Q3 2025	Q3 2024	Change	% change
Parcels	450	747	(297)	(39.8)%	37	64	(27)	(42.5)%
Transaction Mail	584	525	59	11.3%	430	464	(34)	(7.1)%
Direct Marketing	200	246	(46)	(18.5)%	782	1,116	(334)	(30.0)%
Consumer products and services	55	54	1	0.5%	–	–	–	–
Total	**1,289**	**1,572**	**(283)**	**(18.0)%**	**1,249**	**1,644**	**(395)**	**(24.0)%**

	Revenue (in millions of dollars)				Volume (in millions of pieces)			
	YTD 2025	YTD 2024	$ change	% change	YTD 2025	YTD 2024	Change	% change
Parcels	1,533	2,312	(779)	(33.0)%	128	198	(70)	(34.8)%
Transaction Mail	2,184	1,749	435	26.2%	1,629	1,610	19	2.3%
Direct Marketing	690	748	(58)	(6.8)%	2,939	3,379	(440)	(12.1)%
Consumer products and services	179	163	16	10.4%	–	–	–	–
Total	**4,586**	**4,972**	**(386)**	**(6.8)%**	**4,696**	**5,187**	**(491)**	**(8.5)%**

Parcels revenue declined drastically in Q3 as labour uncertainty and disruptions drove volumes to other carriers that are able to meet customer demand

Parcels revenue and volumes declined sharply in Q3 and YTD 2025, compared to the same periods in 2024 due to lasting impacts of the 2024 labour disruption and continued labour uncertainty and disruption through 2025, which pushed Parcels volumes to the competition, gig players and established competitors. These volumes are difficult to win back as these alternative delivery providers have more flexibility and competitive offerings. In addition, some customers have secured longer-term agreements with competitors to manage their own peak holiday season volumes. All Parcels channels – domestic, inbound and outbound – experienced revenue declines due to labour uncertainty.

We need to adapt parcel delivery services to be competitive. Evening and weekend ecommerce delivery is now a consumer expectation. Private sector competitors have almost completely taken over in Canada, especially in lucrative high-density urban and suburban areas. International and local courier companies offer easy-to-access, quick, inexpensive and reliable daily and overnight delivery services. Success in this market in the longer term will be influenced by the Corporation's ability to incorporate the IIC report recommendations into the CUPW collective agreements, specifically:

- flexible staffing by allowing part-time parcel delivery roles;
- assignment of work during paid hours, improving operational efficiency;
- routing based on daily mail volumes to reduce inefficiencies and overtime.

The Corporation is also focused on developing a plan for converting four million addresses to community mailboxes, which provide a convenient and secure parcel delivery experience.

Transaction Mail volume erosion in Q3 stemmed by rate action

Transaction Mail revenues increased in Q3 and YTD 2025, largely driven by the 25% regulated rate increase, which took effect in January 2025. While volumes returned to their downward trajectory in Q3, YTD results were positively impacted by provincial and federal elections earlier in the year and the temporary letter mail volume surge following the national strike in Q4 2024. Although YTD results have been favourable due to some non-recurring events, a decline in letter mail is irreversible and continuing.

The regulated process of setting stamp rates needs to be modernized. The Corporation lacks autonomy in setting regulated stamp prices; regulations under the *Canada Post Corporation Act* prescribe approval of such rate increases by the Government of Canada. While the January 2025, rate increase is helpful, rates are underpriced in comparison with many other western postal administrations, and they have fallen below the rate of inflation. The IIC report, issued in Q2 2025, recommended a streamlined postage rate approval process to allow for more timely and responsive pricing adjustments. The Government of Canada supported this recommendation in its September 25, 2025, statement, and it is reviewing the process for stamp-rate increases to modernize and shorten it, in line with the IIC recommendations.

Direct Marketing revenue declined sharply in Q3 due to CUPW-imposed Neighbourhood Mail™ delivery ban

Despite favourability in Q1 from pent-up demand following the late 2024 labour disruption, Direct Marketing revenue and volumes declined significantly in Q3 and YTD 2025 due to labour uncertainty and marketers' fear of having their time-sensitive mailings trapped in the postal network. Adding to the already unfavourable results for this line of business, CUPW's September 2025 ban on the delivery of Canada Post Neighbourhood Mail™ items negatively impacted the thousands of Canadian businesses and charities that reach their customers with information and offers through the mail. Businesses are increasingly choosing other emerging platforms to reach their customers; the CUPW-imposed delivery ban has accelerated this migration.

We need to keep Direct Marketing services relevant and competitive. We are working with industry partners and retailers to make Direct Marketing services more environmentally friendly and are investing in solutions that help businesses and consumers connect, while respecting their privacy and preferences. Economic uncertainty and digital marketing are expected to continue having a negative impact on Direct Marketing results.

Consumer products and services revenue relatively flat in Q3

Consumer products and services revenue was relatively flat in Q3, while YTD revenue was positively impacted by logistics services for election mailings and mail redirection, partially offset by declines in financial services and core postal products.

Lower operating costs from parcel volume declines, partially offset by labour pressure

(in millions of dollars)

	Q3 2025	Q3 2024	$ change	% change	YTD 2025	YTD 2024	$ change	% change
Labour	975	978	(3)	(0.2)%	2,963	2,913	50	2.8%
Employee benefits	274	280	(6)	(2.6)%	846	867	(21)	(1.5)%
Other operating costs	485	535	(50)	(9.3)%	1,546	1,718	(172)	(9.1)%
Depreciation and amortization	90	92	(2)	(2.8)%	273	277	(4)	(0.5)%
Total cost of operations	**1,824**	**1,885**	**(61)**	**(3.3)%**	**5,628**	**5,775**	**(147)**	**(1.5)%**

The cost of operations decreased in Q3 and YTD 2025, compared to the same period in 2024, mainly due to a decline in other operating costs, where transportation costs declined due to falling parcel volumes and non-capital investment costs were lower as we continue to refocus our 2025 investment priorities. Despite labour cost savings due to lower parcel volumes and two fewer paid days in 2025, YTD labour costs increased due to wage increases and an inefficient labour structure. Employee benefit costs declined due to increases in the discount rate.

We need to optimize our cost structure and return to financial solvency. The Corporation urgently requires changes that would help control costs within the operating network and supports recommendations in the IIC report. In particular, the Corporation's future cost structure depends on the ability to secure changes to collective agreements between Canada Post and CUPW, to staff more flexibly with part-time delivery roles, assign work during paid hours, and reduce inefficiencies and overtime. Investment project spending has been re-prioritized due to our stark and deteriorating financial situation.

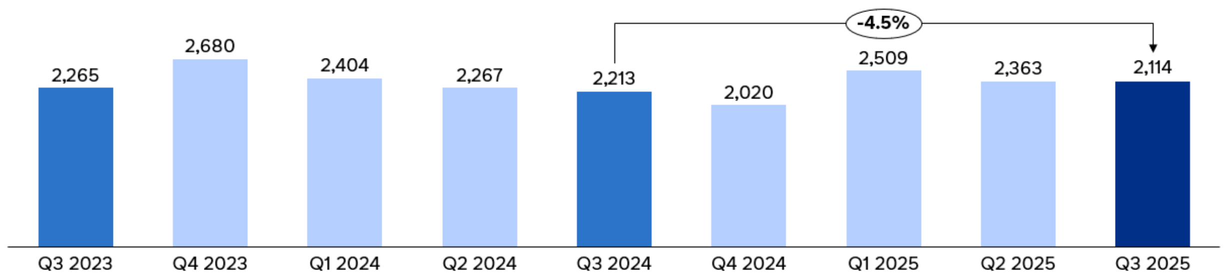
Higher-than-expected asset returns and discount rate increases drive remeasurement gain in other comprehensive income

Remeasurement gains of $578 million and $710 million, net of tax, were recorded in other comprehensive income for Q3 2025 and YTD 2025, respectively, for the Canada Post segment defined benefit plans. The actuarially determined expense recorded in the statement of comprehensive income and regular payments were not affected by these remeasurements. The gains were due to higher-than-expected asset returns and an increase in discount rates at the end of Q3 2025. The Canada Post Corporation Registered Pension Plan (RPP) solvency surplus (using market value of plan assets) increased to an estimated $3.2 billion from $2.7 billion at December 31, 2024, primarily due to higher-than-expected asset returns. As the year-end funded position of the RPP exceeds legislative thresholds, Canada Post is not permitted to make employer current service contributions and no special solvency payments are required for 2025.

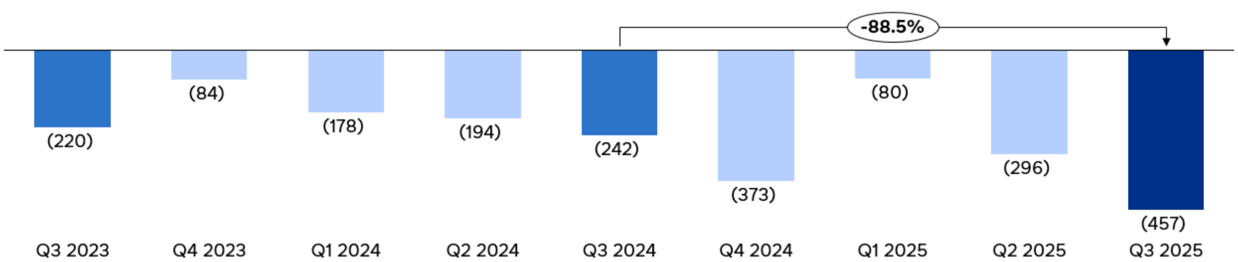
Canada Post Group of Companies – 2025

The charts below present a summary of the 2025 consolidated results for the Group.

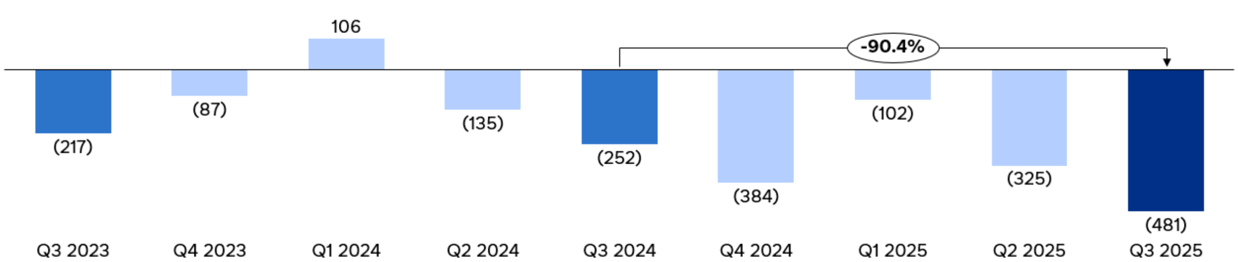
Quarterly consolidated revenue from operations (in millions of dollars)



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



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



The following table presents the Group's consolidated performance for the third quarter and YTD of 2025, compared to the same periods in the prior year.

Consolidated statement of comprehensive income (in millions of dollars)

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

	Q3 2025	Q3 2024	$ change	% change	YTD 2025	YTD 2024	$ change	% change	Explanation of significant variances
Revenue from operations	2,114	2,213	(99)	(4.5)%	6,986	6,884	102	2.6%	YTD: Purolator's acquisition of Livingston and higher parcel revenue in the Purolator segment, partially offset by Canada Post segment declines from labour uncertainty and the disposal of SCI in 2024.
Cost of operations	2,571	2,455	116	4.7%	7,819	7,498	321	5.4%	Purolator's acquisition of Livingston and higher parcel volumes in the Purolator segment, partially offset by lower collection, processing and delivery costs from volume declines in the Canada Post segment.
Loss from operations	**(457)**	**(242)**	**(215)**	**(88.5)%**	**(833)**	**(614)**	**(219)**	**(35.6)%**	Higher loss in the Canada Post segment, partially offset by increased profit in the Purolator segment.
Investing and financing income (expense), net	(24)	(10)	(14)	+	(75)	333	(408)	+	Higher financing costs in 2025 due to Purolator's acquisition of Livingston compared to the gain on sale of SCI and Innovapost in 2024.
Loss before tax	**(481)**	**(252)**	**(229)**	**(90.4)%**	**(908)**	**(281)**	**(627)**	**+**	
Tax recovery	(177)	(42)	(135)	+	(262)	(158)	(104)	(65.8)%	Larger loss before tax.
Net profit (loss)	**(304)**	**(210)**	**(94)**	**(44.4)%**	**(646)**	**(123)**	**(523)**	**+**	
Other Comprehensive income (loss)	620	(84)	704	+	779	940	(161)	(17.1)%	Pension plan remeasurements
Comprehensive income (loss)	**316**	**(294)**	**610**	**+**	**133**	**817**	**(684)**	**(83.8)%**	

+ Large percentage change.

2. Core Businesses and Strategy

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

Canada Post segment

Canada Post has a mandate to serve all Canadians while maintaining financial self-sufficiency. The Government of Canada reaffirmed this mandate in their announcement on September 25, 2025, stating that repeated government support using taxpayer dollars is not the long-term solution. The government has stated that Canada Post is a vital national institution worth preserving, but transformation is required to ensure the survival of the Corporation and protect the services Canadians rely on.

The Corporation continues to work with its shareholder and bargaining agents to address the significant long-term structural challenges facing the postal service while fulfilling its purpose, A Stronger Canada – Delivered. The Corporation is also forecasting monthly requirements for government funding to maintain liquidity. Our core businesses and strategy are described in MD&A Section 2 Core Businesses and Strategy of the 2024 Annual Report. Changes to the Corporation's strategies through Q3 2025 are below.

Transformational measures announced by the Government of Canada

The Industrial Inquiry Commission's report (issued by Commissioner William Kaplan), released May 15, 2025, outlined the scale of challenges facing the post office and recommended a path forward. Building on these recommendations, the Government of Canada announced on September 25 the following changes:

- **Adjust letter mail delivery standards.** Canada Post will introduce flexibilities to reflect today's lower volumes. The average household receives just two letters per week, yet operations remain designed for far higher volumes. By adjusting standards so that non-urgent mail can move by ground instead of air will generate cost savings as well as reduce greenhouse gas emissions.
- **Lift the moratorium on community mailbox conversions.** The government lifted the moratorium on community mailbox conversions. Currently, three quarters of Canadians already receive mail through community, apartment or rural mailboxes, while one quarter still receives door-to-door delivery. Canada Post was authorized to convert the remaining four million addresses to community mailboxes and will continue to promote the Delivery Accommodation Program in place for Canadians who have functional limitations that make it difficult to use standard community mailboxes.
- **Modernize the postal network**. The moratorium on rural post offices, in place since 1994 and covering close to 4,000 locations, was also lifted. It has not evolved in 30 years, but Canada has changed. Many post offices that were once rural are now in bustling urban or suburban areas with other post offices in nearby stores and pharmacies. We remain steadfast in our commitment to protecting services in rural, remote, northern and

Indigenous communities. The government has demanded that Canada Post submit a plan to modernize and right-size its network.

The government is also reviewing the regulated stamp-pricing process to modernize and shorten it, in line with the Industrial Inquiry Commission's recommendations.

While the Government of Canada removed long-standing barriers to reform, structural change from within the Corporation will also be essential. Canada Post is taking decisive action to preserve cash and stabilize its financial position. Key measures include imposing strict limits on external hiring and discretionary spending – such as travel, consulting and contracted services – enhancing productivity, aligning staffing levels with volume, rebuilding and strengthening customer relationships.

Canada Post must deliver the services Canadians need in a way that is financially sustainable. Once implemented, the measures announced in late Q3 2025 will help place the Corporation on a stronger financial footing and provide the flexibility it needs to adapt to a rapidly changing environment. The government has stated that Canada Post is a vital national institution worth preserving, but transformation is required to ensure the survival of the Corporation and protect the services Canadians rely on.

Our transformation: Keeping Canadians informed

As we work to renew and transform the national postal service and put it on a path to financial sustainability, we are following five principles that reflect our commitments to employees, customers and all Canadians, as we transform the company:

Prioritize service	We will provide **reliable and affordable delivery** for all Canadians while protecting access to vital postal services in **rural, remote and Indigenous communities**.
Proceed thoughtfully	While there's a need to move with urgency, we will **proceed thoughtfully to get it right** and minimize how the changes affect Canadians.
Treat employees with respect	We will continue to be **fair and respectful to our employees** and prioritize their safety as we implement changes.
Keep Canadians informed	We will provide **regular updates on our transformation to Canadians**, customers, employees and other stakeholders, and **give them as much notice as possible** of any changes affecting them.
Be flexible	We will **adjust our approach** based on the evolving needs of **Canadians**.

Labour uncertainty

The Industrial Inquiry Commission (IIC) report put forth the following recommendations relating to labour, specifically regarding the collective agreements with the Canadian Union of Postal Workers (CUPW):

- **Incorporate all pre-dispute agreements** into the new collective agreements and build on tentative agreements reached through facilitated mediation.
- **Enable flexible staffing** by allowing part-time parcel delivery roles with equal pay, benefits, and pension access, giving hiring priority to current employees.
- **Revise the collective agreement of Urban Postal Operations** to allow assignment of work during paid hours, improving operational efficiency.
- **Introduce dynamic routing** by piloting and implementing route adjustments based on daily mail volumes to reduce inefficiencies and overtime.

While our labour situation is extremely challenging, Canada Post remains committed to reaching negotiated agreements with CUPW that are affordable, support its people and help build a sustainable future for the company. It's vital these agreements reflect our financial reality and support the changes needed to be financially independent and operate without taxpayer funding.

Corporate Plan

On November 5, 2025, Canada Post submitted its 2026-30 Corporate Plan to its shareholder for approval. This Corporate Plan includes strategic transformational business and operating structure recommendations from the IIC report, subsequently authorized by the Government of Canada in its September 25, 2025, statement. The Corporate Plan also presents the need for continued government funding through the government's fiscal year April 1, 2026, to March 31, 2027, to maintain solvency as the Corporation implements and realizes benefits of such transformational measures.

Purolator

Purolator segment

On January 31, 2025, Purolator Holdings Ltd. acquired 100% of the shares of PE Longitude Holding Limited, PE Longitude II Limited, and Longitude Holding Limited (the acquirees). The acquirees operate under Livingston International, an international trade-service firm specializing in customs brokerage, global freight forwarding and trade consulting headquartered in Toronto, Ontario. The acquired entity is now a wholly owned subsidiary of Purolator and will operate as a standalone business led by its existing leadership team managing its day-to-day operations. The acquisition is in support of Purolator's strategy to expand its international capabilities, enhance competitiveness and position Purolator as a Canadian-owned leader in the domestic and international freight, package and logistics market.

3. Key Performance Indicators

A summary of our non-financial performance drivers.

The Canada Post segment uses senior executive scorecards to monitor performance and progress against strategic priorities tied to our transformation. Regular reporting provides management and the Board of Directors with a comprehensive view of the segment's performance. Our progress and achievements against 2025 targets reflecting our commitment to our people and to social and environmental leadership were as follows:

		2025 target	YTD 2025 result	Status
Total injuries year-over-year (reduction)		(5%)	(6.3%)	A
Employee diversity[1]	Indigenous Peoples	3.5%	3.6%	A
	People with disabilities	9.1%	9.3%	A
Greenhouse gas emissions (GHGs)	Scopes 1 and 2 for fleet and buildings[2] (in kilotonnes of carbon dioxide equivalent emissions)	105.9	83.2[3]	A
Waste diversion rate[4]	Percentage of solid, non-hazardous operational waste diverted from the landfill through reduction, reuse or recycling	70.4%	64.3%	B
Digital accessibility	Percentage of digital accessibility across all active digital products	94.0%	94.2%	A
Indigenous procurement	Spending with Indigenous Peoples (percentage of eligible direct expenditure in Indigenous businesses)	5.0%	4.2%	B
Enhanced postal services in Indigenous communities	Number of communities with improved, expanded services	Over 15	25	A
	Number of engagement discussions	120	138	A
Removal of illicit products from the mail stream in Indigenous communities	Number of pieces inspected and removed	3,660	3,397	A

Notes:
Status A Achieved target within success parameters, or on track to meet target by December 31, 2025.
Status B Performance did not meet target due to an explainable variance.
Status C Target not achieved (outside success parameters).

1. Although targets are established for all designated equity groups, the Corporation is above 80% of Canadian labour market availability for women and members of visible minorities. The Corporation does not modify recruitment strategies when the goal is exceeded.
2. Scope 3 emissions, which include all upstream transportation, make up 90% of Canada Post's GHG emissions. As part of our science-based targets (SBTs), we are working with our suppliers toward the goal of having 67% of suppliers, by area of spending, to set an SBT by December 31, 2025.
3. The Q3 2025 result is a forecast and will be verified one quarter in lag. Results are impacted by seasonality. The confirmed value for 2025 (full year) will be reported in the *2025 Sustainability Report*.
4. Target to divert at least 90% by weight of non-hazardous operational waste and 90% of all construction and demolition waste by 2030. The result for 2025 Q3 YTD is calculated based on actuals for July and August and forecasted for September.

4. Capabilities

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

We remain committed to providing a reliable service for all Canadians and Canadian businesses, demonstrating social and environmental leadership and doing right by our people. Certain transformation investments and projects have been paused or cancelled through 2025 due to financial challenges.

4.1 Doing right by our people

Q3 2025 highlights	
Health, safety and wellness	• Total injuries and lost-time injuries decreased nationally by 6% YTD, compared to 2024, and are on track to meet annual national health and safety targets, due to a focus on high-risk sites and improved investigations and auditing practices. • Communicated internal bulletins on Road Safety Month and National Safety Pause Day, which focused on winter readiness, driver safety, mental health and safe work practices ahead of the peak season.

Canada Post segment

Labour and employee relations

Status of negotiations

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

The collective agreements for CUPW-UPO and CUPW-RSMC expired on January 31, 2024, and December 31, 2023, respectively. Following two years of negotiations, mediation and the exchange of multiple formal and informal offers, the parties remain at an impasse. During this time, successive labour actions – including a national strike, an overtime ban, a Neighbourhood Mail™ delivery ban and local rotating strikes – have resulted in continued uncertainty and instability in the postal service.

The Industrial Inquiry Commission (IIC), chaired by William Kaplan, released a report that provides a frank and objective assessment of the challenges and fundamental obstacles facing Canada Post and CUPW. The report also offers a series of recommendations for a sustainable path forward. Building on these recommendations, the Government of Canada announced a series of measures to stabilize the Corporation's finances and enable its modernization. The Corporation's latest offers are based on these recommendations.

Updated offers were presented to CUPW on October 3, 2025. Canada Post is awaiting the union's formal response. CUPW moved from a national strike to local rotating strikes on October 11, 2025. Also, its ban on processing and delivering Neighbourhood Mail™ items in most of Quebec and Ontario in late Q3 and into Q4 has further impacted revenue. Shutting down and restarting parts of our integrated national network due to rotating strikes always challenge our ability to provide reliable service to customers. Service guarantees are also suspended during rotating strikes.

The Corporation remains committed to reaching new collective agreements through the bargaining process. There have been no changes to the terms and conditions of employment for CUPW-represented employees to date.

Canadian Postmasters and Assistants Association (CPAA)

The existing collective agreement between Canada Post and the CPAA expired on December 31, 2023. Following 18 months of negotiations, Canada Post and the CPAA were able to resolve a new collective agreement within the final offer selection arbitration process. The arbitrator's final award incorporates the settlement that both sides negotiated and acknowledged that collective bargaining can nonetheless be successful, even in the challenging circumstances outlined in the IIC report. The new collective agreement is effective from January 1, 2024, to December 31, 2026, and includes an 11% wage increase over three years, retroactive to January 1, 2024 (6% increase in 2024, 3% increase in 2025 and 2% increase in 2026). It addresses numerous issues that are important to employees, while also reflecting our current realities.

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

In May 2024, Canada Post received a notice to bargain from PSAC/UPCE that initiated the negotiation process. Following almost a year of negotiations, Canada Post and PSAC/UPCE have agreed to defer negotiations for a new collective agreement until August 2026 – or until both parties mutually agree to resume talks.

The agreement to suspend talks includes a 5% pay increase for PSAC-represented employees, retroactive to September 2024, and an update to the dental fee guide to the 2024 rates. The two parties also agreed in advance that a five-year term will apply to the new collective agreement to be negotiated. This deferral agreement will help maintain stability through important periods of transformation for the business. The existing collective agreement, which expired on August 31, 2024, continues to apply.

Association of Postal Officials of Canada (APOC)

In December 2024, Canada Post received a notice to bargain from the Association of Postal Officials of Canada (APOC). To ensure stability and continuity in operations, Canada Post and APOC have mutually agreed to defer negotiations for a new collective agreement until March 1, 2026. The agreement to suspend talks includes a 5% pay increase for APOC-represented employees and an update to the 2024 dental fee guide, both effective April 1, 2025. The two parties agreed that the existing collective agreement, which expired on March 31, 2025, will continue to apply.

4.2 Network, infrastructure and innovations

Q3 2025 highlights	
Network and capacity	• Relocated three retail post offices in Ontario (Keswick, Cache Bay and Almonte), one in Quebec (Saint-Bernard-sur-Mer), one in Manitoba (St. Malo); expanded a parking lot in Surrey, British Columbia; and permanently closed a warehouse in Calgary, Alberta.
Technology	• Deployed a new enterprise resource planning (ERP) system, the final major milestone of the Experience Transformation program, a wide-reaching initiative to overhaul our outdated systems to drive performance, standardize processes, reduce manual work and enhance customer experience.

4.3 Environmental, social and governance priorities

2025 highlights	
Environmental sustainability	• Completed phase 1 of the Building Emission Reduction project, and continued construction of buildings in phases 2 and 3. Projects include electrification of heating systems within our buildings and additional energy efficiency measures to reduce our greenhouse gas footprint.
Environmental, social and governance (ESG) leadership	• Updated our 2025 climate risk assessment to identify financial impacts of key climate-related risks and opportunities. Findings will guide our climate resilience strategy. • Launched a pilot dashboard and portal with operations to spotlight sustainability opportunities and improve performance in vehicle idling, energy efficiency and waste diversion.

Governance	• Submitted bilingual post office data to the Treasury Board Secretariat as part of the Official Languages Regulations Reapplication Exercise.
Accessibility	• Developed and launched an online portal for Canadians to request delivery accommodations under the Delivery Accommodation Program. This program is designed to make mail and parcel delivery accessible for residential customers who have functional limitations that make it difficult to use standard community mailboxes. The new platform enhances customer service, reduces wait times and streamlines internal processes. Over 1,000 new delivery accommodations have been approved YTD. Accommodations can include sliding compartment trays, key turners, compartment changes, Braille or tactile markings, home delivery or reassigned mailbox locations. The program is eligible to all residential customers with functional or mobility limitations.
Indigenous communities	• Engaged with 51 communities (138 YTD), focusing on identifying and resolving mail-service gaps, addressing concerns and building relationships, with the largest share of these engagements occurring in northern Quebec. • Completed 14 postal service enhancements in Indigenous and northern communities, including the relocation of the M'Chigeeng dealer post office from an outdated, overcrowded site to a new modern facility with increased capacity that resolved mail-delay issues within the community.

Our *2024 Sustainability Report* contains more information about our initiatives related to the environment, equity and inclusion, Indigenous reconciliation, and support of small businesses and local economies.

5. Discussion of Operations

A detailed discussion of our financial performance in Q3 2025.

Unless otherwise indicated, results in this section are presented for Q3 2025 and YTD 2025 and compared to the same periods in 2024.

5.1 Consolidated results from operations

Consolidated trends

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

(in millions of dollars)

	Q3 2025	**Q2 2025**	**Q1 2025**	**Q4 2024**	**Q3 2024**	**Q2 2024**	**Q1 2024**	**Q4 2023**	**Q3 2023**
Revenue from operations	2,114	2,363	2,509	2,020	2,213	2,267	2,404	2,680	2,265
Cost of operations	2,571	2,659	2,589	2,393	2,455	2,461	2,582	2,764	2,485
Profit (loss) from operations	**(457)**	**(296)**	**(80)**	**(373)**	**(242)**	**(194)**	**(178)**	**(84)**	**(220)**
Investing and financing income (expense), net	(24)	(29)	(22)	(11)	(10)	59	284	(3)	3
Profit (loss) before tax	**(481)**	**(325)**	**(102)**	**(384)**	**(252)**	**(135)**	**106**	**(87)**	**(217)**
Tax expense (recovery)	(177)	(44)	(41)	(88)	(42)	(122)	6	215	(54)
Net profit (loss)	**(304)**	**(281)**	**(61)**	**(296)**	**(210)**	**(13)**	**100**	**(302)**	**(163)**

Consolidated results for Q3 and YTD

(in millions of dollars)

	Q3 2025	Q3 2024	$ change	% change	YTD 2025	YTD 2024	$ change	% change
Revenue from operations	2,114	2,213	(99)	(4.5)%	6,986	6,884	102	2.6%
Cost of operations	2,571	2,455	116	4.7%	7,819	7,498	321	5.4%
Loss from operations	**(457)**	**(242)**	**(215)**	**(88.5)%**	**(833)**	**(614)**	**(219)**	**(35.6)%**
Investing and financing income (expense), net	(24)	(10)	(14)	+	(75)	333	(408)	+
Loss before tax	**(481)**	**(252)**	**(229)**	**(90.4)%**	**(908)**	**(281)**	**(627)**	**+**
Tax recovery	(177)	(42)	(135)	+	(262)	(158)	(104)	(65.8)%
Net loss	**(304)**	**(210)**	**(94)**	**(44.4)%**	**(646)**	**(123)**	**(523)**	**+**
Other comprehensive income (loss)	620	(84)	704	+	779	940	(161)	(17.1)%
Comprehensive income (loss)	**316**	**(294)**	**610**	**+**	**133**	**817**	**(684)**	**(83.8)%**

+ Large percentage change.

In Q3 2025, the Group reported a substantial loss from operations, which worsened by $215 million (-88.5%) compared to Q3 2024. For YTD 2025, the Group's loss from operations worsened by $219 million (-35.6%). Q3 2025 losses from operations have worsened due to continued labour uncertainty in the Canada Post segment, which has negatively impacted revenue. Losses were partially offset by profits in the Purolator segment from increased revenue from the acquisition of Livingston International (Livingston) and increased parcel volumes. In 2024, the comparative period, the gain on the sale from the SCI divestiture in Q1 and the Innovapost divestiture in Q2 were recorded to net investing and financing income.

A detailed discussion by segment is provided in sections 5.2 to 5.3.

5.2 Canada Post segment

Losses from operations widened in Q3 and YTD 2025 by $222 million (-70.6%) and $239 million (-29.7%), respectively, over Q3 and YTD 2024. These losses are the largest in Canada Post's history. The loss before tax of $541 million in Q3 2025 widened by $226 million, compared to Q3 2024, due to lower revenue in 2025 and dividend income in 2024 due to the divestitures of SCI and Innovapost. Nearly all of the YTD loss of $989 million was incurred in Q2 and Q3, demonstrating the significant impact of ongoing labour uncertainty to our business and ongoing financial challenges.

The decline in parcel volumes led to lower transportation costs and some labour savings, while additional savings were realized through a strategic shift in priorities that reduced non-capital expenditures, and two fewer paid days YTD. These cost savings were partially reduced by overall higher labour costs due to wage increases.

Summary of results for Q3 and YTD

(in millions of dollars)

	Q3 2025	Q3 2024	$ change	% change	YTD 2025	YTD 2024	$ change	% change
Revenue from operations	1,289	1,572	(283)	(18.0)%	4,586	4,972	(386)	(6.8)%
Cost of operations	1,824	1,885	(61)	(3.3)%	5,628	5,775	(147)	(1.5)%
Loss from operations	(535)	(313)	(222)	(70.6)%	(1,042)	(803)	(239)	(29.7)%
Investing and financing income (expense), net	(6)	(2)	(4)	+	53	458	(405)	(88.3)%
Profit (loss) before tax	**(541)**	**(315)**	**(226)**	**(71.5)%**	**(989)**	**(345)**	**(644)**	**+**

+ Large percentage change.

Revenue from operations

In Q3 and YTD 2025, total revenue declined $283 million (-18.0%) and $386 million (-6.8%) compared to 2024. Parcels revenue declined significantly in 2025 – nearly $0.8 billion YTD – stemming from ongoing labour uncertainty and eventual disruption that drove customers to choose other carriers for stability and more competitive offerings, such as evening and weekend deliveries. Direct Marketing revenue eroded drastically from labour uncertainty and eventual stoppages, due to the ban imposed by the Canadian Union of Postal Workers (CUPW) on the delivery of Canada Post Neighbourhood Mail™ items in late Q3 and into Q4. These declines were partially offset by mail revenue gains caused by regulatory Lettermail™ rate increases and federal election mailings.

Revenue and volumes by line of business

	Revenue (in millions of dollars)				Volume (in millions of pieces)			
	Q3 2025	**Q3 2024**	**$ change**	**% change**	**Q3 2025**	**Q3 2024**	**Change**	**% change**
Domestic Parcels	359	615	(256)	(41.6)%	30	54	(24)	(44.2)%
Outbound Parcels	48	70	(22)	(30.7)%	2	3	(1)	(33.1)%
Inbound Parcels	35	53	(18)	(35.7)%	5	7	(2)	(33.6)%
Other	8	9	(1)	(14.7)%	–	–	–	–
Total Parcels	**450**	**747**	**(297)**	**(39.8)%**	**37**	**64**	**(27)**	**(42.5)%**
Domestic Lettermail	560	500	60	12.1%	416	447	(31)	(6.9)%
Outbound Letter-post	14	14	–	3.8%	5	6	(1)	(7.1)%
Inbound Letter-post	10	11	(1)	(13.4)%	9	11	(2)	(16.6)%
Total Transaction Mail	**584**	**525**	**59**	**11.3%**	**430**	**464**	**(34)**	**(7.1)%**
Canada Post Personalized Mail™	90	92	(2)	(2.3)%	144	149	(5)	(3.2)%
Canada Post Neighbourhood Mail™	78	116	(38)	(32.7)%	602	926	(324)	(35.0)%
Total Smartmail Marketing™	168	208	(40)	(19.3)%	746	1,075	(329)	(30.6)%
Publications Mail™	26	31	(5)	(13.3)%	34	39	(5)	(13.0)%
Business Reply Mail™ and other mail	2	3	(1)	(45.6)%	2	2	–	(28.2)%
Other	4	4	–	9.7%	–	–	–	–
Total Direct Marketing	**200**	**246**	**(46)**	**(18.5)%**	**782**	**1,116**	**(334)**	**(30.0)%**
Consumer products and services	**55**	**54**	**1**	**0.5%**	–	–	–	–
Total	**1,289**	**1,572**	**(283)**	**(18.0)%**	**1,249**	**1,644**	**(395)**	**(24.0)%**

	Revenue (in millions of dollars)				Volume (in millions of pieces)			
	YTD 2025	YTD 2024	$ change	% change	YTD 2025	YTD 2024	Change	% change
Domestic Parcels	1,213	1,889	(676)	(35.1)%	103	165	(62)	(36.4)%
Outbound Parcels	168	213	(45)	(20.3)%	8	9	(1)	(18.3)%
Inbound Parcels	127	181	(54)	(29.4)%	17	24	(7)	(30.1)%
Other	25	29	(4)	(11.3)%	–	–	–	–
Total Parcels	**1,533**	**2,312**	**(779)**	**(33.0)%**	**128**	**198**	**(70)**	**(34.8)%**
Domestic Lettermail	2,088	1,664	424	26.9%	1,575	1,554	21	2.4%
Outbound Letter-post	55	47	8	17.2%	21	21	–	1.8%
Inbound Letter-post	41	38	3	10.4%	33	35	(2)	(3.5)%
Total Transaction Mail	**2,184**	**1,749**	**435**	**26.2%**	**1,629**	**1,610**	**19**	**2.3%**
Personalized Mail™	278	284	(6)	(1.2)%	455	468	(13)	(1.8)%
Neighbourhood Mail™	302	353	(51)	(13.5)%	2,366	2,787	(421)	(14.2)%
Total Smartmail Marketing™	580	637	(57)	(8.0)%	2,821	3,255	(434)	(12.4)%
Publications Mail	88	89	(1)	0.3%	112	117	(5)	(3.2)%
Business Reply Mail and other mail	10	11	(1)	(8.8)%	6	7	(1)	(4.3)%
Other	12	11	1	10.4%	–	–	–	–
Total Direct Marketing	**690**	**748**	**(58)**	**(6.8)%**	**2,939**	**3,379**	**(440)**	**(12.1)%**
Consumer products and services	**179**	**163**	**16**	**10.4%**	**–**	**–**	**–**	**–**
Total	**4,586**	**4,972**	**(386)**	**(6.8)%**	**4,696**	**5,187**	**(491)**	**(8.5)%**

Parcels

Parcels revenue in Q3 and YTD 2025 declined $297 million (-39.8%) and $779 million (-33.0%), respectively, on volume declines of 27 million pieces (-42.5%) and 70 million pieces (-34.8%), respectively, compared to 2024. The domestic channel drove the significant majority of these declines, as continued labour uncertainty and disruption drove customers to find more stable and competitive carriers for their ecommerce shipments. Details by product category, with Q3 and YTD results for 2025 compared to the same periods in 2024 were as follows:

- **Domestic Parcels** revenue declined $256 million (-41.6%) and $676 million (-35.1%) for Q3 and YTD, respectively, as continued labour uncertainty and disruption drove Canada Post's market share to competition including well-established global companies and low-cost entrants that provide flexible and reliable services. Some customers have secured longer-term agreements with competitors to manage their own peak holiday season volumes, making this business more difficult to win back in the short term.
- **Outbound Parcels** revenue (postage revenue collected from domestic customers for parcels destined to foreign postal administrations [posts]) declined in Q3 and YTD by

$22 million (-30.7%) and $45 million (-20.3%), respectively. Outbound Parcels revenue per piece differs according to the country of destination as well as the sales channel (consumers at retail or commercial customers). In Q3 2025, revenue was negatively affected by the removal of the *de minimis* exemption for parcels and packets to be shipped free of customs duties, taxes and fees, destined to the U.S.

- **Inbound Parcels** revenue (fees paid to Canada Post by other posts for delivering mail originating outside of Canada) declined in Q3 and YTD by $18 million (-35.7%) and $54 million (-29.4%), respectively. Inbound volume decreased as countries continue to shift away from the postal network into competitive commercial channels and low-cost competitors. Declines were further worsened by economic and trade uncertainty.
- **Other Parcels** revenue, which mostly comprises fees from the Customs Postal Import Program, decreased in Q3 and YTD by $1 million (-14.7%) and $4 million (-11.3%), respectively, due to lower volumes of inbound postal items requiring customs and duties collection for which we receive an administration fee per piece.

Transaction Mail

Transaction Mail revenue increased in Q3 and YTD by $59 million (+11.3%) and $435 million (+26.2%), respectively, while volumes decreased in Q3 by 34 million pieces (-7.1%) and increased in YTD by 19 million pieces (+2.3%), compared to 2024. Details by product category, with Q3 and YTD results for 2025 compared to the same periods in 2024 were as follows:

- **Domestic Lettermail** revenue increased in Q3 and YTD 2025 by $60 million (+12.1%) and $424 million (+26.9%), respectively, due to rate increases to Lettermail items, International Letter-post items, and special services and fees that took effect in May 2024 and January 2025. Mailings held back from customers until January, following the 2024 labour disruption and non-recurring mailings for federal and provincial elections earlier in the year, also contributed to increases to revenue, as did the temporary volume surge following the national strike during the 2024 peak season. With no significant non-recurring events in Q3, volume erosion returned, an irreversible trend that is expected to continue.
- **Outbound Letter-post** and **Inbound Letter-post** revenue increased YTD by $8 million (+17.2%) and $3 million (+10.4%), respectively, due to pent-up demand following the labour disruption, as Canada Post and other foreign postal administrators began accepting internationally destined mail. Revenue for both channels was relatively flat in Q3. Outbound Letter-post revenue is generated from domestic customers for mail destined to other posts, while Inbound Letter-post revenue is collected by other posts and shared with Canada Post for delivering mail in Canada.

Direct Marketing

Direct Marketing revenue decreased by $46 million (-18.5%) on 334 million fewer pieces (-30.0%), in Q3 2025 compared to 2024, while YTD revenue declined $58 million (-6.8%) on 440 million fewer pieces (-12.1%). Details by product category were as follows:

- **Canada Post Personalized Mail™** revenue declined in Q3 and YTD by $2 million (-2.3%) and $6 million (-1.2%), respectively, due to volume erosion.
- **Canada Post Neighbourhood Mail™** revenue declined in Q3 and YTD by $38 million (-32.7%) and $51 million (-13.5%), respectively. Volume growth and business expansion in Q1 was sharply reversed by labour uncertainty and full-on disruption in Q3, as CUPW banned delivery of this product on September 15, 2025, and for the remainder of Q3. Thousands of Canadian businesses and charities who reach their customers with information and offers through the mail had time-sensitive pieces trapped in the mail stream.
- **Publications Mail** revenue declined in Q3 and YTD by $5 million (-13.3%) and $1 million (-0.3%) due to labour uncertainty, again, where mailers pulled back mailings to avoid trapped pieces in the mail stream. Volumes for the remainder of 2025 are expected to decline as businesses lean toward digital subscriptions and campaigns.
- **Business Reply Mail™** and Other Mail products remained relatively flat in Q3 and YTD.

Consumer products and services

Consumer products and services revenue increased in Q3 and YTD by $1 million (+0.5%) and $16 million (+10.4%), respectively. YTD revenue gains from logistics services for provincial and federal election mailings through Q2, and mail forwarding, a service tied to the Canadian housing market, were partially offset by declines in financial services and core postal products such as packaging.

Cost of operations

In Q3 2025, the Canada Post segment's cost of operations declined by $61 million (-3.3%) compared to Q3 2024, and $147 million (-1.5%), YTD 2025 compared to YTD 2024. The decline in other operating costs was mainly due to lower transportation costs from decreased parcel volumes. Non-capital investment costs were also lower due to changes in our 2025 investment priorities. Labour costs rose due to wage increases, even with savings from lower parcel volumes and two fewer paid days in YTD 2025. Lack of flexibility in our labour model means that costs to collect, process and deliver parcels do not decline at the same rate as parcel volumes decline. Employee benefit costs decreased, driven by strong 2024 asset returns and a higher discount rate.

(in millions of dollars)

	Q3 2025	Q3 2024	$ change	% change	YTD 2025	YTD 2024	$ change	% change	Explanation of significant variances
Labour	975	978	(3)	(0.2)%	2,963	2,913	50	2.8%	Wage increases offset by overall volume declines.
Employee benefits	274	280	(6)	(2.6)%	846	867	(21)	(1.5)%	Positive asset returns and discount rate increase decreased the non-cash pension expense.
Total labour and employee benefits	**1,249**	**1,258**	**(9)**	**(0.8)%**	**3,809**	**3,780**	**29**	**1.8%**	
Non-labour collection, processing and delivery	253	311	(58)	(18.4)%	840	988	(148)	(14.0)%	Lower transportation costs due to parcel volume declines.
Property, facilities and maintenance	62	62	–	(0.6%)	197	199	(2)	(0.2)%	
Selling, administrative and IT	119	119	–	0.4%	369	374	(5)	(1.5)%	Cost reduction initiatives in several areas.
Non-capital investment expense	51	43	8	17.4%	140	157	(17)	(9.8)%	Adjusted focus on investment projects.
Total other operating costs	**485**	**535**	**(50)**	**(9.3)%**	**1,546**	**1,718**	**(172)**	**(9.1)%**	
Depreciation and amortization	90	92	(2)	(2.8)%	273	277	(4)	(0.5)%	
Total cost of operations	**1,824**	**1,885**	**(61)**	**(3.3)%**	**5,628**	**5,775**	**(147)**	**(1.5)%**	

Investing and financing income (expense), net

For the first nine months of 2025, net investing and financing income decreased compared to the prior year, which included dividend income as a result of the SCI and Innovapost divestitures.

Purolator

5.3 Purolator segment

The Purolator segment's profit before tax decreased by $3 million (-5.3%) in Q3 2025 and decreased by $22 million (-12.0%) for the YTD 2025, compared to Q3 and YTD 2024. Results of Livingston were consolidated from January 31, 2025, the acquisition date, which impacts financial result comparisons to 2024. This includes one-time acquisition costs, which impact results for YTD 2025.

Summary of results

(in millions of dollars)

	Q3 2025	Q3 2024	$ change	% change	YTD 2025	YTD 2024	$ change	% change	Explanation of significant variances
Revenue from operations	**830**	**654**	**176**	**26.9%**	**2,417**	**1,940**	**477**	**25.9%**	Livingston acquisition and parcel volume growth.
Labour	325	238	87	36.2%	948	710	238	34.7%	Livingston acquisition, wage increases and higher parcel volumes.
Employee benefits	62	57	5	8.4%	191	188	3	2.9%	Livingston acquisition, partially offset by discount rate increase.
Other operating costs	309	259	50	19.4%	907	772	135	18.7%	Livingston acquisition and parcel volumes increase.
Depreciation and amortization	56	35	21	62.7%	162	99	63	64.9%	Livingston acquisition and higher capital investments.
Cost of operations	**752**	**589**	**163**	**27.7%**	**2,208**	**1,769**	**439**	**26.1%**	
Profit from operations	**78**	**65**	**13**	**19.8%**	**209**	**171**	**38**	**22.5%**	
Investing and financing income (expense), net	(19)	(3)	(16)	+	(49)	11	(60)	+	Interest expense on debt obtained in Q1 2025 and dividend income in 2024 from divestitures of SCI and Innovapost.
Profit before tax	**59**	**62**	**(3)**	**(5.3)%**	**160**	**182**	**(22)**	**(12.0)%**	

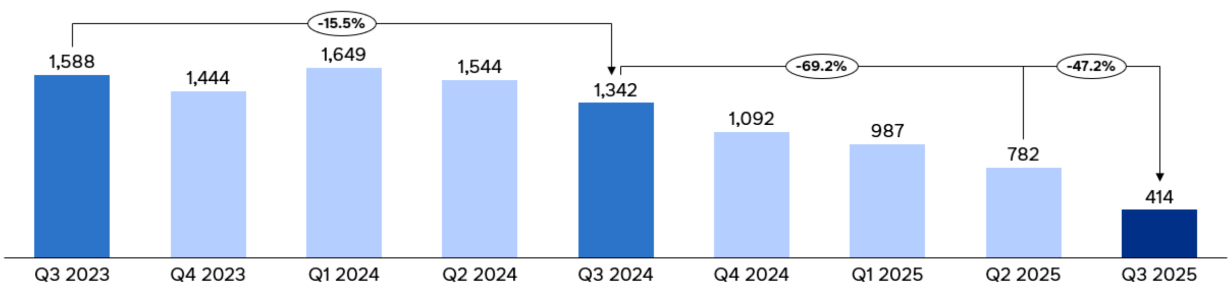
\+ Large percentage change.

6. Liquidity and Capital Resources

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

6.1 Cash, cash equivalents and marketable securities

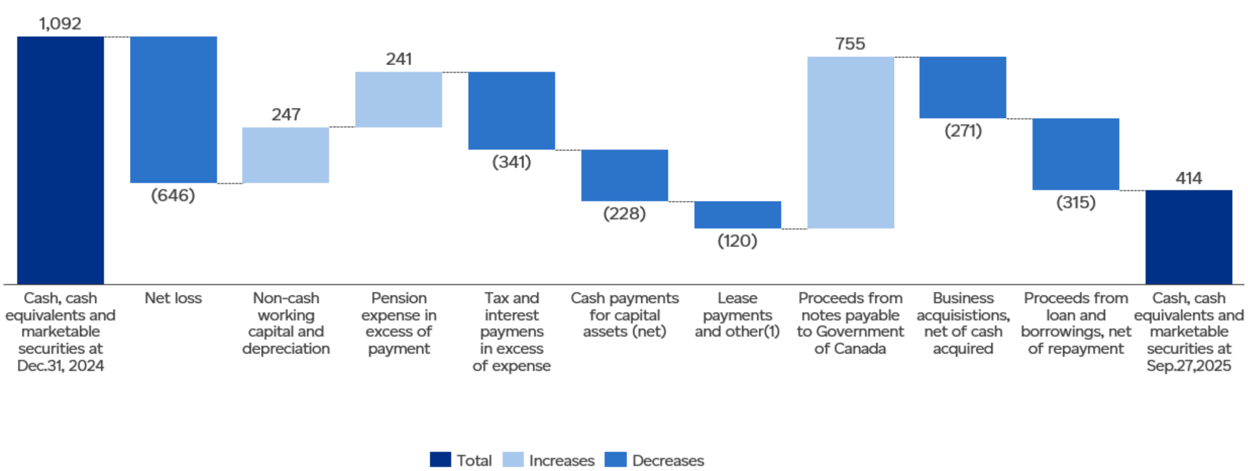
(in millions of dollars)



The Group held cash, cash equivalents and marketable securities of $414 million as at September 27, 2025, compared to $1,092 million as at December 31, 2024, for a combined decrease of $678 million.

Change in cash, cash equivalents and marketable securities for Q3 2025

(in millions of dollars)



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

The decrease in marketable securities of $270 million (-93.1%) and the decrease in cash and cash equivalents of $408 million (-50.9%) are mainly due to operating losses in the Canada Post segment, repayment of the $500 million bond in July 2025, and cash payments for capital assets net of $755 million received in government funding. Had it not been for government funding, the Canada Post segment would be effectively insolvent and the

Corporation would have been required to seek authorization for additional borrowing to remain operational.

Purolator's acquisition of Livingston International (Livingston) is partially offset by the proceeds from new credit facilities net of repayment.

Consolidated statement of cash flows

(in millions of dollars)

	Q3 2025	Q3 2024	$ change	% change	YTD 2025	YTD 2024	$ change	% change	Explanation of significant variances
Cash used in operating activities	(469)	(32)	(437)	+	(499)	(94)	(405)	+	Increase in operating losses and changes in working capital.
Cash (used in) provided by investing activities	(65)	(47)	(18)	(39.1)%	(245)	14	(259)	+	**Q3:** A decrease in proceeds (net of acquisitions) of securities and funds from segregated securities, partially offset by a decrease in cash payments for capital assets. **YTD:** Proceeds from the sale of SCI and Innovapost in 2024 and Purolator's acquisition of Livingston in 2025, partially offset by an increase in proceeds (net of acquisitions) of segregated securities and lower cash payments for capital assets.
Cash provided by (used in) financing activities	185	(19)	204	+	337	(84)	421	+	Government of Canada funding received by Canada Post and borrowing credit facilities obtained by Purolator, partially offset by Canada Post's bond repayment.

\+ Large percentage change.

Capital expenditures

(in millions of dollars)*

	Q3 2025	Q3 2024	$ change	% change	YTD 2025	YTD 2024	$ change	% change
Canada Post	39	60	(21)	(34.8)%	90	198	(108)	(54.6)%
Purolator	78	69	9	12.5%	169	182	(13)	(7.8)%
Canada Post Group of Companies	**117**	**129**	**(12)**	**(9.3)%**	**259**	**380**	**(121)**	**(32.1)%**

* Capital expenditures include assets purchased but not yet paid for; they differ from the amount presented in the Interim Condensed Consolidated Financial Statements.

Canada Post segment

(in millions of dollars)*

	Q3 2025	Q3 2024	$ change	% change	YTD 2025	YTD 2024	$ change	% change
Capital expenditures	39	60	(21)	(34.8)%	90	198	(108)	(54.6)%
Non-capital investment expense	51	43	8	17.4%	140	157	(17)	(9.8)%
Total investment	**90**	**103**	**(13)**	**(12.7)%**	**230**	**355**	**(125)**	**(35.2)%**

* Within one project, some costs due to their nature meet IFRS Accounting Standards' criteria to be capitalized as an asset to the interim condensed consolidated statement of financial position (capital investment), while other costs do not and must be expensed as other operating costs in the interim condensed consolidated statement of comprehensive income (non-capital investment expense).

In Q3 2025 and YTD 2025, compared to Q3 2024 and YTD 2024, Canada Post segment investments decreased. While we are committed to the three pillars of our transformation plan over the longer term, we continued to adjust the focus of our investment projects in 2025 and prioritize investments that are required to remain competitive, provide excellent service to Canadians and ensure the safety of our employees. In Q3 2025, we focused on the following:

- Continued to upgrade our enterprise resource planning (ERP) system, bringing modernized technical platforms to various business processes. The new system was deployed July 2, 2025.
- Maintained and replenished assets (i.e., replacing assets that have become obsolete), including street furniture, facilities and equipment.
- Improved the efficiency of our network.
- Modernized our applications, infrastructure and customer-facing platforms.
- Invested in real estate greenhouse gas reduction initiatives.

6.2 Canada Post Corporation Registered Pension Plan

Funding status

At the end of Q3 2025, the solvency surplus (using market value of plan assets) of the RPP was estimated at $3.2 billion, an increase of $0.5 billion compared to 2024 year-end, primarily due to higher-than expected asset returns. The most recent actuarial funding valuation for the RPP disclosed a going-concern surplus.

Remeasurements

On an accounting basis, remeasurement gains of $561 million and $640 million for the RPP, net of tax, for Q3 and YTD, respectively, were recorded in other comprehensive income. The Q3 gain was mainly due to higher-than-expected asset returns, while the YTD gain was driven by higher-than-expected asset returns and a discount rate increase.

Contributions

As the year-end funded position of the RPP exceeds legislative thresholds, Canada Post is not permitted to make employer current service contributions and no special solvency payments are required for 2025.

6.3 Liquidity and capital resources

Liquidity

Canada Post segment

The Canada Post segment had $348 million of unrestricted liquid investments on hand as at September 27, 2025, for a net liquidity position of negative -$906 million (2024 – negative -$180 million), after outstanding loans and borrowings (including repayable government funding) of $1,254 million (2024 – $998 million). The decrease in the segment's net liquidity position of $726 million was mainly due to the $500 million bond repayment in July 2025 and negative operating cash flows. At September 27, 2025, funds accumulated from operations were insufficient to meet contractual repayment terms through the remainder of 2025. Short-term liquidity measures were required to prevent insolvency and ensure continuity of postal services.

Government funding

In Q3, Canada Post began to receive repayable government funding. This funding was provided to enable the Corporation to meet its operating and income charges, which are not sufficiently covered by its available revenues. In accordance with the *Canada Post Corporation Act*, all amounts advanced under section 31 must be repaid to the Minister of Finance from Canada Post's annual revenues, to the extent those revenues are sufficient. The advance is treated as a non-interest-bearing demand note and is classified as a current liability upon issuance, given Canada Post does not have the right to defer settlement for at least 12 months after the reporting period pursuant to subsection 32(1) of the *Canada Post*

Corporation Act. Refer to Note 2 (a) and Note 3 (b) of Canada Post's interim condensed consolidated financial statements for material accounting policy information and judgments and estimates related to the demand notes payable.

Three payments totalling $755 million were authorized and received in Q3, as follows:

Funding receipt date	$ millions
June 30, 2025	395
July 30, 2025	260
September 2, 2025	100
Total	**755**

The Corporation requires government funding and access to short-term credit facilities to maintain solvency for the remainder of 2025 and through the Government of Canada fiscal year ending March 31, 2026. Further government funding will be required until financial self-sustainability is achieved by implementing the government's transformational measures. Canada Post will reapply for funding through the submission of its 2026-30 Corporate Plan. The Corporation is carefully managing discretionary costs and investment spending to preserve cash. Refer to Note 3 (a) of Canada Post's interim condensed consolidated financial statements for judgments and estimates related to going concern.

Purolator segment

Purolator had a total of $65 million of unrestricted cash on hand and $550 million of credit facilities ($433 million undrawn) as at September 27, 2025, ensuring sufficient liquidity to support operations for at least the next 12 months.

Access to capital markets

The Group believes that arrangements detailed below provide it with sufficient and timely access to capital markets.

Canada Post segment

Pursuant to *Appropriation Act No. 4, 2009-10*, borrowing from other than the Government of Canada's Consolidated Revenue Fund is limited to $2.5 billion. In addition, pursuant to the *Canada Post Corporation Act*, the Canada Post segment may also borrow a maximum of $500 million from the Government of Canada's Consolidated Revenue Fund, which requires the approval of the Governor in Council and the Minister of Finance. Any additional borrowings must be within the limits of the approved borrowing plan, and their terms and conditions require approval from the Minister of Finance.

Pursuant to subsection 127(3) of the *Financial Administration Act*, the Minister of Finance approved the aggregate principal outstanding amount for all short-term borrowings in 2025 with a maturity of one year or less, which are not to exceed $600 million for the period ending December 31, 2025. Short-term borrowings may consist of a line of credit or the issuance of promissory notes that is not to exceed $100 million and additional short-term borrowing facilities for emergency cash management purposes that are not to exceed $500 million. In Q1 2025, Canada Post entered into credit agreements with financial institutions for short-term facilities totalling $595 million (December 31, 2024 – $47 million). At September 27, 2025, letters of credit of $18 million (December 31, 2024 – $19 million) were issued.

With $499 million of external borrowings as at September 27, 2025, the Canada Post segment had $2,001 million of its $2.5 billion external borrowing limit available for use. Through Q2 2025, the Corporation funded itself primarily through the use of cash on hand and funds generated from operations. Starting in Q3 2025, operations are viable with the help of monthly repayable government funding and access to these short-term credit facilities.

Purolator segment

Purolator remits customs duties and goods and services tax to government agencies on the customers' behalf and utilizes available cash balances and a $550 million revolving credit facility to fund these remittances and capital purchases. An additional $600 million term credit facility was used to fund the acquisition of Livingston, of which $15 million has been repaid. At September 27, 2025, letters of credit of $3 million (December 31, 2024 – $4 million) were issued.

7. Changes in Financial Position

A discussion of significant changes in the Group's assets and liabilities between September 27, 2025, and December 31, 2024.

(in millions of dollars)

ASSETS	Sep. 27, 2025	Dec. 31, 2024	$ change	% change	Explanation of significant variances
Cash and cash equivalents	394	802	(408)	(50.9)%	Refer to Section 6 Liquidity and Capital Resources.
Marketable securities	20	290	(270)	(93.1)%	Maturities and decrease in purchases of marketable securities.
Trade, other receivables and contract assets	1,243	900	343	38.1%	Higher receivables in the Purolator segment due to the acquisition of Livingston International (Livingston) and in the Canada Post segment.
Income tax receivable	2	2	–	–	
Other assets	245	139	106	76.3%	Higher prepaid expenses in all segments.
Total current assets	**1,904**	**2,133**	**(229)**	**(10.7)%**	
Property, plant and equipment	3,959	4,053	(94)	(2.3)%	Depreciation in excess of acquisitions in the Canada Post segment partially offset by Purolator's acquisition of Livingston.
Intangible assets	831	248	583	+	Purolator's acquisition of Livingston.
Right-of-use assets	1,491	1,451	40	2.7%	New leases and lease renewals in the Canada Post segment in excess of depreciation.
Segregated securities	344	337	7	2.2%	
Pension benefit assets	5,227	4,462	765	17.1%	Remeasurement gains in Pension Plans and Purolator's acquisition of Livingston.
Goodwill	661	161	500	+	Purolator's acquisition of Livingston.
Other assets	60	61	(1)	0.3%	
Total non-current assets	**12,573**	**10,773**	**1,800**	**16.7%**	
Total assets	**14,477**	**12,906**	**1,571**	**12.2%**	

+ Large percentage change

LIABILITIES	Sep. 27, 2025	Dec. 31, 2024	$ change	% change	Explanation of significant variances
Trade and other payables	1,229	830	399	48.1%	Purolator’s acquisition of Livingston partially offset by lower payables in the Canada Post segment due to timing.
Salaries and benefits payable	666	537	129	24.0%	Increase in the Canada Post segment due to timing, increase in related provisions and Purolator’s acquisition of Livingston.
Loans and borrowings	142	500	(358)	(71.6)%	Repayment of bond in July 2025 in the Canada Post segment and debt obtained by Purolator to finance its acquisition of Livingston.
Demand notes payable to Government of Canada	727	–	727	100.0%	Fair value of repayable government funding per section 31 of the *Canada Post Corporation Act*.
Provisions	71	68	3	2.7%	
Income tax payable	22	30	(8)	(26.8)%	Tax settlement related to the 2024 SCI divestiture partially offset by taxes payable in the Purolator segment from the acquisition of Livingston.
Deferred revenue	150	200	(50)	(25.1)%	Decrease in deferred revenue net of the benefit of the below-market rate of interest on demand notes payable to the Government of Canada in the Canada Post segment.
Lease liabilities	104	100	4	4.4%	
Other long-term benefit liabilities	53	54	(1)	–	
Total current liabilities	**3,164**	**2,319**	**845**	**36.4%**	
Lease liabilities	1,613	1,567	46	2.9%	New leases and lease renewals in the Canada Post segment in excess of payments.
Loans and borrowings	1,053	498	555	+	Debt obtained by Purolator to finance its acquisition of Livingston.
Pension, other post-employment and other long-term benefit liabilities	3,200	3,229	(29)	(0.9)%	Benefit plan payments and remeasurement gains on other post-employment plans.
Deferred tax liabilities	171	147	24	15.8%	Purolator’s acquisition of Livingston.
Other liabilities	52	46	6	12.1%	Purolator’s acquisition of Livingston.
Total non-current liabilities	**6,089**	**5,487**	**602**	**10.9%**	
Total liabilities	**9,253**	**7,806**	**1,447**	**18.5%**	
EQUITY					
Contributed capital	1,155	1,155	–	–	
Accumulated other comprehensive income (loss)	7	5	2	43.4%	
Retained earnings	3,966	3,849	117	3.0%	Pension and other post-employment remeasurement gains, partially offset by operating losses.
Equity of Canada	**5,128**	**5,009**	**119**	**2.4%**	
Non-controlling interests	96	91	5	6.1%	
Total equity	**5,224**	**5,100**	**124**	**2.4%**	
Total liabilities and equity	**14,477**	**12,906**	**1,571**	**12.2%**	

+ Large percentage change

8. Risks and Risk Management

An update of the key risks and uncertainties inherent in our business and our approach to managing these risks.

In the 2024 annual MD&A, we provided a detailed review of the risks that could materially affect our business. Except as noted below, there were no new developments in our emerging or principal risks in Q3 2025.

Regulatory risk

Canada Post has an obligation to operate on a financially self-sustaining basis, relying solely on revenue from products and services rather than taxpayer funding. Over the last several years, the Corporation has faced significant and growing operational losses and liquidity pressures. Canada Post operates in a highly competitive parcel industry, with traditional posts experiencing declining letter volumes. Canada Post's ability to invest in the future of the postal service and return to financial self-sustainability hinges on substantial modifications to its collective agreements and operating framework.

Short term: Access to short-term credit facilities and repayable government funding will allow the Corporation to address short-term liquidity needs. Monthly funding was received starting in early Q3 2025 and is necessary to prevent insolvency and maintain postal services through March 31, 2026. The Corporation is preserving cash through freezes to external hiring, cutbacks in other spending areas such as travel, consulting, contracted services, and non-essential (non-service impacting) investments.

Long term: The IIC report (issued by Commissioner William Kaplan) detailed the significant issues facing Canada Post and the Canadian Union of Postal Workers (CUPW) and also provided recommendations for Canada Post and CUPW to respond to the changing needs of the country. The report highlighted a way to preserve Canada Post as a vital national institution and included recommendations that responded to the present problem: to arrest and then reverse the growing financial losses by putting into place the necessary structural changes both within and outside the collective agreements. Key areas of the IIC report called for action:

- **Revise the collective agreement of Urban Postal Operations (UPO)** to allow the flexible use of part-time employees during the week and on weekends.
- **Revise UPO agreement to permit assignment of work** during paid hours without requiring voluntary overtime.
- **Finalize collective agreements by including all pre-dispute and mediation-based** tentative agreements (Rural and Suburban Mail Carriers [RSMC] agreement and Short-Term Disability Plan [STDP]). Narrow differences on partially agreed items.
- **Introduce dynamic routing** by piloting and implementing route adjustments based on daily mail volumes to reduce inefficiencies and overtime.

- **Amend the Canadian *Postal Service Charter*** to adjust delivery standards and phase out door-to-door letter mail delivery for individual addresses; daily delivery to businesses should be maintained.
- **End the moratorium on rural post office closures** to reflect that once rural – now urban – post offices should not be covered by the moratorium.
- **End the moratorium on community mailbox conversions**, which should be established wherever practicable.
- **Amend the time-consuming approval process** for changes to postage rates.

On September 25, 2025, the Government of Canada announced a series of measures to stabilize the Corporation's finances and enable its modernization. These included revised letter mail standards, the removal of moratoriums on community mailbox conversions and rural post offices and a review of the stamp rate adjustment process. The measures announced in late Q3 are expected to strengthen Canada Post's longer-term financial position and enhance its ability to adapt to evolving market conditions, reinforcing its role as a vital national institution. Our ability to execute and realize benefits for the full scope of these transformational measures is contingent upon securing changes to collective agreements that enable flexibility. Government funding is expected to be required during the implementation and execution of these measures before financial benefits can be realized.

Labour disruption

Complex collective agreements limit our ability to compete in a rapidly changing market, restricting changes to our delivery model and maintaining employee benefits, wages, job security and leave provisions that exceed those of competitors. Despite nearly two years of active negotiations with CUPW, new collective agreements for CUPW's two bargaining units have yet to be reached. The ongoing labour uncertainty and disruptions through 2025 drive operating losses that far surpass any prior year.

Flexibility is needed to keep pace with the evolving needs of customers and return to financial stability. Canada Post is committed to reaching new collective agreements for both bargaining units. A detailed discussion on the status of collective bargaining with CUPW is provided in section 4.1.

International Business

Effective August 29, 2025, the United States has suspended its duty-free *de minimis* threshold of US$800 for all countries, including Canada. All postal shipments to the U.S. will require prepaid duties before packages cross the border – regardless of their value or country of origin. This change may impact consumer purchase behaviour, the parcel volume received from customers, and ultimately, revenue. We are working to ensure that Canada Post can continue offering shipping to the U.S. and minimize disruptions. While this change presents challenges, Canada Post is committed to ensuring that U.S.-bound shipping services remain accessible.

Tariff threats and economic uncertainty

The U.S. has announced tariffs targeting major trading partners, posing significant risks to both the Canadian and global economies. With approximately 75% of Canada's exports destined for the U.S. – representing nearly 20% of Canada's gross domestic product (GDP) – the potential impact is substantial. While the situation continues to evolve, an international trade war could have far-reaching economic consequences, including increased inflation, rising unemployment, and reduced GDP. Economic uncertainty may lead to a slowdown in consumer spending, which could negatively affect the parcel delivery market – particularly cross-border shipments, where tariffs raise the cost of goods. In addition, declining business confidence may result in reduced advertising budgets, potentially impacting the performance of Canada Post's Smartmail Marketing™ services. The scope, severity, and duration of these risks remain difficult to predict, as does the effectiveness of government or central bank interventions. Canada Post is actively monitoring market developments and will adjust its strategies as needed. At this time, it is not possible to reliably estimate the future financial impact of these evolving risks on the Group's performance, Critical Accounting Policies and Estimates and Internal Controls, and a review of critical accounting estimates and changes in accounting policies in Q3 2025 and future years.

9. Critical Accounting Policies and Estimates and Internal Controls

A review of critical accounting estimates and changes in accounting policies in Q3 2025 and future years.

9.1 Accounting policies

Information on Canada Post's accounting policies are provided in notes 2 and 3 of the unaudited interim condensed consolidated financial statements for Q3 2025. Except as noted below, the Group's accounting policies remain substantially unchanged from 2024.

Demand notes payable to the Government of Canada

Non-interest-bearing notes issued by the government under section 31 of the *Canada Post Corporation Act* are initially recognized at fair value. The fair value of a note with a demand feature is the amount payable on demand, discounted for the first date that the amount could be required to be paid. The difference between the proceeds received and the initial carrying value of the note, due to the benefit of the below-market rate of interest, is recorded as a deferred government grant in the period of the note issuance and recognized over the expected period the funds will be used. After initial recognition, the notes payable are measured at amortized cost using the effective interest method. The interest expense on the notes payable is recognized to the first possible repayment date, in finance costs and other expense. Upon receipt of the cash injection, the note payable is classified as a current liability, given Canada Post does not have the right to defer settlement for at least 12 months after the reporting period, pursuant to subsection 32(1) of the *Canada Post Corporation Act*.

9.2 Critical accounting judgments and estimates

The preparation of the Corporation's consolidated interim financial statements requires management to make complex or subjective judgments, estimates and assumptions based on existing knowledge that affect reported amounts and disclosures. Actual results may differ from the estimates and assumptions. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects current and future periods. Except as noted below, Canada Post's critical accounting estimates and judgments provided in Note 4 of its 2024 audited consolidated financial statements were unchanged. For Q3 2025, the most significant accounting judgments and estimates are related to going concern and accounting for the repayable government funding.

Demand notes payable to the Government of Canada

Repayable government funding in the form of non-interest-bearing demand notes from the Government of Canada were discounted using an estimated incremental borrowing rate. Repayment is contingent on a revenue sufficiency test, as assessed by the shareholder. Although repayment is not expected before the memorandum of understanding expires in December 2026, the notes are classified as a current liability due to the Corporation's lack of authority to defer settlement beyond 12 months. Settlement timing remains uncertain and subject to shareholder discretion.

9.3 Internal controls

In Q3 2025, the Canada Post segment oversaw the deployment and technical upgrade of the enterprise resource planning (ERP) system, resulting in a material change in internal controls over financial reporting for the period of implementation. Management conducted pre-implementation testing and post-implementation reviews to ensure that the transition was properly designed and executed to prevent material financial statement errors. Based on such testing, continuous monitoring and implementation of transitional controls, management concluded that the transition did not cause material misstatements in the Q3 2025 interim condensed consolidated financial statements.

For the first nine months of 2025, there were no other changes in internal control over financial reporting that materially affected, or were reasonably likely to materially affect, the Corporation's internal control over financial reporting.

Management's Responsibility for Interim Financial Reporting

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

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

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

President and Chief Executive Officer

Chief Financial Officer

November 20, 2025

Interim Condensed Consolidated Statement of Financial Position

(Unaudited – in millions of Canadian dollars)

ASSETS	As at Sep. 27, 2025	As at Dec. 31, 2024
Current assets		
Cash and cash equivalents	**394**	802
Marketable securities	**20**	290
Trade, other receivables and contract assets	**1,243**	900
Income tax receivable	**2**	2
Other assets	**245**	139
Total current assets	**1,904**	2,133
Non-current assets		
Property, plant and equipment (Note 6)	**3,959**	4,053
Intangible assets (Note 6)	**831**	248
Right-of-use assets (Note 6)	**1,491**	1,451
Segregated securities	**344**	337
Pension benefit assets (Note 7)	**5,227**	4,462
Goodwill (Note 9)	**661**	161
Other assets	**60**	61
Total non-current assets	**12,573**	10,773
Total assets	**14,477**	12,906

LIABILITIES AND EQUITY	As at Sep. 27, 2025	As at Dec. 31, 2024
Current liabilities		
Trade and other payables, including government remittances	**1,229**	830
Salaries and benefits payable	**666**	537
Loans and borrowings (Note 11)	**142**	500
Demand notes payable to Government of Canada (Note 12)	**727**	–
Provisions	**71**	68
Income tax payable	**22**	30
Deferred revenue (Note 12)	**150**	200
Lease liabilities (Note 10)	**104**	100
Other long-term benefit liabilities (Note 7)	**53**	54
Total current liabilities	**3,164**	2,319
Non-current liabilities		
Lease liabilities (Note 10)	**1,613**	1,567
Loans and borrowings (Note 11)	**1,053**	498
Pension, other post-employment and other long-term benefit liabilities (Note 7)	**3,200**	3,229
Deferred tax liabilities (Note 8)	**171**	147
Other liabilities	**52**	46
Total non-current liabilities	**6,089**	5,487
Total liabilities	**9,253**	7,806

LIABILITIES AND EQUITY	As at Sep. 27, 2025	As at Dec. 31, 2024
Equity		
Contributed capital	**1,155**	1,155
Accumulated other comprehensive income (Note 17)	**7**	5
Retained earnings	**3,966**	3,849
Equity of Canada	**5,128**	5,009
Non-controlling interests	**96**	91
Total equity	**5,224**	5,100
Total liabilities and equity	**14,477**	12,906

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

Interim Condensed Consolidated Statement of Comprehensive Income (Loss)

(Unaudited – in millions of Canadian dollars)

	For the 13 weeks ended		For the 39 weeks ended	
	Sep. 27, 2025	Sep. 28, 2024	**Sep. 27, 2025**	Sep. 28, 2024
Revenue from operations (Note 15)	**2,114**	2,213	**6,986**	6,884
Cost of operations				
Labour	**1,301**	1,216	**3,911**	3,681
Employee benefits	**335**	338	**1,037**	1,064
	1,636	1,554	**4,948**	4,745
Other operating costs (Note 15)	**789**	774	**2,436**	2,376
Depreciation and amortization (Note 6)	**146**	127	**435**	377
Total cost of operations	**2,571**	2,455	**7,819**	7,498
Loss from operations	**(457)**	(242)	**(833)**	(614)
Investing and financing income (expense) (Note 16)				
Gain on sale of disposal groups held for sale	**–**	(2)	**–**	346
Investment and other income	**15**	21	**37**	65
Finance costs and other expense	**(39)**	(29)	**(112)**	(78)
Investing and financing income (expense), net	**(24)**	(10)	**(75)**	333
Loss before tax	**(481)**	(252)	**(908)**	(281)
Tax recovery (Note 8)	**(177)**	(42)	**(262)**	(158)
Net loss	**(304)**	(210)	**(646)**	(123)
Other comprehensive income (loss) (Note 17)				
Items that may subsequently be reclassified to net profit (loss)				
Change in unrealized fair value of financial assets	**2**	13	**(3)**	2
Unrealized losses on currency translation differences	**–**	(1)	**5**	(1)
Item never reclassified to net profit (loss)				
Remeasurements of defined benefit plans	**618**	(96)	**777**	939
Other comprehensive income (loss)	**620**	(84)	**779**	940
Comprehensive income (loss)	**316**	(294)	**133**	817
Net profit (loss) attributable to				
Government of Canada	**(307)**	(213)	**(655)**	(133)
Non-controlling interests	**3**	3	**9**	10
Net profit (loss)	**(304)**	(210)	**(646)**	(123)
Comprehensive income (loss) attributable to				
Government of Canada	**309**	(297)	**119**	802
Non-controlling interests	**7**	3	**14**	15
Comprehensive income (loss)	**316**	(294)	**133**	817

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

Interim Condensed Consolidated Statement of Changes in Equity

(Unaudited – in millions of Canadian dollars)

For the 13 weeks ended Sep. 27, 2025	Contributed capital	Accumulated other comprehensive income	Retained earnings	Equity of Canada	Non-controlling interests	Total equity
Balance at June 28, 2025	**1,155**	**5**	**3,659**	**4,819**	**89**	**4,908**
Net profit (loss)	**–**	**–**	**(307)**	**(307)**	**3**	**(304)**
Other comprehensive income (Note 17)	**–**	**2**	**614**	**616**	**4**	**620**
Comprehensive income (loss)	**–**	**2**	**307**	**309**	**7**	**316**
Balance at Sep. 27, 2025	**1,155**	**7**	**3,966**	**5,128**	**96**	**5,224**

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

For the 39 weeks ended Sep. 27, 2025	Contributed capital	Accumulated other comprehensive income	Retained earnings	Equity of Canada	Non-controlling interests	Total equity
Balance at Dec. 31, 2024	**1,155**	**5**	**3,849**	**5,009**	**91**	**5,100**
Net profit (loss)	**–**	**–**	**(655)**	**(655)**	**9**	**(646)**
Other comprehensive income (Note 17)	**–**	**2**	**772**	**774**	**5**	**779**
Comprehensive income	**–**	**2**	**117**	**119**	**14**	**133**
Transactions with shareholders – Dividend	**–**	**–**	**–**	**–**	**(9)**	**(9)**
Balance at Sep. 27, 2025	**1,155**	**7**	**3,966**	**5,128**	**96**	**5,224**

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

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

Interim Condensed Consolidated Statement of Cash Flows

(Unaudited – in millions of Canadian dollars)

	For the 13 weeks ended		For the 39 weeks ended	
	Sep. 27, 2025	**Sep. 28, 2024**	**Sep. 27, 2025**	**Sep. 28, 2024**
Operating activities				
Net loss	**(304)**	(210)	**(646)**	(123)
Adjustments to reconcile net loss to cash provided by (used in) operating activities:				
Depreciation and amortization (Note 6)	**146**	127	**435**	377
Pension, other post-employment and other long-term benefit expense (Note 7)	**142**	151	**422**	458
Pension, other post-employment and other long-term benefit payments (Note 7)	**(56)**	(54)	**(181)**	(164)
Gain on sale of capital assets	**(1)**	–	**(3)**	–
Loss (gain) on sale of disposal groups held for sale (Note 16)	**–**	2	**–**	(346)
Impairment loss (Note 16)	**–**	–	**–**	4
Tax recovery and other items affecting net income tax receivable (Note 8)	**(177)**	(42)	**(290)**	(158)
Net interest expense (Note 16)	**33**	3	**85**	6
Change in non-cash operating working capital:				
Decrease (increase) in trade and other receivables	**1**	11	**(58)**	36
(Decrease) increase in trade and other payables	**(128)**	31	**(102)**	(7)
(Decrease) increase in salaries and benefits payable and related provisions	**(30)**	1	**104**	(44)
Increase (decrease) in provisions	**5**	3	**(2)**	5
Net increase in other non-cash operating working capital	**(28)**	(31)	**(125)**	(78)
Other expense not affecting cash, net	**(4)**	(4)	**(2)**	(10)
Cash used in operating activities before interest and tax	**(401)**	(12)	**(363)**	(44)
Interest received	**19**	20	**68**	69
Interest paid	**(66)**	(34)	**(148)**	(78)
Tax paid	**(21)**	(6)	**(56)**	(41)
Cash used in operating activities	**(469)**	(32)	**(499)**	(94)
Investing activities				
Business acquisitions, net of cash acquired	**8**	–	**(271)**	–
Acquisition of securities	**–**	(57)	**(35)**	(458)
Proceeds from sale of securities	**25**	158	**299**	478
Cash payments for capital assets	**(96)**	(152)	**(230)**	(450)
Proceeds from the sale of capital assets and assets held for sale	**2**	–	**2**	2
Proceeds from the sale of disposal groups held for sale	**–**	5	**–**	424
Other investing activities, net	**(4)**	(1)	**(10)**	18
Cash (used in) provided by investing activities	**(65)**	(47)	**(245)**	14
Financing activities				
Proceeds from notes payable to Government of Canada (Note 12)	**755**	–	**755**	–
Repayment of loans and borrowings	**(2,251)**	–	**(2,980)**	–
Proceeds from loans and borrowings	**1,710**	–	**2,665**	–
Payments of lease liabilities	**(27)**	(17)	**(83)**	(75)
Dividend paid to non-controlling interests	**–**	–	**(9)**	(8)
Other financing activities, net	**(2)**	(2)	**(11)**	(1)
Cash provided by (used in) financing activities	**185**	(19)	**337**	(84)
Net decrease in cash and cash equivalents	**(349)**	(98)	**(407)**	(164)
Cash and cash equivalents, beginning of period	**742**	1,119	**802**	1,185
Effect of exchange rate changes on cash and cash equivalents	**1**	(1)	**(1)**	(1)
Cash and cash equivalents, end of period	**394**	1,020	**394**	1,020

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

Notes to Unaudited Interim Condensed Consolidated Financial Statements

For the 39 weeks ended September 27, 2025

1. Incorporation, Business Activities, and Directives

In these notes to the interim condensed consolidated financial statements, the "Corporation," "Canada Post," and "Canada Post segment" means Canada Post Corporation, excluding its subsidiaries. The "Canada Post Group of Companies," the "Group of Companies" or the "Group" collectively refer to Canada Post Corporation and its subsidiaries.

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

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

Under the *Canada Post Corporation Act*, the Corporation has the sole and exclusive privilege (with some exceptions) of collecting, transmitting and delivering letters to the addressee thereof within Canada. The Corporation is also subject to directives issued pursuant to section 89 of the *Financial Administration Act* as described in Note 1 to the Corporation's annual consolidated financial statements for the year ended December 31, 2024. There is no change to the status of these directives.

2. Basis of Presentation

Statement of compliance • The Corporation has prepared its unaudited interim condensed consolidated financial statements (interim financial statements) in compliance with IAS 34 "Interim Financial Reporting" of the IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB), and the Treasury Board of Canada's Directive on Accounting Standards: GC 5200 Crown Corporations Quarterly Financial Reports. As permitted under this standard, these interim financial statements do not include all of the disclosures required for annual consolidated financial statements, and they should be read in conjunction with the Corporation's audited consolidated financial statements for the year ended December 31, 2024. They were approved and authorized for issue by the Board of Directors November 20, 2025.

Basis of presentation • These interim financial statements have been prepared on a historical-cost basis, except as permitted by IFRS Accounting Standards as issued by the IASB and as otherwise indicated within these notes. Although the Corporation's year end of December 31 matches the calendar year end, the Corporation's quarter end dates do not necessarily coincide with calendar year quarters; instead, each of the Corporation's quarters contains 13 weeks. The interim financial statements and notes to the interim financial statements are prepared for the 13-week period (third quarter or Q3) and 39-week period (first three quarters or year to date [YTD]) ended September 27, 2025 (comparative period ended September 28, 2024). Amounts are shown in millions of dollars, unless otherwise noted.

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

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

Material accounting policy information • Material accounting policy information used in these interim financial statements are disclosed in Note 3 of the Corporation's annual consolidated financial statements for the year ended December 31, 2024. The accounting policies have been applied consistently to all periods presented, unless otherwise indicated.

(a) Demand notes payable to the Government of Canada • Demand notes payable to the Government of Canada (demand notes payable) are non-interest-bearing notes issued by the government under section 31 of the *Canada Post Corporation Act* to enable the Corporation to meet its operating and income charges that are not sufficiently covered by its available revenues. These notes are initially recognized at fair value. The fair value of a note with a demand feature is the amount payable on demand, discounted for the first date that the amount could be required to be paid. The difference between the proceeds received and the initial carrying value of the note, due to the benefit of the below-market rate of interest, is recorded as a deferred government grant in the period of the note issuance and recognized over the expected period the funds will be used. After initial recognition, the notes payable are measured at amortized cost using the effective interest method. The interest expense on the notes payable is recognized to the first possible repayment date, in finance costs and other expense.

Upon receipt of the cash injection, the note payable is classified as a current liability, given Canada Post does not have the right to defer settlement for at least 12 months after the reporting period, per section 32(1) of the *Canada Post Corporation Act*.

All amounts placed at the disposal of the Corporation pursuant to section 31 shall be reimbursed to the Minister of Finance from the annual revenues of the Corporation in so far as such revenues are sufficient. Where the annual revenues of the Corporation are insufficient to reimburse the Minister of Finance, the Minister responsible for the Corporation shall cause the amount of the insufficiency to be included, in the form of a deficit appropriation item, in the next estimates laid before Parliament thereafter. In such instance, the Corporation will record a government grant corresponding to the carrying value of the note payable at the time of the approval of the appropriation by Parliament.

Basis of consolidation • These interim financial statements include the accounts of the Corporation and its subsidiaries, collectively referred to as the "Canada Post Group of Companies," the "Group of Companies" or the "Group." Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary. If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resulting gain or loss is recognized in profit or loss. Financial results by segment are included in Note 19.

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

Name of subsidiary	Principal activities	Country of incorporation	Place of operation	Ownership* as at Dec. 31, 2024, and Q3 2025	Date of divestiture
Purolator Holdings Ltd.	Transportation and courier services	Canada	Canada and United States	91%	–
SCI Group Inc.	Logistics and transportation services	Canada	Canada	–	March 1, 2024
Innovapost Inc.	IS/IT services	Canada	Canada	–	April 15, 2024

* Proportion of ownership interest held directly or indirectly.

3. Critical Accounting Judgments and Key Sources of Estimation Uncertainty

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which estimates are revised if revisions affect only that period, or in the period of revision and future periods if revisions affect current and future periods. Critical judgments and key sources of estimation uncertainty are disclosed in Note 4 of the Corporation's annual consolidated financial statements for the year ended December 31, 2024. Except as noted below, there are no significant changes to these judgments or sources of estimation uncertainty in the YTD period of 2025.

(a) Going concern • These consolidated financial statements have been prepared on a going-concern basis in compliance with IAS 34 as issued by the International Accounting

Standards Board (IASB), which assume that the Corporation will continue to be in operation for the foreseeable future and will be able to realize its assets and discharge liabilities and commitments in the normal course of business.

Since 2018, the Canada Post segment has experienced cumulative losses from operations of over $5.5 billion. These results have impacted the Corporation's net liquidity position. Cash and cash equivalents are depleting. In July 2025, the Series 2 bonds of $500 million matured, creating significant cash flow pressure. At September 27, 2025, accumulated funds and immediately accessible lines of credit were insufficient to meet contractual repayment terms; government funding and access to short-term borrowing are required for the Corporation to remain solvent for the next 12 months. Recurring financial losses threaten the Corporation's ability to fulfill the objects set by the Government of Canada, which are to have regard to the need to conduct operations on a self-sustaining financial basis, while providing a standard of service that will meet the needs of the people of Canada.

The 2025-29 Corporate Plan (Plan) was submitted to the Minister responsible for the Corporation on October 28, 2024. The Treasury Board approved the Plan's first year (2025). The Plan presents the significant challenges the Corporation is facing as well as a proposal for short-term liquidity measures to provide the Corporation with the means to maintain cash solvency through the 2025 fiscal year, as follows:

- **Increase of 25% to regulated Lettermail™ rates.** In January 2025, Canada Post increased regulated rates for stamps, Lettermail items, International Letter-post items, and special services and fees, which will help mitigate the impact to revenue of volume declines expected in 2025.

- **Government cash injection up to $1.034 billion.** In accordance with section 31 of the *Canada Post Corporation Act*, in Q3 2025, Canada Post began to receive amounts required to enable it to meet its operating and income charges, which are not sufficiently covered by its expected available revenues. The government approved repayable funding of up to $1.034 billion from April 1, 2025, to March 31, 2026. All amounts placed at the disposal of the Corporation pursuant to section 31 are to be reimbursed to the Minister of Finance from the annual revenues of the Corporation in so far as such revenues are sufficient. Refer to notes 2 (a), 3 (b), 12 and 20 for additional related disclosures.
- **Additional short-term borrowing and other measures.** Pursuant to subsection 127(3) of the *Financial Administration Act*, the Minister of Finance approved the aggregate principal outstanding amount for all short-term borrowings with a maturity of one year or less, which are not to exceed $600 million for the period ending December 31, 2025. On January 31, 2025, Canada Post entered into credit agreements for short-term facilities with financial institutions totalling $595 million. Additional borrowing facilities and other measures may be obtained from the Crown or otherwise, if made available. As of Q3, no amounts have been drawn under these agreements.

The Corporation believes that these short-term measures will provide the Corporation sufficient liquidity to support its operations until the end of the Government of Canada fiscal year ending March 31, 2026.

On September 25, 2025, the Government of Canada instructed Canada Post to begin transformation and authorized implementation of a series of measures to stabilize the Corporation's finances and enable its modernization. These measures include ending the moratorium on conversions from home delivery to community mailboxes, modifying delivery standards and mail delivery frequency, ending the moratorium on rural post office closures, and streamlining processes for adjusting stamp prices. An implementation and realization phase is needed before the Corporation can achieve financial self-sustainability over the long term.

These measures were included in the 2026-30 Corporate Plan (2026 Plan), which was submitted November 5, 2025, to its shareholder. The 2026 Plan also included continued government funding to maintain solvency through the government's fiscal year from April 1, 2026, to March 31, 2027.

Management has concluded that there are no material uncertainties casting significant doubt on the Corporation's ability to continue as a going concern for a period of at least, but not limited to, 12 months from the reporting date. These consolidated financial statements do not include any adjustments to the carrying value of the assets and liabilities, the reported revenues and expenses or the consolidated statement of financial position classifications that might be necessary if the Corporation were unable to obtain the necessary legislative support that would help provide financial stability. Refer to notes 11, 12 and 13 for additional information about the Corporation's borrowing facilities, notes payable, capital management and liquidity risk.

(b) Demand notes payable to the Government of Canada • Demand notes are issued by the Government of Canada to enable the Corporation to meet its operating and income charges that are not sufficiently covered by its available revenues. The demand notes are non-interest bearing.

(b.1) Discount rate - The non-interest-bearing notes are discounted using an incremental borrowing rate representing management's best estimate of the rate obtained if the Corporation was receiving funding for similar notes from a lending institution.

(b.2) Repayment - These notes shall be reimbursed from the Corporation's annual revenues in so far as such revenues are sufficient. Under the *Canada Post Corporation Act,* repayment terms for moneys placed at the disposal of the Corporation are contingent on measures of revenue sufficiency and are assessed from time to time by the single shareholder, the Government of Canada. Under the terms of the memorandum of understanding (MOU), the government requires Public Services and Procurement Canada and the Corporation to work with Finance Canada to determine the conditions under which the amount is to be repaid.

(b.3) Presentation – While it is understood that revenues will be insufficient to enable the Corporation to reimburse the funds in the near term, and no repayment of the funds to the Government of Canada will be required before the expiration of the MOU on December 11, 2026, the shareholder has the authority to cause immediate settlement through appropriation in Parliament. As the Corporation does not have the substantive right to defer settlement for more than 12 months, the demand notes payable will be presented as a current liability on the consolidated statement of financial position. Ultimate settlement, through repayment or appropriation, or the timing thereof, is uncertain and requires judgment.

(c) Tariff threats and potential economic uncertainty • Ongoing tariff threats and economic uncertainty create challenges and risk for postal operations. Tariffs can lead to increased costs for imported and exported goods, which may reduce demand for shipping services as businesses and consumers seek to minimize expenses. Additionally, economic uncertainty can disrupt supply chains and lead to fluctuating mail and parcel volumes, creating volatility in revenue and operating costs. These factors may potentially lead to greater losses from operations, reduced operating cash flows, and adjustments in investment and operational strategies.

The duration and impact of these threats are unknown, as is the efficacy of government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Canada Post Group of Companies in future periods.

4. Application of New and Revised International Financial Reporting Standards

(a) New standards, amendments and interpretations

There were no new standards, amendments or interpretations issued by the International Accounting Standards Board (IASB) or the IFRS Interpretations Committee that required mandatory adoption through Q3 2025 year to date.

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

In addition to those disclosed in Note 5 (b) of the Corporation's annual consolidated financial statements for the year ended December 31, 2024, and the interim condensed consolidated financial statements for the quarter ended June 28, 2025, there are no other standards, amendments or interpretations issued that would have a possible effect on the Group in the future.

5. Business Combinations

On January 31, 2025, Purolator Holdings Ltd. acquired 100% of the voting shares of PE Longitude Holding Limited, PE Longitude II Limited and Longitude Holding Limited (the acquirees), which own and control Livingston International (Livingston). Headquartered in

Toronto, this trade-service firm and its subsidiaries are engaged in the business of providing customs solutions, global forwarding, global trade management and vehicle transportation services, primarily in North America.

The acquirees became a wholly owned subsidiary of Purolator and operates as a standalone business led by its existing leadership team managing its day-to-day operations. The acquisition is in support of Purolator's strategy to expand its international capabilities, enhance competitiveness and position Purolator as a Canadian-owned leader in the domestic and international freight, package and logistics market.

The business combination was accounted for using the acquisition method. Management has established the preliminary purchase price allocation by taking into account all relevant information at the time of preparing these notes to the interim condensed consolidated financial statements. The purchase price allocation is due to be finalized after a due diligence period.

Details on assets acquired, liabilities assumed and goodwill recorded are as follows (in millions):

	Purchase price allocation
Assets	
Cash and cash equivalents	**40**
Trade, other receivables and contract assets	**279**
Property, plant and equipment	**26**
Right-of-use assets	**11**
Intangible assets	**596**
Pension benefit assets	**6**
Other assets	**67**
Total assets	**1,025**
Liabilities	
Trade and other payables	**105**
Salaries and benefits payables	**25**
Deferred revenue	**5**
Provisions	**4**
Government remittances payable	**374**
Income tax payable	**8**
Lease liabilities	**16**
Loans and borrowings	**564**
Pension, other post-employment and other long-term benefit liabilities	**6**
Deferred tax liabilities	**96**
Other liabilities	**3**
Total liabilities	**1,206**
Identifiable net assets (liabilities) acquired	**(181)**
Goodwill (Note 9)	**500**
Purchase consideration transferred	**319**

The fair value of the receivables included in current assets approximated the gross contractual amount. The goodwill is attributable to the expected synergies from the acquisition. It will not be deductible for tax purposes.

Purolator measured the acquired lease liabilities using the present value of the remaining lease payments at the date of acquisition. The right-of-use assets were measured at an amount equal to the lease liabilities and adjusted to reflect the favourable or unfavourable terms of the lease relative to market terms. Exited leases that were considered impaired were also adjusted.

Subsequent to closing, Purolator settled the assumed bank debt of $515 million and shareholder expenses of $37 million. The deferred tax liability mainly comprises the tax effect of the accelerated depreciation for tax purposes of tangible and intangible assets.

The intangible assets of $596 million represent the estimated fair value of customer relationships identified as well as the fair value of the Livingston brand and were determined by discounting future economic benefits at a rate of return commensurate with the risk inherent in the investment.

Livingston contributions

From the acquisition date, Livingston contributed the following to Q3 and year-to-date (YTD) results for 2025:

(in millions)

	Q3 2025	**YTD 2025**
Revenue from operations	129	348
Profit (loss) before tax	–	(1)

If the combination had taken place at the beginning of the year, Livingston would have contributed the following to Q3 and YTD results for 2025:

(in millions)

	Q3 2025	**YTD 2025**
Revenue from operations	129	389
Profit (loss) before tax	–	(6)

6. Capital Assets

(a) Property, plant and equipment

(in millions)

	Land	Buildings	Leasehold improvements	Plant equipment	Vehicles	Sales counters, office furniture and equipment	Other equipment	Assets under development	Total
Cost									
December 31, 2024	484	2,720	425	1,467	1,210	220	1,438	220	8,184
Additions	–	13	2	1	23	(17)	40	131	193
Acquired through business combinations (Note 5)	1	5	2	1	4	13	–	–	26
Reclassified as held for sale	(40)	(3)	–	–	–	–	–	–	(43)
Retirements	–	(2)	(2)	(31)	(5)	(18)	(5)	(6)	(69)
Transfers	–	10	5	11	23	–	–	(49)	–
Sep. 27, 2025	**445**	**2,743**	**432**	**1,449**	**1,255**	**198**	**1,473**	**296**	**8,291**
Accumulated depreciation									
December 31, 2024	–	1,470	282	888	621	152	718	–	4,131
Depreciation	–	49	17	64	73	13	48	–	264
Reclassified as held for sale	–	(3)	–	–	–	–	–	–	(3)
Retirements	–	–	(1)	(30)	(6)	(18)	(5)	–	(60)
Sep. 27, 2025	**–**	**1,516**	**298**	**922**	**688**	**147**	**761**	**–**	**4,332**
Carrying amounts									
December 31, 2024	484	1,250	143	579	589	68	720	220	4,053
Sep. 27, 2025	**445**	**1,227**	**134**	**527**	**567**	**51**	**712**	**296**	**3,959**

(b) Intangible assets

(in millions)

	Software	Software under development	Customer contracts and brand	Total
Cost				
December 31, 2024	882	63	11	956
Additions	1	65	–	66
Acquired through business combinations (Note 5)	–	–	596	596
Retirements	(161)	–	–	(161)
Transfers	71	(71)	–	–
September 27, 2025	**793**	**57**	**607**	**1,457**
Accumulated amortization				
December 31, 2024	706	–	2	708
Amortization	46	–	33	79
Retirements	(161)	–	–	(161)
September 27, 2025	**591**	**–**	**35**	**626**
Carrying amounts				
December 31, 2024	176	63	9	248
September 27, 2025	**202**	**57**	**572**	**831**

(c) Right-of-use assets

(in millions)

	Land	Buildings – gross	Buildings – net	Vehicles	Plant equipment	Total
Carrying amounts						
December 31, 2024	169	327	948	1	6	1,451
Additions	1	30	105	1	1	138
Acquired through business combinations (Note 5)	–	–	11	–	–	11
Depreciation	(3)	(21)	(67)	–	(1)	(92)
Transfers	–	–	1	(1)	–	–
Terminations	(1)	–	(16)	–	–	(17)
September 27, 2025	**166**	**336**	**982**	**1**	**6**	**1,491**

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

(a) Net defined benefit asset/liability

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

(in millions)

	As at Sep. 27, 2025	As at Dec. 31, 2024
Pension benefit assets	**5,227**	4,462
Other post-employment and other long-term benefit liabilities	**3,253**	3,283
Current other long-term benefit liabilities	**53**	54
Non-current pension, other post-employment and other long-term benefit liabilities	**3,200**	3,229

(b) Defined benefit and defined contribution costs

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

(in millions)

	Q3 2025			Q3 2024		
	Pension benefit plans	**Other benefit plans**	**Total**	Pension benefit plans	Other benefit plans	Total
Current service cost	114	22	136	118	22	140
Interest cost	320	36	356	323	37	360
Interest income on plan assets	(369)	–	(369)	(364)	–	(364)
Other administration costs	5	–	5	5	–	5
Defined benefit expense	70	58	128	82	59	141
Defined contribution expense	14	–	14	10	–	10
Total expense	84	58	142	92	59	151
Return on segregated securities	–	(3)	(3)	–	(3)	(3)
Component included in employee benefits expense	**84**	**55**	**139**	**92**	**56**	**148**
Remeasurement (gains) losses:						
Return on plan assets, excluding interest income on plan assets	(787)	–	(787)	(1,186)	–	(1,186)
Actuarial (gains) losses	(33)	(6)	(39)	1,211	104	1,315
Component included in other comprehensive income[1,2]	**(820)**	**(6)**	**(826)**	**25**	**104**	**129**

1. Amounts presented in this table exclude income tax expense of $208 million for Q3 2025 (Q3 2024 – tax recovery of $33 million).
2. The discount rates used to measure the Canada Post segment pension benefit plans and other benefit plans at Q3 2025 were 4.87% and 4.93%, compared to 4.86% and 4.91%, respectively, at Q2 2025 (4.70% and 4.74%, respectively, at Q3 2024, compared to 5.03% and 5.04%, respectively, at Q2 2024).

(in millions)

	YTD 2025			YTD 2024		
	Pension benefit plans	**Other benefit plans**	**Total**	Pension benefit plans	Other benefit plans	Total
Current service cost	342	64	406	358	64	422
Interest cost	950	107	1,057	974	107	1,081
Interest income on plan assets	(1,096)	–	(1,096)	(1,093)	–	(1,093)
Other administration costs	14	–	14	14	–	14
Defined benefit expense	210	171	381	253	171	424
Defined contribution expense	41	–	41	34	–	34
Total expense	251	171	422	287	171	458
Return on segregated securities	–	(10)	(10)	–	(10)	(10)
Component included in employee benefits expense	**251**	**161**	**412**	**287**	**161**	**448**
Remeasurement (gains) losses:						
Return on plan assets, excluding interest income on plan assets	(577)	–	(577)	(1,137)	–	(1,137)
Actuarial (gains) losses	(396)	(63)	(459)	(81)	(33)	(114)
Component included in other comprehensive income[1,2]	**(973)**	**(63)**	**(1,036)**	**(1,218)**	**(33)**	**(1,251)**

1. Amounts presented in this table exclude income tax expense of $259 million for YTD 2025 (YTD 2024 – tax expense of $312 million).
2. The discount rates used to measure the Canada Post segment pension benefit plans and other benefit plans at Q3 2025 were 4.87% and 4.93%, compared to 4.71% and 4.73%, respectively, at Q4 2024 (4.70% and 4.74%, respectively, at Q3 2024, compared to 4.64% at Q4 2023).

(c) Total cash payments and funding relief

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

(in millions)

	Q3 2025	**Q3 2024**	**YTD 2025**	**YTD 2024**
Cash payments for defined benefit plans	45	44	143	130
Contributions to defined contribution plans	11	10	38	34
Total cash payments	**56**	**54**	**181**	**164**

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

8. Income Taxes

The Corporation is a prescribed Crown corporation for tax purposes and, as such, is subject to federal income taxation under the *Income Tax Act*. The Corporation's subsidiaries are subject to federal and provincial income taxes. The sources of the temporary differences giving rise to net deferred tax assets (liabilities), affecting net loss and other comprehensive income (loss), were unchanged from December 31, 2024.

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

	As at September 27, 2025	As at December 31, 2024
Deferred tax assets	–	–
Deferred tax liabilities	171	147
Net deferred tax liabilities	**(171)**	(147)

While the Canada Post segment is in a net deferred tax liability position, recognition of deferred tax assets is based on management's assessment of all available evidence, such as the reversal of existing taxable temporary differences, which suggests that realizing deferred tax assets is probable. For Q3 2025, management concluded that there is insufficient evidence to support recognition of certain deferred tax assets due to insufficient taxable temporary differences expected to reverse in the same period as the expected reversal of the deductible temporary difference. A history of recurring financial losses was also considered. This assessment adjusted the total reduction of the deferred tax asset (netted with deferred tax liabilities) to $169 million (December 31, 2024 – $203 million), which represents management's best estimate of future results and the probability of future recoverability of the deferred tax assets. This does not result in an immediate cash outflow nor does it affect the Group of Companies' immediate liquidity position. The Corporation has not recognized a deferred tax asset relating to deductible temporary differences of $678 million (December 31, 2024 – $812 million).

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

	Q3 2025	Q3 2024	**YTD 2025**	YTD 2024
Current tax expense	23	13	68	66
Deferred tax recovery relating to origination and reversal of temporary differences	(143)	(76)	(296)	(192)
Deferred tax expense (recovery) relating to the reversal of the deferred tax asset write-down	(57)	21	(34)	(32)
Tax recovery	**(177)**	**(42)**	**(262)**	**(158)**

The tax expense (recovery) differed from the amount that would be computed by applying the Corporation's federal statutory income tax rate of 25% (2024 – 25%) to loss before tax. The reasons for the differences were as follows (in millions):

	Q3 2025	Q3 2024	**YTD 2025**	YTD 2024
Profit (loss) before tax	**(481)**	**(252)**	**(908)**	**(281)**
Federal tax at Corporation's statutory rate	(120)	(63)	(227)	(70)
Subsidiaries' provincial tax less federal tax abatement	1	1	(15)	7
Adjustments for prior years	(1)	–	3	–
Divestiture of subsidiaries	–	–	–	(45)
Deferred tax recovery relating to the reversal of the deferred tax asset write-down	(57)	21	(34)	(32)
Other	–	(1)	11	(18)
Tax recovery	**(177)**	**(42)**	**(262)**	**(158)**

9. Goodwill

The carrying amounts of goodwill for the Purolator segment was as follows (in millions):

	As at September 27, 2025	As at December 31, 2024
Balance, beginning of the year	**161**	**161**
Goodwill, acquired during the year (Note 5)	500	–
Balance, end of the year	**661**	**161**

Goodwill impairment testing

Impairment testing for goodwill is carried out annually for both cash generating units, in the fourth quarter. The recoverable amount was estimated based on its value in use and was determined to be higher than its carrying value in 2024. No impairment was recognized in the current or prior year.

10. Lease Liabilities

(a) Lease liabilities

(in millions)

	As at September 27, 2025	As at December 31, 2024
Maturity analysis – contractual undiscounted cash flows[1,2]		
Less than one year	**160**	155
One to five years	**696**	587
More than five years	**1,519**	1,619
Total undiscounted lease liabilities	**2,375**	2,361
Lease liabilities in the consolidated statement of financial position	**1,717**	1,667
Current lease liabilities	**104**	100
Non-current lease liabilities	**1,613**	1,567

1. Included in the above table are lease payments (undiscounted cash flows) to be made to related parties in the normal course of business, in the amount of $32 million for premises used in postal operations (December 31, 2024 – $35 million).
2. Leases that have not yet commenced, but which have been committed to (including conditional commitments) at September 27, 2025, have future cash outflows of $25 million that are included in the above maturity analysis, but they are excluded from the measurement of lease liabilities (December 31, 2024 – $73 million).

(b) Changes in liabilities arising from financing activities

(in millions)

	Dec. 31, 2024	Payments	Acquired through business combinations (Note 5)	Interest	Net lease additions	Sep. 27, 2025
Lease liabilities	1,667	(127)	16	44	117	**1,717**

11. Loans and Borrowings

(in millions)

	As at September 27, 2025		As at December 31, 2024	
	Fair value[1]	**Carrying value**	Fair value	Carrying value
Canada Post				
Series 2 bonds matured July 2025, interest at 4.08%, payable semi-annually on January 16 and July 16[2]	–	–	503	500
Series 1 bonds maturing July 2040, interest at 4.36%, payable semi-annually on January 16 and July 16[2]	515	499	515	498
Total – Canada Post Segment	**515**	**499**	**1,018**	**998**
Purolator[3]				
Revolving credit facility, fixed interest ranging from 5.21% to 5.95%, payable at end of term[4,5]	117	117	–	–
Promissory notes	4	4	–	–
Term loan maturing in January 2029, interest at 5.28%, quarterly repayments ranging from 1.25% to 1.875% of the original balance[4]	575	575	–	–
Total – Purolator Segment	**696**	**696**	**–**	**–**
Total loans and borrowings	**1,211**	**1,195**	1,018	998
Current	**142**	**142**	503	500
Non-current	**1,069**	**1,053**	515	498

1. The estimated fair values disclosed for loans and borrowing are categorized as level 2 in the fair value hierarchy and are applied on a recurring basis. There were no transfers between the levels of the fair value hierarchy.
2. The Corporation has a right of redemption prior to maturity at a premium to fair value. Bonds constitute direct, unconditional and unsecured obligations of the Corporation and direct, unconditional obligations of the Government of Canada. Fair value approximates carrying value.
3. The fair value of Purolator's loans and borrowings approximates their carrying value, as the interest rates reset quarterly to reflect current market conditions.
4. Facilities have financial covenants based on net total funded debt/EBITDA and debt service coverage ratios as defined in the credit agreement, as well as other financial reporting requirements. Purolator is in compliance with all covenants. Facilities are guaranteed by Purolator's material subsidiaries and secured by a first ranking lien against all of Purolator's assets and interest in all shares of capital stock, including those of all material subsidiaries.
5. Purolator remits customs duties and goods and services tax to government agencies on the customers' behalf. Purolator primarily utilizes available cash balances and the revolving term credit facility to fund these remittances. The revolving credit facility is typically repaid in full within the same month as the associated accounts receivable are collected. In addition, Purolator utilizes the revolving term credit facility to fund capital purchases and other cash flow requirements during the year, which included costs relating to the acquisition of Livingston International in Q1 2025. Purolator has access to one revolving credit facility (with two components) totalling $550 million ($433 million undrawn).

Additional information regarding the Group's externally imposed capital requirements and borrowing capacity is disclosed in Note 13.

12. Demand Notes Payable to the Government of Canada and Deferred Grant Income

Change in the demand notes payable to the Government of Canada balance is as follows:

	As at Sep. 27, 2025	As at Dec. 31, 2024
Demand notes payable balance, beginning of the year	–	–
Additions[1]	723	–
Interest expense (Note 16)	4	–
Notes payable balance, end of quarter	**727**	–

1. The difference between the proceeds received of $755 million (2024 – nil) and the fair value of the note at initial recognition of $723 million (2024 – nil) is recorded as a grant (interest-free loan) in other income in the interim condensed consolidated statement of comprehensive income (loss).

Change in the deferred government grant income balance is as follows:

	As at Sep. 27, 2025	As at Dec. 31, 2024
Deferred government grant income, beginning of the year	–	–
Additions[1]	32	–
Other income (Note 16)	(9)	–
Deferred government grant income, end of year	23	–
Other deferred revenue	127	200
Deferred revenue	**150**	200

1. The difference between the proceeds received and the initial carrying value of the note, due to the benefit of the below-market rate of interest, is recorded as deferred grant income in the period of the note issuance, and recognized to other income over the expected period the funds will be used.

13. Capital Management, Borrowing Facilities and Liquidity Risk

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

(a) Capital management

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

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

The equity of Canada was in a surplus position of $5,128 million at September 27, 2025 (December 31, 2024 – $5,009 million). The increase was attributable to remeasurement gains of defined benefit plans, which are recognized in other comprehensive income and included immediately in retained earnings partially offset by YTD operating losses.

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

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

These objectives and their related strategies are reviewed and approved each year by the Board of Directors through the annual Corporate Plan, which is then forwarded for Treasury Board approval. The first year of the Corporation's 2025-29 Corporate Plan was approved by the Treasury Board in November 2024.

(b) Borrowing and credit facilities

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

The Corporation's borrowing limit, other than from the Crown, is authorized pursuant to *Appropriation Act No. 4, 2009-10*, for an aggregate outstanding amount not exceeding $2.5 billion, in accordance with the terms and conditions approved by the Minister of Finance. Lease liabilities are not considered toward this limit. The *Canada Post Corporation Act* provides a maximum borrowing limit of $500 million from the Government of Canada's Consolidated Revenue Fund (with the approval of the Governor in Council and the Minister of Finance) and for the establishment of a share capital structure, giving the Corporation the ability to raise funds through the issuance of shares to the Government of Canada and to the Corporation's employees. No such shares have been issued. The Corporation is not subject to any externally imposed capital requirements, other than to use demand notes payable to the Government of Canada for expenditures outlined in its most recently approved corporate plan, operating budget and capital budget, as approved by the Treasury Board. The Corporation is in compliance with these requirements.

Pursuant to subsection 127(3) of the *Financial Administration Act*, the Minister of Finance approved the aggregate principal outstanding amount for all short-term borrowings with a maturity of one year or less, which are not to exceed $600 million for the period ending December 31, 2025. Short-term borrowings may consist of a line of credit or the issuance of promissory notes that is not to exceed $100 million and additional short-term borrowing facilities for emergency cash management purposes that are not to exceed $500 million. Additional facilities may consist of borrowing from the Crown or otherwise, if made available. Canada Post entered into credit agreements with financial institutions for short-term facilities totalling $595 million (December 31, 2024 – $47 million). At September 27, 2025, letters of credit of $18 million (December 31, 2024 – $19 million) were issued.

(c) Liquidity risk

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

As at September 27, 2025, the Canada Post segment had $348 million of unrestricted liquid investments on hand (December 31, 2024 – $818 million), for a net liquidity position of negative -$906 million (December 31, 2024 – negative -$180 million), after outstanding loans and borrowings (including repayable government funding) of $1,254 million (December 31, 2024 – $998 million). The Corporation's cash resources have been depleted significantly since 2018 due to operating losses and significant costs associated with expanding capacity and maintaining the network. A debt of $500 million that matured in July 2025 created significant cash flow pressure. Government funding was required in Q3 to remain solvent. Refer to Note 3 (a) for additional information and management's conclusion on the Corporation's ability to continue as a going concern.

14. Disaggregation of Revenue

(a) Geographic area revenue

Revenue reported is, for the Corporation, based on the location of the foreign postal administration or the customer hiring the service, and based on the product group (determined by destination) for the Purolator segment. Individual foreign countries that are sources of material revenue are reported separately. The Canada Post Group of Companies has no significant assets located outside of Canada. All intersegment revenue is domestic; therefore, revenue for geographic areas is reported net of intersegment revenue:

(in millions)

	Q3 2025	Q3 2024	**YTD 2025**	YTD 2024
Canada	2,058	2,137	6,780	6,630
United States	26	44	106	154
Rest of the world	30	32	100	100
Total revenue	**2,114**	**2,213**	**6,986**	**6,884**

(b) Products and services revenue

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

(in millions)

	Q3 2025			Q3 2024		
	Total revenue	**Intersegment and consolidation**	**Revenue from external customers**	Total revenue	Intersegment and consolidation	Revenue from external customers
Revenue attributed to products and services						
Parcels	1,146	(5)	1,141	1,406	(15)	1,391
Transaction Mail	440	(1)	439	394	–	394
Direct Marketing	200	–	200	246	–	246
Consumer products and services	55	1	56	54	–	54
Customs brokerage	87	–	87	–	–	–
Global forwarding and other	45	–	45	–	–	–
	1,973	(5)	1,968	2,100	(15)	2,085
Unattributed revenue						
Stamp postage	51	–	51	49	–	49
Meter postage	95	–	95	79	–	79
	146	–	146	128	–	128
Total	**2,119**	**(5)**	**2,114**	**2,228**	**(15)**	**2,213**

(in millions)

	YTD 2025			YTD 2024		
	Total revenue	Intersegment and consolidation	Revenue from external customers	Total revenue	Intersegment and consolidation	Revenue from external customers
Revenue attributed to products and services						
Parcels	3,609	(15)	3,594	4,317	(55)	4,262
Transaction Mail	1,729	(1)	1,728	1,313	–	1,313
Direct Marketing	690	–	690	748	–	748
Consumer products and services	167	–	167	125	–	125
Customs brokerage	230	(1)	229	–	–	–
Global forwarding and other	122	–	122	–	–	–
	6,547	(17)	6,530	6,503	(55)	6,448
Unattributed revenue						
Stamp postage	161	–	161	177	–	177
Meter postage	295	–	295	259	–	259
	456	–	456	436	–	436
IT services[1]	–	–	–	135	(135)	–
Total	**7,003**	**(17)**	**6,986**	**7,074**	**(190)**	**6,884**

1. IT services revenue (formerly "Consumer products and services") was reclassified to conform to current year presentation due to the divestiture of the IT business unit in 2024. IT services provided by Innovapost were consolidated through April 15, 2024, the date of divestiture when control was transferred to the acquirer.

(c) Sales channel revenue

Sales channel revenue is reported for domestic revenue from commercial customers and for domestic retail from sales to consumers. International revenue includes revenue from the United States and the rest of the world as defined in Note 14 (a). Through April 15, 2024, the date of divestiture, revenue earned by Innovapost, the information technology (IT) business unit, was eliminated on consolidation:

(in millions)

	Q3 2025			Q3 2024		
	Total revenue	**Intersegment and consolidation**	**Revenue from external customers**	Total revenue	Intersegment and consolidation	Revenue from external customers
Domestic						
Commercial	1,487	(5)	1,482	1,612[1]	(15)	1,597
Retail	575	–	575	540	–	540
	2,062	(5)	2,057	2,152	(15)	2,137
International	57	–	57	76	–	76
Total	**2,119**	**(5)**	**2,114**	**2,228**	**(15)**	**2,213**

(in millions)

	YTD 2025			YTD 2024		
	Total revenue	**Intersegment and consolidation**	**Revenue from external customers**	Total revenue	Intersegment and consolidation	Revenue from external customers
Domestic						
Commercial	5,047	(17)	5,030	5,014[1]	(55)[1]	4,959
Retail	1,750	–	1,750	1,671	–	1,671
	6,797	(17)	6,780	6,685	(55)	6,630
International	206	–	206	254	–	254
IT Services	–	–	–	135	(135)	–
Total	**7,003**	**(17)**	**6,986**	**7,074**	**(190)**	**6,884**

1. Foreign exchange losses of $1 million were reclassified within sales channels from IT services to commercial, to conform to current year presentation due to the divestiture of the IT business unit in 2024.

15. Other Operating Costs

(in millions)

	Q3 2025	Q3 2024	**YTD 2025**	YTD 2024
Non-labour collection, processing and delivery	466	487	1,458	1,517
Property, facilities and maintenance	77	75	245	251
Selling, administrative and IT	195	169	593	451
Non-capital investment expense	51	43	140	157
Other operating costs	**789**	**774**	**2,436**	**2,376**

16. Investing and Financing Income (Expense)

(in millions)

	Q3 2025	Q3 2024	**YTD 2025**	YTD 2024
Gain (loss) on sale of disposal groups held for sale	**–**	**(2)**	**–**	**346**
Interest income	5	21	23	62
Gain on sale of capital assets	1	–	3	–
Other Income[1]	9	–	11	3
Investment and other income	**15**	**21**	**37**	**65**
Interest expense[2]	(38)	(24)	(108)	(68)
Other expense	(1)	(5)	(4)	(10)
Finance costs and other expense	**(39)**	**(29)**	**(112)**	**(78)**
Investing and financing income (expense), net	**(24)**	**(10)**	**(75)**	**333**

1. For 2025, includes below-market interest grant from Government of Canada (Note 12)
2. For 2025, includes imputed non-cash interest expense from below-market grant from Government of Canada (Note 12)

17. Other Comprehensive Income (Loss)

(in millions)

	Items that may subsequently be reclassified to net profit (loss)			Item never reclassified to net profit (loss)	Other comprehensive income (loss)
	Change in unrealized fair value of financial assets	Cumulative foreign currency adjustment	Accumulated other comprehensive income (loss)	Remeasurements of defined benefit plans	
Accumulated balance as at December 31, 2024	(1)	6	5		
Gains (losses) arising	(4)	5	1	1,036	1,037
Income taxes	1	–	1	(259)	(258)
Net	**(3)**	**5**	**2**	**777**	**779**
Accumulated balance as at Sep. 27, 2025	**(4)**	**11**	**7**		

18. Related Party Transactions

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

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

(in millions)

	Q3 2025	Q3 2024	**YTD 2025**	YTD 2024
Related party revenue	**82**	76	**332**	252
Compensation payments for programs				
Government mail and mailing of materials for persons who are blind	**6**	8	**17**	14
Payments from related parties for premises leased from the Corporation	**2**	2	**5**	5
Related party expenditures	**4**	3	**10**	9

The majority of the related party revenue was for commercial contracts relating to postal services with the Government of Canada. As well, compensation was provided by the Government of Canada for parliamentary mail services and mailing of materials for persons who are blind sent free of postage. For related party lease information, refer to Note 10 (a).

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

	As at Sep. 27, 2025	As at December 31, 2024
Due to/from related parties		
Included in trade and other receivables	**26**	17
Included in trade and other payables	**23**	9
Deferred revenue from related parties	**11**	1

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

In the normal course of business, the Group of Companies may interact with companies whose financial and operating policies are solely or jointly governed by key management personnel (KMP) of the Group of Companies. The affected KMP are required to recuse themselves from all discussions and decisions relating to transactions between the companies. The only significant transactions for the YTD were between Purolator and a company controlled by one of the Group of Companies' KMP, who is a director and also a minority shareholder of Purolator. This company provided air services to Purolator in the amount of $4 million and $7 million for the Q3 and YTD 2025 periods, respectively (2024 – $4 million and $11 million, respectively). These transactions had been made at prices and terms comparable to those given to other suppliers of Purolator.

(c) Transactions with the Corporation's pension plans

During Q3 and YTD 2025, the Corporation provided administration services to the Canada Post Corporation Registered Pension Plan in the amount of $6 million and $14 million, respectively (2024 – $5 million and $15 million, respectively). As at September 27, 2025, $2 million (December 31, 2024 – $7 million) relating to transactions with the Registered Pension Plan is outstanding and included in trade and other receivables. Cash payments, including contributions to the defined benefit plans and defined contribution plans for the Group of Companies, are disclosed in Note 7 (c).

19. Segmented Information

Operating segments • The accounting policies of the operating segments are the same as those of the Group of Companies. Intersegment transactions have terms and conditions comparable to those offered in the marketplace. Until April 15, 2024, Innovapost, the information technology (IT) business unit, delivered shared services within the Group on a cost-recovery basis. On a consolidated basis, no external customer's purchases account for more than 10% of total revenue.

As at September 27, 2025, and for Q3 2025

(in millions)

	Canada Post	Purolator[1]	Consolidation entries and eliminations	Total
Revenue from external customers	1,285	829	–	2,114
Intersegment revenue	4	1	(5)	–
Revenue from operations	1,289	830	(5)	2,114
Labour and employee benefits	1,249	387	–	1,636
Other operating costs	485	309	(5)	789
Depreciation and amortization	90	56	–	146
Cost of operations	1,824	752	(5)	2,571
Profit (loss) from operations	(535)	78	–	(457)
Investment and other income	14	–	1	15
Finance costs and other expense	(20)	(19)	–	(39)
Profit (loss) before tax	(541)	59	1	(481)
Tax expense (recovery)	(194)	16	1	(177)
Net profit (loss)	(347)	43	–	(304)
Total assets	10,710	4,017	(250)	14,477
Total liabilities	6,863	2,406	(16)	9,253

1. Results for Livingston International (Livingston) were consolidated in the Purolator segment from the acquisition date of January 31, 2025.

As at September 28, 2024, and for Q3 2024
(in millions)

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

1. Intercompany dividends are eliminated on consolidation.

As at September 27, 2025, and for YTD 2025
(in millions)

	Canada Post	Purolator[1]	Consolidation entries and eliminations[2]	Total
Revenue from external customers	4,570	2,416	–	6,986
Intersegment revenue	16	1	(17)	–
Revenue from operations	4,586	2,417	(17)	6,986
Labour and employee benefits	3,809	1,139	–	4,948
Other operating costs	1,546	907	(17)	2,436
Depreciation and amortization	273	162	–	435
Cost of operations	5,628	2,208	(17)	7,819
Profit (loss) from operations	(1,042)	209	–	(833)
Investment and other income	112	4	(79)	37
Finance costs and other expense	(59)	(53)	–	(112)
Profit (loss) before tax	(989)	160	(79)	(908)
Tax expense (recovery)	(303)	40	1	(262)
Net profit (loss)	(686)	120	(80)	(646)
Total assets	10,710	4,017	(250)	14,477
Total liabilities	6,863	2,406	(16)	9,253

1. Results for Livingston were consolidated in the Purolator segment from the acquisition date of January 31, 2025.
2. Intercompany dividends are eliminated on consolidation.

As at September 28, 2024, and for YTD 2024

(in millions)

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

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

20. Events After the Reporting Period

Government funding

On October 6 and November 3, 2025, in accordance with section 31 of the *Canada Post Corporation Act* (Act), Canada Post received $100 million and $100 million, respectively, for a total of $955 million to date.

Corporate Plan submission

On November 5, 2025, the Corporation submitted for approval its 2026-30 Corporate Plan to its sole shareholder, the Government of Canada. The Corporate Plan presents strategic business and operating structure recommendations from the Industrial Inquiry Commission's report issued by Commissioner William Kaplan in Q2, and endorsed by the government in their September 25, 2025, statement. The Plan also includes the projected government funding through the government's fiscal year from April 1, 2026, to March 31, 2027, to maintain solvency.

Transformation plan submission

On September 25, 2025, the Government of Canada instructed Canada Post to begin transformation to reform the Corporation's financial outlook. On November 7, 2025, Canada Post submitted a plan to the Minister of Government Transformation, Public Services and Procurement with proposals that would place the Corporation on the path to financial solvency and eliminate the need for cash injections from the government to cover operating deficits.

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