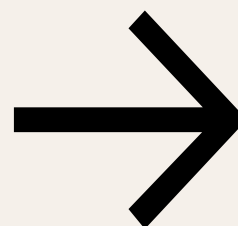




First quarter  
report 2025

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**As of the mandatory quarterly publication required by the *Federal Administration Act*, the Corporation's 2024 Annual Report has not yet been tabled to Parliament. It will be available shortly. Once available, reader can refer to it for additional information.**





VIA Rail Canada

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# Management's Discussion and Analysis

For the quarter ended March 31, 2025

## 1. Introduction

Management's discussion and analysis report outlines the financial results of VIA Rail Canada Inc. (The Corporation) for the quarter ended March 31, 2025, compared with the quarter ended March 31, 2024. This document should be read in conjunction with the interim condensed financial statements and notes.

### Materiality

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

### Forward-Looking Statement Disclosure

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

## 2. Corporate Overview

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

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

### 3. Highlights of Financial Results and Major Key Operating Statistics

(in millions of Canadian dollars)	QUARTERS ENDED MARCH 31			
	2025	2024	Var \$	Var %
<b>Financial Performance</b>				
Passenger revenues (section 4.2)	91.0	83.3	7.7	9.2%
Other revenues	5.2	5.5	(0.3)	(5.5%)
Total revenues	96.2	88.8	7.4	8.3%
Operating expenses (section 4.3)	256.2	240.1	16.1	6.7%
Operating loss before funding from the Government of Canada and income taxes (section 4.1)	(160.0)	(151.3)	(8.7)	(5.8%)
Net (loss) income for the period	(5.4)	10.3	(15.7)	(152.4%)
Remeasurements of defined benefit components of the pension plans and other employee benefit plans (net of tax)	(3.7)	51.2	(54.9)	(107.2%)
Comprehensive (loss) income for the period	(9.1)	61.5	(70.6)	(114.8%)
<b>Financial Position and Cash Flows</b>				
Total assets (section 4.4) (Note 1)	3,435.8	3,419.5	16.3	0.5%
Total liabilities and deferred capital funding (section 4.4) (Note 1)	3,143.9	3,118.5	25.4	0.8%
Cash (section 4.5)	36.5	36.5	–	0.0%
Net cash used in operating activities (section 4.5)	(35.7)	(24.0)	(11.7)	(48.8%)
Net cash provided by investing activities (section 4.5)	9.1	38.8	(29.7)	(76.5%)
Net cash used in financing activities (section 4.5)	(1.0)	(1.1)	0.1	9.1%
<b>Government Funding</b>				
Operating (section 5)	112.7	126.7	(14.0)	(11.0%)
Capital (section 5)	77.6	97.3	(19.7)	(20.2%)
<b>Total Government funding</b>	<b>190.3</b>	<b>224.0</b>	<b>(33.7)</b>	<b>(15.0%)</b>
<b>Key Operating Statistics</b>				
Train-miles operated (in thousands)	1,591	1,682	(91)	(5.4%)
Seat-miles (in millions)	407	386	21	5.4%
Passenger-miles (in millions)	204	203	1	0.5%
Passengers (in thousands)	944.3	971.0	(26.7)	(2.7%)
Average passenger load factor (%)	50	53	(3)	(5.7%)
RASM (revenue per available seat mile) (in cents) – Note 2	24.03	23.47	0.56	2.4%
CASM (cost per available seat mile) (in cents) – Note 2	51.70	56.29	(4.59)	(8.2%)
Cost recovery ratio (%) – Note 2	46.5	41.7	4.8	11.5%
Operating deficit per passenger mile (in cents) – Note 2	55.2	62.4	(7.2)	(11.5%)
On-time performance (%)	30	72	(42)	(58.3%)

(Amounts in bracket represent decreases)

Note 1: Comparative figures as at December 31, 2024

Note 2: Based on funded results

### 3. Highlights of Financial Results and Major Key Operating Statistics (cont'd)

#### Financial Highlights

##### First quarter

- Total revenues increased by 8.3 percent resulting from an increase in average revenues, compared to the corresponding quarter of 2024.
- Operating expenses increased by 6.7 percent mainly due to higher costs involved with the disruptions in access, as well as higher depreciation and amortization.
- The operating loss increased by 5.8 percent due to an increase in operating expenses, partly offset by an increase in revenues.
- Operating funding decreased by 11.0 percent, reflecting the lower amounts required for funded activities.
- The Corporation generated a comprehensive loss of \$9.1 million compared to a comprehensive income of \$61.5 million in 2024. The variation is due to the remeasurements of the defined benefit components of the pension plans and other employee benefit plans.

Revenues per available seat-mile (RASM) have slightly increased reflecting the fact that the increase in revenues (8.1 percent) was higher than the increase in capacity (5.4 percent seat-miles) but ridership was lower than last year (2.7 percent). Costs per available seat-mile (CASM) have decreased reflecting the fact that the decrease in funded expenses (-3.1 percent) was lower than the increase in capacity (5.4 percent seat-miles). The cost recovery ratio has improved by 11.5 percent compared to the corresponding quarter of 2024. Due to recent developments with one of the third-party owners, the Corporation is facing disruptions in access that have led to a significant drop in on-time performance from 72 percent in 2024 to 30 percent in 2025.

## 4. Analysis of Financial Results

### 4.1 Comparison of IFRS and Funded Operating Results

(in millions of Canadian dollars)	QUARTERS ENDED MARCH 31			
	2025	2024	Var \$	Var %
<b>Operating loss on a funded basis</b>	<b>(112.7)</b>	<b>(126.7)</b>	<b>14.0</b>	<b>11.0%</b>
<b>NON-FUNDED ADJUSTMENT TO REVENUES</b>				
Adjustment for VIA Préférence points and others	(1.7)	(1.8)	0.1	5.6%
<b>NON-FUNDED ADJUSTMENTS TO EXPENSES</b>				
Pension and other employee future benefits	–	(1.8)	1.8	100.0%
Depreciation and loss on disposal	(41.5)	(33.9)	(7.6)	(22.4%)
Other provisions for non-cash items	(4.1)	12.9	(17.0)	(131.8%)
Total non-funded adjustments to expenses	(45.6)	(22.8)	(22.8)	(100.0%)
<b>Total items not requiring funds from operations</b>	<b>(47.3)</b>	<b>(24.6)</b>	<b>(22.7)</b>	<b>(92.3%)</b>
<b>Operating loss under IFRS</b>	<b>(160.0)</b>	<b>(151.3)</b>	<b>(8.7)</b>	<b>(5.8%)</b>
Operating funding from the Government of Canada	112.7	126.7	(14.0)	(11.0%)
Amortization of deferred capital funding	40.4	32.8	7.6	23.2%
<b>Net (loss) income before income taxes</b>	<b>(6.9)</b>	<b>8.2</b>	<b>(15.1)</b>	<b>(184.1%)</b>
Income tax recovery	1.5	2.1	(0.6)	(28.6%)
<b>Net (loss) income under IFRS for the period</b>	<b>(5.4)</b>	<b>10.3</b>	<b>(15.7)</b>	<b>(152.4%)</b>
Remeasurements of the defined benefit component of the pension plans and other employee benefit plans	(5.1)	69.7	(74.8)	(107.3%)
Income tax recovery (expense)	1.4	(18.5)	19.9	107.6%
<b>Other comprehensive (loss) income</b>	<b>(3.7)</b>	<b>51.2</b>	<b>(54.9)</b>	<b>(107.2%)</b>
<b>Comprehensive (loss) income for the period</b>	<b>(9.1)</b>	<b>61.5</b>	<b>(70.6)</b>	<b>(114.8%)</b>

(Amounts in bracket represent decreases)

## 4. Analysis of Financial Results (cont'd)

### 4.1 Comparison of IFRS and Funded Operating Results (cont'd)

#### Net (loss) income under IFRS for the quarter:

Net loss of \$5.4 million this quarter, compared to a net income of \$10.3 million last year, representing a decrease of \$15.7 million mainly due to:

- Higher operating loss of \$8.7 million resulting from higher operating expenses of \$16.1 million mostly due to the disruptions in access as well as higher depreciation and amortization partly offset by higher revenues of \$7.4 million
- Lower government funding recognized during the quarter \$14.0 million partly offset by
- Higher amortization of deferred capital funding \$7.6 million.

#### Comprehensive income

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

## 4. Analysis of Financial Results (cont'd)

### 4.2 Revenues

(in millions of Canadian dollars)	QUARTERS ENDED MARCH 31			
	2025	2024	Var \$	Var %
Passenger revenues				
Corridor East	67.0	62.6	4.4	7.0%
Southwestern Ontario (SWO)	12.8	11.5	1.3	11.3%
<b>Québec City – Windsor corridor</b>	<b>79.8</b>	<b>74.1</b>	<b>5.7</b>	<b>7.7%</b>
Ocean	2.2	2.3	(0.1)	(4.3%)
Canadian	9.4	7.3	2.1	28.8%
Regional services	0.9	0.9	–	0.0%
<b>Non-Corridor</b>	<b>12.5</b>	<b>10.5</b>	<b>2.0</b>	<b>19.0%</b>
Other	(1.3)	(1.3)	–	0.0%
<b>Total passenger revenues under IFRS</b>	<b>91.0</b>	<b>83.3</b>	<b>7.7</b>	<b>9.2%</b>
Other revenues	5.2	5.5	(0.3)	(5.5%)
<b>Total revenues under IFRS</b>	<b>96.2</b>	<b>88.8</b>	<b>7.4</b>	<b>8.3%</b>
Adjustment for VIA Préférence points (non-funded) and others	1.7	1.8	(0.1)	(5.6%)
<b>TOTAL FUNDED REVENUES</b>	<b>97.9</b>	<b>90.6</b>	<b>7.3</b>	<b>8.1%</b>

(Amounts in bracket represent decreases)

### Passengers

(in thousands)	QUARTERS ENDED MARCH 31			
	2025	2024	Var \$	Var %
Passengers				
Corridor East	714.7	734.0	(19.3)	(2.6%)
Southwestern Ontario (SWO)	190.9	199.6	(8.7)	(4.4%)
<b>Québec City – Windsor corridor</b>	<b>905.6</b>	<b>933.6</b>	<b>(28.0)</b>	<b>(3.0%)</b>
Ocean	13.2	13.4	(0.2)	(1.5%)
Canadian	12.4	10.6	1.8	17.0%
Regional services	13.1	13.4	(0.3)	(2.2%)
<b>Non-Corridor</b>	<b>38.7</b>	<b>37.4</b>	<b>1.3</b>	<b>3.5%</b>
<b>TOTAL PASSENGERS</b>	<b>944.3</b>	<b>971.0</b>	<b>(26.7)</b>	<b>(2.7%)</b>

(Amounts in bracket represent decreases)

## 4. Analysis of Financial Results (cont'd)

### 4.2 Revenues (cont'd)

#### Passenger revenues

Passenger revenues increased by \$7.7 million (9.2 percent) during the quarter compared to the corresponding quarter of 2024. The increase is mainly attributable to higher average revenues partly offset by lower ridership (2.7 percent).

#### Québec City – Windsor corridor

Revenues increased by \$5.7 million (7.7 percent) during the quarter as a result of higher average revenues (11.0 percent) partly offset by lower ridership (3.0 percent). Capacity deployed increased by 4.8 percent.

#### Ocean

Revenues for the quarter decreased by \$0.1 million (4.3 percent) compared to last year. The decrease is attributable to lower ridership (1.5 percent) as well as lower average revenues (3.0 percent). Capacity deployed decreased by 1.4 percent.

#### Canadian

Revenues increased by \$2.1 million (28.8 percent) compared to the same quarter last year. The increase results mainly from higher ridership (17.0 percent) as well as higher average revenues (11.2 percent). Capacity deployed increased by 15.3 percent.

#### Regional services

Revenues remained stable compared to the same quarter last year. The average revenues increased by 4.0 percent completely offset by lower ridership (2.2 percent). Capacity deployed slightly increased by 0.6 percent.

#### Other revenues

Other revenues decreased by \$0.3 million (5.5 percent) for the quarter. The decrease is due to lower investment income driven by the decrease in interest rates.

## 4. Analysis of Financial Results (cont'd)

### 4.3 Operating Expenses

(in millions of Canadian dollars)	QUARTERS ENDED MARCH 31			
	2025	2024	Var \$	Var %
Compensation and employee benefits	95.4	89.5	5.9	6.6%
Train operations and fuel	51.1	48.3	2.8	5.8%
Stations and property	15.4	15.0	0.4	2.7%
Marketing and sales	7.4	6.9	0.5	7.2%
Maintenance material	12.2	12.1	0.1	0.8%
On-train product costs	11.3	10.0	1.3	13.0%
Professional services	5.3	3.3	2.0	60.6%
Telecommunications	9.4	8.7	0.7	8.0%
Depreciation and amortization	41.5	33.7	7.8	23.1%
Loss on disposal of property, plant and equipment and intangible assets	–	0.2	(0.2)	(100.0%)
Unrealized net gain on derivative financial instruments	–	(2.0)	2.0	100.0%
Other	7.2	14.4	(7.2)	(50.0%)
<b>Total operating expenses under IFRS</b>	<b>256.2</b>	<b>240.1</b>	<b>16.1</b>	<b>6.7%</b>
Non-funded adjustments (section 4.1)	(45.6)	(22.8)	(22.8)	(100.0%)
<b>Total funded expenses</b>	<b>210.6</b>	<b>217.3</b>	<b>(6.7)</b>	<b>(3.1%)</b>

(Amounts in bracket represent decreases)

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

## 4. Analysis of Financial Results (cont'd)

### 4.3 Operating Expenses (cont'd)

Total operating expenses increased by \$16.1 million (6.7 percent) for the quarter. The primary variances are:

#### **Compensation and employee benefits**

The expenses increased by \$5.9 million (6.6 percent) during the quarter mainly due to higher staffing costs associated to the additional frequencies operated compared to the corresponding quarter in 2024 as well as the impact of annual salary increases.

#### **On-train product costs**

The expenses increased by \$1.3 million (13.0 percent) for the quarter resulting from higher prices reflecting current inflation rates.

#### **Professional services**

The expenses increased by \$2.0 million (60.6 percent) during the quarter. The increase reflects higher consulting fees, mostly due to the disruptions in access.

#### **Depreciation and amortization**

The expenses increased by \$7.8 million (23.1 percent) during the quarter due to the new tangible and intangible assets in service, mostly due to the introduction of additional train sets of the new Corridor fleet compared to the comparative period.

#### **Unrealized net gain on derivative financial instruments**

No gain or loss for the quarter compared to a net gain of \$2.0 million for the quarter ending March 31, 2024. The result for the quarter reflects the fact that the contracts prices equal the market prices.

#### **Other expenses**

The expenses decreased by \$7.2 million (50.0 percent) for the quarter. The decrease results mainly from lower provision for costs resulting from incidents in which trains were involved.

## 4. Analysis of Financial Results (cont'd)

### 4.4 Financial Position

(in millions of Canadian dollars)	March 31, 2025	December 31, 2024	Var \$	Var %
<b>ASSETS</b>				
Current assets	234.4	247.9	(13.5)	(5.4%)
Advances on contracts	26.0	28.6	(2.6)	(9.1%)
Property, plant and equipment	2,198.1	2,162.8	35.3	1.6%
Intangible assets	424.5	422.2	2.3	0.5%
Right-of-use assets	90.1	89.6	0.5	0.6%
Employee benefit assets	462.7	468.4	(5.7)	(1.2%)
<b>Total Assets</b>	<b>3,435.8</b>	<b>3,419.5</b>	<b>16.3</b>	<b>0.5%</b>
<b>LIABILITIES</b>				
Current liabilities	311.6	321.9	(10.3)	(3.2%)
Other payables	82.9	81.4	1.5	1.8%
Deferred income tax	31.4	32.1	(0.7)	(2.2%)
Lease liabilities	96.5	95.9	0.6	0.6%
Employee benefit liabilities	66.1	69.0	(2.9)	(4.2%)
<b>Total Liabilities</b>	<b>588.5</b>	<b>600.3</b>	<b>(11.8)</b>	<b>(2.0%)</b>
Deferred capital funding	2,555.4	2,518.2	37.2	1.5%
Share capital	9.3	9.3	–	0.0%
Accumulated surplus, beginning of period	291.7	185.1	106.6	57.6%
Net (loss) income	(5.3)	0.1	(5.4)	(5400.0%)
Other comprehensive (loss) income	(3.8)	106.5	(110.3)	(103.6%)
<b>Accumulated surplus, end of period</b>	<b>282.6</b>	<b>291.7</b>	<b>(9.1)</b>	<b>(3.1%)</b>
<b>Total Liabilities and Shareholder's equity</b>	<b>3,435.8</b>	<b>3,419.5</b>	<b>16.3</b>	<b>0.5%</b>

(Amounts in bracket represent decreases)

(Explanations are provided for variances over \$3 million or 10 percent or more)

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

#### Assets

- Total assets have increased by \$16.3 million due mainly to an increase in property, plant and equipment by \$35.3 million and in intangible assets by \$2.3 million as the Corridor fleet Replacement Project and Information Technology projects are progressing.
- Current assets have decreased by \$13.5 million, mainly from a decrease in cash by \$27.6 million partly offset by an increase of \$13.4 million in a receivable from the Government of Canada (see section 4.5).
- Employee benefit assets have decreased by \$5.7 million resulting from a decrease in the discount rate.

## 4. Analysis of Financial Results (cont'd)

### 4.4 Financial Position (cont'd)

#### Liabilities and deferred capital funding

→ Total liabilities have decreased by \$11.8 million mainly due to a decrease of \$10.3 million in current liabilities.

→ Deferred capital funding has increased by \$37.2 million due to capital investments.

#### Comprehensive income

Other comprehensive income decreased due to discount rates as well as return on plan assets affecting employee benefit assets and liabilities.

### 4.5 Liquidity, Cash Flows and Capital Investments

#### Liquidity and cash flows

(in millions of Canadian dollars)	QUARTERS ENDED MARCH 31			
	2025	2024	Var \$	Var %
<b>Balance, beginning of period</b>	<b>64.1</b>	22.8	41.3	181.1%
Net cash used in operating activities	<b>(35.7)</b>	(24.0)	(11.7)	(48.8%)
Net cash provided by investing activities	<b>9.1</b>	38.8	(29.7)	(76.5%)
Net cash used in financing activities	<b>(1.0)</b>	(1.1)	0.1	9.1%
<b>Balance, end of period</b>	<b>36.5</b>	<b>36.5</b>	–	(0.0%)

(Amounts in bracket represent decreases)

#### Operating activities

Net cash decreased by \$11.7 million (48.8 percent) for the quarter. The decrease for the quarter is mainly due to quarter loss compared to an income for the comparative period.

#### Investing activities

Net cash decreased by \$29.7 million (76.5 percent) for the quarter. The decrease during the quarter is mainly due to the timing of the amount received from the government during the period compared to the amount paid for the acquisition of property, plant and equipment and intangible assets.

## 4. Analysis of Financial Results (cont'd)

### 4.5 Liquidity, Cash Flows and Capital Investments (cont'd)

#### Funded capital investments

Property, plant and equipment and intangible assets totalled \$2,622.6 million at March 31, 2025, which is an increase of \$37.6 million compared to the balance as at December 31, 2024.

Funded capital investments of \$77.6 million were made during the quarter.

(in millions of Canadian dollars)	QUARTERS ENDED MARCH 31			
	2025	2024	Var \$	Var %
Equipment	4.1	10.2	(6.1)	(59.8%)
Infrastructure	5.9	6.5	(0.6)	(9.2%)
Maintenance	3.5	11.0	(7.5)	n/a
Information technology	8.7	4.7	4.0	85.1%
Stations	7.0	6.6	0.4	6.1%
Corridor Fleet Replacement Program	45.6	56.2	(10.6)	(18.9%)
Other	2.8	2.1	0.7	33.3%
<b>Total capital investments</b>	<b>77.6</b>	<b>97.3</b>	<b>(19.7)</b>	<b>(20.2%)</b>

(Amounts in bracket represent decreases)

The most significant investments made during the quarter and the year were in the Corridor Fleet Replacement Program, in the Maintenance centres program, in Equipment projects including the HEP (head-end power) long haul and non-Corridor equipment rebuild program (referred to as the "Heritage program") and in Infrastructure projects (for track and bridge improvements).

## 5. Results compared to the 2024-2028 Corporate Plan

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

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

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

### Government funding relating to operating expenses:

(in millions of Canadian dollars)	<b>March 31, 2025</b>	<b>March 31, 2024</b>
<b>Balance, beginning of period (January 1)</b>	<b>119.5</b>	80.6
Received to fund operating expenses	<b>(60.0)</b>	(84.0)
Recognized in financial results	<b>112.7</b>	126.7
<b>Balance, end of period</b>	<b>172.2</b>	123.3

### Government funding relating to capital expenditures:

(in millions of Canadian dollars)	<b>March 31, 2025</b>	<b>March 31, 2024</b>
<b>Balance, beginning of period (January 1)</b>	<b>(2.3)</b>	81.3
Received to fund the acquisition of property, plant and equipment and intangible assets (including the cost of land)	<b>(117.0)</b>	(147.0)
Used to fund capital expenditures	<b>77.6</b>	97.3
<b>Balance, end of period</b>	<b>(41.7)</b>	31.6

## 5. Results compared to the 2024-2028 Corporate Plan (cont'd)

### Parliamentary appropriations

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

Parliamentary appropriation for operating expenses	For the twelve months period ending March 31, 2025	For the twelve months period ending March 31, 2024
Original parliamentary appropriation	302.7	300.4
Supplementary parliamentary appropriation (Note 1)	132.3	117.2
Revised annual parliamentary appropriation	435.0	417.6
<b>Appropriation recognized for the three months ended:</b>		
June 30	77.9	85.6
September 30	80.2	82.5
December 31	100.4	93.5
March 31	112.7	126.7
Total appropriation recognized for the period	371.2	388.3
<b>Appropriation available for remainder of the government fiscal year</b>	<b>63.8</b>	<b>29.3</b>

Note 1: For 2024-25 - includes an amount of \$131.8 million received for operations and for 2023-2024 an amount of \$115.4 million received for operations and \$1.8 million for decontamination.

Parliamentary appropriation for capital expenditures	For the twelve months period ending March 31, 2025	For the twelve months period ending March 31, 2024
Original parliamentary appropriation	856.7	933.2
Supplementary parliamentary appropriation (Note 1)	694.2	131.7
Revised annual parliamentary appropriation	1,550.9	1,064.9
<b>Appropriation recognized for the three months ended:</b>		
June 30	128.3	67.1
September 30	171.1	118.3
December 31	130.3	133.0
March 31	77.6	97.3
Total appropriation recognized for the period	507.3	415.7
<b>Appropriation available for remainder of the government fiscal year</b>	<b>1,043.6</b>	<b>649.2</b>

Note 1: For 2024-25 - the amount was received for capital investments, including Long-Distance Regional and Remote (LDRR) fleet renewal, obtained through Supplementary Estimates B - for confidentiality purposes, amounts will not be disclosed. For 2023-24 - includes an amount of \$131.7 million received for capital investments obtained through Supplementary Estimates B.

## 6. Risk Analysis

This section highlights the Corporation's key risks which may have potential impact on the Corporation's financial results and provides information on risks for which the trend or status has changed compared to the status as at December 31, 2024.

As at the quarter ended March 31, 2025, there were no significant changes in the risks presented as at December 31, 2024.

## 7. Outlook

Results for the first quarter improved compared to the corresponding quarter of 2024 in terms of revenues.

In the meantime, initiatives are being implemented to streamline processes and minimize operating costs as part of the Corporation's continuous improvement journey. In addition, strategic projects such as the Corridor Fleet Replacement Program have reached important milestones with the introduction of additional train sets of the new fleet operating on various routes across the Corridor. The Corporation is launching a reliability program designed to complement the scope of the Heritage Fleet Modernization program. These investments will improve the reliability of the Heritage Fleet, but cannot guarantee the availability of the entire fleet until the arrival of the new trains.

Communications continue with third-party infrastructure owners to improve on-time performance and protect the Corporation's operations on their network. Due to recent developments with one of the third-party owners, the Corporation is facing disruptions in access and on-time performance (30 percent in 2025 compared to 72 percent in 2024), which is affecting the Corporation's performance and has a significant impact on our operations, including a decrease in ridership.



8:52

Watch your step  
Attention à la marche



# Interim Condensed Financial Statements

# Management's Responsibility Statement

For the quarter ended March 31, 2025

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

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

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



**MARIO PÉLOQUIN, MBA**  
President and Chief Executive Officer



**CARL DELISLE, CPA**  
Chief Financial and Technology Officer

Montréal, Canada  
May 29, 2025

## Statement of Financial Position

	March 31, 2025	December 31, 2024
<i>(in thousands of Canadian dollars) (unaudited)</i>		
<b>CURRENT ASSETS</b>		
Cash	\$ 36,447	\$ 64,060
Trade and other receivables (Note 5)	150,218	142,276
Other assets	16,637	12,276
Materials	31,107	29,316
	<b>234,409</b>	<b>247,928</b>
<b>NON-CURRENT ASSETS</b>		
Advances on contracts	25,978	28,640
Property, plant and equipment (Note 6)	2,198,108	2,162,786
Intangible assets (Note 7)	424,472	422,217
Right-of-use assets (Note 9)	90,116	89,559
Employee benefit assets (Note 12)	462,671	468,408
	<b>3,201,345</b>	<b>3,171,610</b>
<b>Total Assets</b>	<b>\$ 3,435,754</b>	<b>\$ 3,419,538</b>
<b>CURRENT LIABILITIES</b>		
Trade and other payables (Note 8)	\$ 229,290	\$ 255,464
Lease liabilities (Note 9)	3,390	3,352
Provisions (Note 10)	5,534	6,015
Deferred revenues and other liabilities (Note 11)	73,361	57,190
	<b>311,575</b>	<b>322,021</b>
<b>NON-CURRENT LIABILITIES</b>		
Other payables	82,909	81,357
Deferred income tax (Note 13)	66,129	69,009
Lease liabilities (Note 9)	96,472	95,915
Employee benefit liabilities (Note 12)	31,446	32,144
	<b>276,956</b>	<b>278,425</b>
Deferred capital funding (Note 14)	2,555,350	2,518,156
<b>SHAREHOLDER'S EQUITY</b>		
Share capital	9,300	9,300
Accumulated surplus	282,573	291,636
	<b>291,873</b>	<b>300,936</b>
<b>Total Liabilities and Shareholder's equity</b>	<b>\$ 3,435,754</b>	<b>\$ 3,419,538</b>

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

## Statement of Comprehensive Income

(in thousands of Canadian dollars) (unaudited)	QUARTERS ENDED MARCH 31	
	2025	2024
<b>REVENUES</b>		
Passenger	\$ 91,011	\$ 83,296
Other	5,224	5,504
	<b>96,235</b>	<b>88,800</b>
<b>EXPENSES</b>		
Compensation and employee benefits	95,370	89,529
Train operations and fuel	51,085	48,296
Stations and property	15,357	15,033
Marketing and sales	7,371	6,884
Maintenance material	12,239	12,143
On-train product costs	11,287	9,987
Operating taxes	4,532	3,967
Professional services	5,259	3,302
Telecommunications	9,410	8,738
Depreciation of property, plant and equipment (Note 6)	33,072	25,671
Amortization of intangible assets (Note 7)	7,409	6,943
Depreciation of right-of-use assets (Note 9)	1,025	1,080
(Gain) loss on disposal of property, plant and equipment and intangible assets (Notes 6 and 7)*	(10)	212
Unrealized net gain on derivative financial instruments	(2)	(1,959)
Realized net gain on derivative financial instruments	(581)	(257)
Interest expense on lease liabilities	643	495
Other*	2,692	10,080
	<b>256,158</b>	<b>240,144</b>
<b>OPERATING LOSS BEFORE FUNDING FROM THE GOVERNMENT OF CANADA AND INCOME TAXES</b>	<b>(159,923)</b>	<b>(151,344)</b>
Operating funding from the Government of Canada	112,703	126,704
Amortization of deferred capital funding (Note 14)	40,387	32,839
Net (loss) income before income taxes	(6,833)	8,199
Income tax recovery	1,524	2,045
<b>NET (LOSS) INCOME FOR THE PERIOD</b>	<b>(5,309)</b>	<b>10,244</b>
Other comprehensive (loss) income		
Amounts not to be reclassified subsequently to net income:		
Remeasurements of the defined benefit component of the pension plans and other employee benefit plans (Note 12)	(5,110)	69,702
Income tax recovery (expense)	1,356	(18,489)
	<b>(3,754)</b>	<b>51,213</b>
<b>COMPREHENSIVE (LOSS) INCOME FOR THE PERIOD</b>	<b>\$ (9,063)</b>	<b>\$ 61,457</b>

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

\*Certain comparative figures have been reclassified to conform to the current year's presentation.

## Statement of Changes in Shareholder's Equity

	QUARTERS ENDED MARCH 31	
	2025	2024
(in thousands of Canadian dollars) <i>(unaudited)</i>		
<b>SHARE CAPITAL</b>	\$ 9,300	\$ 9,300
<b>Accumulated surplus</b>		
<b>Balance, beginning of period</b>	291,636	185,065
Net (loss) income for the period	(5,309)	10,244
Other comprehensive (loss) income for the period	(3,754)	51,213
<b>Balance, end of period</b>	<b>282,573</b>	<b>246,522</b>
<b>Total Shareholder's equity</b>	<b>\$ 291,873</b>	<b>\$ 255,822</b>

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

## Statement of Cash Flows

(in thousands of Canadian dollars) (unaudited)	QUARTERS ENDED MARCH 31	
	2025	2024
<b>OPERATING ACTIVITIES</b>		
Net (loss) income for the period	\$ (5,309)	\$ 10,244
Adjustments to determine net cash (used in) provided by operating activities:		
Depreciation and amortization (Notes 6, 7 and 9)*	41,506	33,694
(Gain) loss on disposal of property, plant and equipment and intangible assets (Notes 6 and 7)*	(10)	212
Other payables variations	3,241	-
Advances on contracts variations	492	(34)
Amortization of deferred capital funding (Note 14)	(40,387)	(32,839)
Interest expense on lease liabilities	643	495
Income tax recovery	(1,524)	(2,045)
Interest income	(664)	(1,069)
Unrealized net gain on derivative financial instruments	(2)	(1,959)
Post-employment and other employee benefit expenses (Note 12)	753	2,203
Employer post-employment and other employee benefit contributions (Note 12)	(1,698)	(1,205)
Defined benefit surplus utilized to fund employer contributions (Note 12)	874	805
Net change in working capital items (Note 15)	(32,988)	(32,037)
Interest paid	(643)	(495)
<b>Net cash used in by operating activities</b>	<b>(35,716)</b>	<b>(24,030)</b>
<b>INVESTING ACTIVITIES</b>		
Government funding received related to acquisition of property, plant and equipment and intangible assets (Note 15)	117,000	147,000
Acquisition of property, plant and equipment and intangible assets (Notes 6, 7, 8 and 15)	(108,802)	(109,248)
Interest received	878	1,035
Proceeds from the disposal of property, plant and equipment and intangible assets	14	-
<b>Net cash provided by investing activities</b>	<b>9,090</b>	<b>38,787</b>
<b>FINANCING ACTIVITIES</b>		
Payment of the lease liabilities	(987)	(1,092)
<b>Net cash used in financing activities</b>	<b>(987)</b>	<b>(1,092)</b>
<b>CASH</b>		
(Decrease) increase during the period	(27,613)	13,665
Balance, beginning of period	64,060	22,826
<b>Balance, end of period</b>	<b>\$ 36,447</b>	<b>\$ 36,491</b>
<b>REPRESENTED BY:</b>		
Cash	36,447	36,491
	<b>\$ 36,447</b>	<b>\$ 36,491</b>

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

\*Certain comparative figures have been reclassified to conform to the current year presentation.

# Notes to the Interim Condensed Financial Statements

## 1. Authority, Objectives and General Information

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

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

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

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

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

The Corporation has incorporated the subsidiary, named VIA HFR – VIA TGF Inc. on November 29, 2022, and confirms that the Corporation will continue to implement the requirements of the directive. On June 20, 2024, Bill C-69, *An Act to implement certain provisions of the budget tabled in Parliament on April 16, 2024*, received royal assent. As a result, the subsidiary (VIA HFR – VIA TGF Inc.) became an agent of His Majesty in right of Canada, with retroactive effect to November 29, 2022, the date of its incorporation. A Crown corporation that has agent status enjoys the constitutional immunities, privileges and prerogatives that are enjoyed by the Crown and can bind the Crown by its acts.

These financial statements were approved and authorized for issue by the Board of Directors on May 29, 2025.

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

## 2. Basis of Preparation

### a) Statement of compliance

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

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

These interim condensed financial statements have not been audited and should be read in conjunction with the annual financial statements for the year ended December 31, 2024, which have been prepared in accordance with the IFRS (Accounting Standards).

### b) Functional and presentation currency

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

## 3. Summary of Material Accounting Policy Information

The significant accounting policy applied in these unaudited interim condensed financial statements are disclosed in Note 4 of the Corporation's audited financial statements for the year ended December 31, 2024.

## 4. Key Sources of Estimation Uncertainty and Critical Judgements

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

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

They are reviewed on an ongoing basis. Changes to accounting estimates are recognized in the period in which the estimate is revised and in any future period affected. However, uncertainties relating to assumptions, estimates and judgements could result in outcomes that would require a material adjustment to the carrying amount of the asset or liability affected in future years. Key sources of estimation uncertainty and critical judgements are disclosed in Note 5 of the Corporation's audited financial statements for the year ended December 31, 2024.

## 5. Trade and Other Receivables

The trade and other receivables balance includes the following:

(in millions of Canadian dollars)	March 31, 2025	December 31, 2024
Trade	3.3	6.3
Other receivables	5.5	7.2
Loss allowance	(0.5)	(0.9)
<b>Trade and other receivables classified at Amortized cost</b>	<b>8.3</b>	<b>12.6</b>
Amount receivable from the Government of Canada – Operating funding	172.3	119.5
Amount payable to the Government of Canada – Capital funding (Note 15)	(41.7)	(2.3)
Total receivable from the Government of Canada	130.6	117.2
Sales taxes	11.3	12.5
<b>Total trade and other receivables</b>	<b>150.2</b>	<b>142.3</b>

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

## 6. Property, Plant and Equipment

(in millions of Canadian dollars)	Land	Rolling stock	Maintenance buildings	Stations and facilities (Note 1)	Owned infrastructures	Leasehold improvements	Machinery and equipment	Computer hardware	Other	Projects in progress	Total
<b>Cost:</b>											
January 1, 2025	17.7	1,727.5	259.3	240.3	379.0	111.1	46.4	41.5	14.3	478.1	3,315.2
Additions	-	-	-	-	-	-	-	-	-	68.4	68.4
Disposals	-	(0.3)	(0.1)	-	-	(0.3)	-	-	0.1	-	(0.6)
Transfers	-	69.6	0.2	0.9	-	4.0	-	-	-	(74.7)	-
<b>Total cost</b>	<b>17.7</b>	<b>1,796.8</b>	<b>259.4</b>	<b>241.2</b>	<b>379.0</b>	<b>114.8</b>	<b>46.4</b>	<b>41.5</b>	<b>14.4</b>	<b>471.8</b>	<b>3,383.0</b>
<b>Accumulated depreciation and impairment:</b>											
January 1, 2025	-	668.3	118.3	84.7	153.8	63.7	26.9	28.6	8.1	-	1,152.4
Additions	-	21.8	2.1	2.8	2.9	1.3	0.7	1.2	0.3	-	33.1
Disposals	-	(0.1)	(0.2)	-	-	(0.3)	-	-	-	-	(0.6)
<b>Total accumulated depreciation and impairment</b>	<b>-</b>	<b>690.0</b>	<b>120.2</b>	<b>87.5</b>	<b>156.7</b>	<b>64.7</b>	<b>27.6</b>	<b>29.8</b>	<b>8.4</b>	<b>-</b>	<b>1,184.9</b>
<b>Total carrying amount</b>	<b>17.7</b>	<b>1,106.8</b>	<b>139.2</b>	<b>153.7</b>	<b>222.3</b>	<b>50.1</b>	<b>18.8</b>	<b>11.7</b>	<b>6.0</b>	<b>471.8</b>	<b>2,198.1</b>

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

## 7. Intangible Assets

(in millions of Canadian dollars)	External software	In-house developed software	Right of access to rail infrastructure	Other	Projects in progress	Total
<b>Cost:</b>						
January 1, 2025	194.5	8.7	448.4	3.8	17.0	672.4
Additions	-	-	-	-	9.7	9.7
<b>Total cost</b>	<b>194.5</b>	<b>8.7</b>	<b>448.4</b>	<b>3.8</b>	<b>26.7</b>	<b>682.1</b>
<b>Accumulated amortization and impairment:</b>						
January 1, 2024	71.5	7.8	167.8	3.1	-	250.2
Additions	4.7	-	2.7	-	-	7.4
<b>Total accumulated amortization and impairment</b>	<b>76.2</b>	<b>7.8</b>	<b>170.5</b>	<b>3.1</b>	<b>-</b>	<b>257.6</b>
<b>Total carrying amount</b>	<b>118.3</b>	<b>0.9</b>	<b>277.9</b>	<b>0.7</b>	<b>26.7</b>	<b>424.5</b>

## 8. Trade and Other Payables

The trade and other payables balance includes the following:

(in millions of Canadian dollars)	March 31, 2025	December 31, 2024
Wages payable and accrued	59.7	53.2
Accounts payable and accruals – Trade	62.5	65.3
Accounts payable and accruals – Capital assets	95.5	126.6
<b>Trade and other payables classified at Amortized cost</b>	<b>217.7</b>	<b>245.1</b>
Other	11.6	10.4
<b>Total trade and other payables</b>	<b>229.3</b>	<b>255.5</b>

## 9. Leases

### The Corporation as a lessee:

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

(in millions of Canadian dollars)	Land	Office spaces	Stations and facilities	Information technology equipment	Total
<b>Cost:</b>					
January 1, 2025	0.5	14.9	85.3	0.1	100.8
Additions	-	-	1.6	-	1.6
<b>Total cost</b>	<b>0.5</b>	<b>14.9</b>	<b>86.9</b>	<b>0.1</b>	<b>102.4</b>
<b>Accumulated depreciation:</b>					
January 1, 2025	0.1	1.0	10.0	0.1	11.2
Additions	-	0.3	0.8	-	1.1
<b>Total accumulated depreciation</b>	<b>0.1</b>	<b>1.3</b>	<b>10.8</b>	<b>0.1</b>	<b>12.3</b>
<b>Net carrying amount</b>	<b>0.4</b>	<b>13.6</b>	<b>76.1</b>	<b>-</b>	<b>90.1</b>

Total cash outflow is \$1.7 million (March 31, 2024: \$1.6 million).

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

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

(in millions of Canadian dollars)	March 31, 2025	December 31, 2024
<b>Balance, beginning of period</b>	<b>99.3</b>	100.6
Additions	1.6	2.1
Accretion of interest	0.6	2.9
Payment	(1.6)	(6.3)
<b>Balance, end of period</b>	<b>99.9</b>	99.3
Current	3.4	3.4
Non-current	96.5	95.9
<b>Total lease liabilities</b>	<b>99.9</b>	99.3

## 10. Provisions

The provisions balance includes the following:

(in millions of Canadian dollars)	January 1, 2025	Additional provisions recognized	Provisions utilized	Unused amounts reversed	March 31, 2025
Environmental costs	3.4	1.1	(0.7)	–	3.8
Litigation and equipment repairs	2.6	0.7	(1.4)	(0.2)	1.7
<b>Total provisions</b>	<b>6.0</b>	<b>1.8</b>	<b>(2.1)</b>	<b>(0.2)</b>	<b>5.5</b>

### Environmental costs

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

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

### Litigation and equipment repairs

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

## 11. Deferred Revenues and Other Liabilities

Deferred revenues and other liabilities are comprised of the following:

(in millions of Canadian dollars)	March 31, 2025	December 31, 2024
Advance ticket sales	52.5	37.6
VIA Préférence loyalty program	10.6	10.8
Other	10.3	8.8
<b>Total deferred revenues and other liabilities</b>	<b>73.4</b>	<b>57.2</b>

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

## 12. Employee Benefit Assets and Liabilities

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

As disclosed in Note 16 Employee benefit assets and liabilities of the Corporation's annual financial statements, the Corporation reviews its actuarial assumptions at each reporting period to ensure that the net defined benefit asset (liability) recognized in the financial statements is updated for significant changes arising from non-recurring events. The impact on the net defined benefit asset (liability) arising from any such changes in assumptions is recognized in other comprehensive income as remeasurement for the period.

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

	March 31, 2025	December 31, 2024
<b>ASSUMPTIONS – DISCOUNT RATES</b>		
<b>Assumptions for the calculation of the obligation</b>		
Defined benefit component of the pension plans	4.60%	4.70%
Post-employment benefit plans	4.70%	4.70%
Long-term employee benefit	4.40%	4.50%
<b>Assumptions for the calculation of the costs</b>		
Defined benefit component of the pension plans	4.70%	4.60%
Post-employment benefit plans	4.70%	4.60%
Long-term employee benefit	4.50%	4.60%

### Defined benefit component of the pension plans and other employee benefit plans

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

	DEFINED BENEFIT COMPONENT OF THE PENSION PLANS		OTHER EMPLOYEE BENEFIT PLANS	
	March 31, 2025	December 31, 2024	March 31, 2025	December 31, 2024
(in millions of Canadian dollars)				
Fair value of plan assets	2,534.0	2,518.9	–	–
Defined benefit obligation	(2,071.3)	(2,050.5)	(31.4)	(32.1)
<b>Net defined benefit asset (liability)</b>	<b>462.7</b>	<b>468.4</b>	<b>(31.4)</b>	<b>(32.1)</b>

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

(in millions of Canadian dollars)	DEFINED BENEFIT COMPONENT OF THE PENSION PLANS		OTHER EMPLOYEE BENEFIT PLANS	
	FOR THE QUARTER ENDED MARCH 31			
	2025	2024	2025	2024
Service cost	4.0	4.6	0.6	0.7
Interest income	(28.7)	(29.2)	-	-
Interest expense	23.4	25.2	0.4	0.4
Administration expenses	1.1	0.5	-	-
<b>Total expenses recognized in net loss (income)</b>	<b>(0.2)</b>	<b>1.1</b>	<b>1.0</b>	<b>1.1</b>

(in millions of Canadian dollars)	FOR THE QUARTER ENDED MARCH 31			
	2025	2024	2025	2024
	Return on plan assets	18.9	(0.8)	-
Effect of change in financial assumptions	(24.0)	69.4	-	1.1
<b>Total remeasurements recognized in other comprehensive income (loss)</b>	<b>(5.1)</b>	<b>68.6</b>	<b>-</b>	<b>1.1</b>

(in millions of Canadian dollars)	FOR THE QUARTER ENDED MARCH 31			
	2025	2024	2025	2024
	Employer contributions	-	-	1.7
Defined benefit surplus utilized to fund the employer contributions (Note 2)	(0.9)	(0.8)	-	-
<b>Total employer contributions</b>	<b>(0.9)</b>	<b>(0.8)</b>	<b>1.7</b>	<b>1.2</b>
Employee contributions	3.5	3.7	-	-
<b>Total contributions</b>	<b>2.6</b>	<b>2.9</b>	<b>1.7</b>	<b>1.2</b>

Note 1: In 2023 and 2024, the Corporation's Defined Benefit Plan (DBP) had a going concern excess, and solvency assets exceeding 105% of liabilities, therefore no minimum contribution was required to be made during the 2024 and 2025 fiscal years.

Note 2: In accordance with the VIA Rail Pension regulations, a withdrawal of \$0.9 million (March 31, 2024: \$0.8 million) from the Non-Unionized DBP surplus was utilized to fund the Non-Unionized Defined Contribution Plan (DCP) employer contributions.

## 13. Income Taxes

The income tax expense consists of the following:

(in millions of Canadian dollars)	QUARTERS ENDED MARCH 31	
	2025	2024
Deferred	1.5	2.0
<b>Income tax recovery</b>	<b>1.5</b>	<b>2.0</b>

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

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

DEFERRED INCOME TAX BALANCES MARCH 31, 2025 (in millions of Canadian dollars)	Opening Balance	Recognized in net income	Recognized in OCI	Closing Balance
Property, plant and equipment	31.2	(0.5)	-	30.7
Intangible assets	(1.7)	0.3	-	(1.4)
Provisions	1.7	(0.1)	-	1.6
Lease liabilities	26.4	0.1	-	26.5
Employee benefit liabilities	8.6	(0.2)	-	8.4
Losses carry-forward	13.1	1.9	-	15.0
<b>Total deferred income tax assets</b>	<b>79.3</b>	<b>1.5</b>	<b>-</b>	<b>80.8</b>
Other assets	(0.2)	-	-	(0.2)
Right-of-use assets	(23.8)	(0.1)	-	(23.9)
Employee benefit assets	(124.3)	0.1	1.4	(122.8)
<b>Total deferred income tax liabilities</b>	<b>(148.3)</b>	<b>-</b>	<b>1.4</b>	<b>(146.9)</b>
<b>Total deferred income tax liabilities</b>	<b>(69.0)</b>	<b>1.5</b>	<b>1.4</b>	<b>(66.1)</b>

## 14. Deferred Capital Funding

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

(in millions of Canadian dollars)	March 31, 2025	December 31, 2024
<b>Balance, beginning of period</b>	<b>2,518.2</b>	2,137.4
Government funding for property, plant and equipment and intangible assets (including the cost of land)	77.6	524.1
Government funding for an advance on contract	–	3.0
<b>Total Government funding for property, plant and equipment, intangible assets and advance on contract</b>	<b>77.6</b>	527.1
Amortization of deferred capital funding	(40.4)	(146.3)
<b>Balance, end of period</b>	<b>2,555.4</b>	2,518.2

## 15. Supplemental Cash Flows Information

### Net change in working capital items:

(in millions of Canadian dollars)	QUARTERS ENDED MARCH 31	
	2025	2024
Trade and other receivables	(47.6)	(38.5)
Other assets	(4.4)	(5.0)
Materials	(1.8)	0.7
Trade and other payables	5.1	(10.6)
Provisions	16.2	3.9
Deferred revenues and other liabilities	(0.5)	17.5
<b>Total</b>	<b>(33.0)</b>	<b>(32.0)</b>

The change in trade and other receivables excludes an amount of \$39.4 million (March 31, 2024: \$49.7 million) in relation to government funding for capital expenditures, as the amount relates to investing activities.

### Investing activities supplemental information:

(in millions of Canadian dollars)	QUARTERS ENDED MARCH 31	
	2025	2024
Acquisition of property, plant and equipment and intangible assets	(78.1)	(103.1)
Additions to property, plant and equipment and intangible assets not affecting cash as they were previously cashed out through the advances on contracts	2.2	3.2
Change in accounts payable and accruals – Capital assets	(31.1)	(11.8)
Change in other non-current payables	(1.8)	2.5
<b>Total cash out for acquisition of property, plant and equipment and intangible assets</b>	<b>(108.8)</b>	<b>(109.2)</b>
Government funding invoiced for property, plant and equipment and intangible assets	77.6	97.3
Change in amount receivable from the Government of Canada – Capital funding	39.4	49.7
<b>Total Government funding received for property, plant and equipment and intangible assets</b>	<b>117.0</b>	<b>147.0</b>

## 16. Financial Risks

The Corporation's financial instruments are exposed to the same risks as disclosed in its annual financial statements for the year ended December 31, 2024.

## 17. Commitments

- a) For the three-month period ending March 31, 2025, there have been no material changes to the Company's contractual commitments, other than normal procurement activities relating to tangible and intangible assets and the use of existing contracts relating to payments made to service providers.

For a description of these contractual commitments, see Note 22 of the audited annual financial statements for the year ending December 31, 2024.

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

- c) The Corporation has provided letters of credit from a financial institution totalling approximately \$23.8 million (December 31, 2024: \$23.8 million) to various provincial government workers' compensation boards as security for future payment streams.

## 18. Related Party Transactions

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

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

In 2022, the Corporation and the unconsolidated structured entity entered into a service agreement for collaboration and support regarding the High Frequency Rail (HFR) project and for back-office services provided by the Corporation to VIA HFR – TGF VIA Inc. to facilitate the organization and functioning of the unconsolidated structured entity. As at March 31, 2025, the Corporation has an account receivable from VIA HFR – TGF VIA Inc. of \$0.3 million (December 31, 2024: \$0.4 million) and re-invoiced a total amount of \$0.8 million (March 31, 2024: \$0.3 million) on a cumulative basis. There were no significant transactions in 2025 and 2024.

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

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

