

First quarter report 2026



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Locomotive engineer, Toronto Terminal

Management's Discussion and Analysis

For the quarter ended March 31, 2026

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, 2026, compared with the quarter ended March 31, 2025. 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 that 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			
	2026	2025	Var \$	Var %
Financial Performance				
Passenger revenues (section 4.2)	94.1	91.0	3.1	3.4%
Other revenues	7.6	5.2	2.4	46.2%
Total revenues	101.7	96.2	5.5	5.7%
Operating expenses (section 4.3)	263.8	256.2	7.6	3.0%
Operating loss before funding from the Government of Canada and income taxes (section 4.1)	(162.1)	(160.0)	(2.1)	(1.3%)
Net income (loss) for the period	7.7	(5.4)	13.1	242.6%
Remeasurements of defined benefit components of the pension plans and other employee benefit plans (net of tax)	16.8	(3.7)	20.5	554.1%
Comprehensive income (loss) for the period	24.5	(9.1)	33.6	369.2%
Financial Position and Cash Flows				
Total assets (section 4.4) (Note 1)	3,744.6	3,657.3	87.3	2.4%
Total liabilities and deferred capital funding (section 4.4) (Note 1)	3,336.0	3,273.1	62.9	1.9%
Cash (section 4.5)	39.0	36.5	2.5	6.8%
Net cash used in operating activities (section 4.5)	(11.1)	(35.7)	24.6	68.9%
Net cash provided by investing activities (section 4.5)	16.4	9.1	7.3	80.2%
Net cash used in financing activities (section 4.5)	(1.1)	(1.0)	(0.1)	(10.0%)
Government Funding				
Operating (section 5)	128.4	112.7	15.7	13.9%
Capital (section 5)	54.1	77.6	(23.5)	(30.3%)
Total Government funding	182.5	190.3	(7.8)	(4.1%)
Key Operating Statistics				
Train-miles operated (in thousands)	1,537	1,591	(54)	(3.4%)
Seat-miles (in millions)	396	407	(11)	(2.7%)
Passenger-miles (in millions)	199	204	(5)	(2.5%)
Passengers (in thousands)	936.2	944.3	(8.1)	(0.9%)
Average passenger load factor (%)	50	50	–	0.0%
RASM (revenue per available seat mile) (in cents) – Note 2	25.53	24.03	1.50	6.2%
CASM (cost per available seat mile) (in cents) – Note 2	57.95	51.70	6.25	12.1%
Cost recovery ratio (%) – Note 2	44.1	46.5	(2.4)	(5.2%)
Operating deficit per passenger mile (in cents) – Note 2	64.5	55.2	9.3	16.8%
On-time performance (%)	33	30	–	3.0%

(Amounts in brackets represent decreases)

Note 1: Comparative figures as at December 31, 2025

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 5.7 percent resulting from an increase in average revenues, compared to the corresponding quarter of 2025.
- Operating expenses slightly increased by 3.0 percent primarily due to higher compensation costs, temporary overlap of operating both the legacy fleet and the new fleet as well as higher depreciation and amortization.
- The operating loss marginally increased by 1.3 percent due to an increase in operating expenses, partly offset by an increase in revenues.
- Operating funding increased by 13.9 percent, reflecting the higher amounts required for funded activities.
- The Corporation generated a comprehensive income of \$24.5 million compared to a comprehensive loss of \$9.1 million in 2025. 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 increase in revenues (5.7 percent) while capacity decreased (2.7 percent seat-miles). Costs per available seat-mile (CASM) have increased due to the increase in costs (3.0 percent) and the capacity reduction (2.7 percent seat-miles). The cost recovery ratio has decreased by 2.4 percent compared to the corresponding quarter of 2025. The on-time performance improved by 3.0 percent compared to the corresponding quarter of 2025.

4. Analysis of Financial Results

4.1 Comparison of IFRS and Funded Operating Results

(in millions of Canadian dollars)	QUARTERS ENDED MARCH 31			
	2026	2025	Var \$	Var %
Operating loss on a funded basis	(128.4)	(112.7)	(15.7)	(13.9%)
NON-FUNDED ADJUSTMENT TO REVENUES				
Adjustment for VIA Pr�ference points and others	0.6	(1.7)	2.3	135.3%
NON-FUNDED ADJUSTMENTS TO EXPENSES				
Pension and other employee future benefits	(0.3)	–	(0.3)	n/a
Depreciation, amortization and loss on disposal	(45.3)	(41.5)	(3.8)	(9.2%)
Other provisions for non-cash items	11.3	(4.1)	15.4	375.6%
Total non-funded adjustments to expenses	(34.3)	(45.6)	11.3	24.8%
Total items not requiring funds from operations	(33.7)	(47.3)	13.6	28.8%
Operating loss under IFRS	(162.1)	(160.0)	(2.1)	(1.3%)
Operating funding from the Government of Canada	128.4	112.7	15.7	13.9%
Amortization of deferred capital funding	44.2	40.4	3.8	9.4%
Net income (loss) before income taxes	10.5	(6.9)	17.4	252.2%
Income tax (expense) recovery	(2.8)	1.5	(4.3)	(286.7%)
Net income (loss) under IFRS for the period	7.7	(5.4)	13.1	242.6%
Remeasurements of the defined benefit component of the pension plans and other employee benefit plans	22.9	(5.1)	28.0	(549.0%)
Income tax (expense) recovery	(6.1)	1.4	(7.5)	(535.7%)
Other comprehensive income (loss)	16.8	(3.7)	20.5	554.1%
Comprehensive income (loss) for the period	24.5	(9.1)	33.6	369.2%

(Amounts in brackets represent decreases)

4. Analysis of Financial Results (cont'd)

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

Net income (loss) under IFRS for the quarter:

Net income of \$7.7 million this quarter, compared to a net loss of \$5.4 million last year, representing an increase of \$13.1 million mainly due to:

- Higher government funding recognized during the quarter \$15.7 million
- Higher amortization of deferred capital funding \$3.8 million
- Higher operating loss of \$2.1 million resulting from higher operating expenses of \$7.6 million less higher revenues of \$5.5 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			
	2026	2025	Var \$	Var %
Passenger revenues				
Corridor East	67.9	67.0	0.9	1.3%
Southwestern Ontario (SWO)	12.7	12.8	(0.1)	(0.8%)
Québec City – Windsor corridor	80.6	79.8	0.8	1.0%
Ocean	1.9	2.2	(0.3)	(13.6%)
Canadian	9.7	9.4	0.3	3.2%
Regional services	0.8	0.9	(0.1)	(11.1%)
Non-Corridor	12.4	12.5	(0.1)	(0.8%)
Other	1.1	(1.3)	2.4	184.6%
Total passenger revenues under IFRS	94.1	91.0	3.1	3.4%
Other revenues	7.6	5.2	2.4	46.2%
Total revenues under IFRS	101.7	96.2	5.5	5.7%
Adjustment for VIA Préférence points (non-funded) and others	(0.6)	1.7	(2.3)	(135.3%)
TOTAL FUNDED REVENUES	101.1	97.9	3.2	3.3%

(Amounts in bracket represent decreases)

Passengers

(in thousands)	QUARTERS ENDED MARCH 31			
	2026	2025	Var	Var %
Passengers				
Corridor East	719.3	714.7	4.6	0.6%
Southwestern Ontario (SWO)	184.2	190.9	(6.7)	(3.5%)
Québec City – Windsor corridor	903.5	905.6	(2.1)	(0.2%)
Ocean	10.1	13.2	(3.1)	(23.5%)
Canadian	11.2	12.4	(1.2)	(9.7%)
Regional services	11.4	13.1	(1.7)	(13.0%)
Non-Corridor	32.7	38.7	(6.0)	(15.5%)
TOTAL PASSENGERS	936.2	944.3	(8.1)	(0.9%)

(Amounts in brackets represent decreases)

4. Analysis of Financial Results (cont'd)

4.2 Revenues (cont'd)

Passenger revenues

Passenger revenues increased by \$3.1 million (3.4 percent) during the quarter compared to the corresponding quarter of 2025. The increase is mainly attributable to higher average revenues partly offset by lower ridership (0.9 percent).

Québec City – Windsor corridor

Revenues increased by \$0.8 million (1.0 percent) during the quarter as a result of higher average revenues (1.3 percent) partly offset by lower ridership (0.2 percent).

Ocean

Revenues for the quarter decreased by \$0.3 million (13.6 percent) compared to last year. The decrease is attributable to lower ridership (23.5 percent), as a direct consequence of a train incident, partly offset by higher average revenues (10.0 percent).

Canadian

Revenues increased by \$0.3 million (3.2 percent) compared to the same quarter last year. The increase results mainly from average revenues (13.6 percent) partly offset by lower ridership (9.7 percent).

Regional services

Revenues decreased by \$0.1 million (11.1 percent) compared to the same quarter last year. The average revenues increased by 9.0 percent, partly offset by lower ridership (13.0 percent).

Other revenues

Other revenues increased by \$2.4 million (46.2 percent) for the quarter. The increase is due to a new contract with a third party.

4. Analysis of Financial Results (cont'd)

4.3 Operating Expenses

(in millions of Canadian dollars)	QUARTERS ENDED MARCH 31			
	2026	2025	Var \$	Var %
Compensation and employee benefits	101.9	95.4	6.5	6.8%
Train operations and fuel	54.8	51.1	3.7	7.2%
Stations and property	18.3	15.4	2.9	18.8%
Marketing and sales	7.6	7.4	0.2	2.7%
Maintenance material	15.8	12.2	3.6	29.5%
On-train product costs	9.8	11.3	(1.5)	(13.3%)
Professional services	5.1	5.3	(0.2)	(3.8%)
Telecommunications	10.3	9.4	0.9	9.6%
Depreciation and amortization	45.3	41.5	3.8	9.2%
Unrealized net gain on derivative financial instruments	(13.9)	-	(13.9)	n/a
Other	8.8	7.2	1.6	22.2%
Total operating expenses under IFRS	263.8	256.2	7.6	3.0%
Non-funded adjustments (section 4.1)	(34.3)	(45.6)	11.3	24.8%
Total funded expenses	229.5	210.6	18.9	9.0%

(Amounts in brackets 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 \$7.6 million (3.0 percent) for the quarter. The primary variances are:

Compensation and employee benefits

The expenses increased by \$6.5 million (6.8 percent) during the quarter mainly due to higher staffing compared to the corresponding quarter in 2025 mainly due to the annual salary increases.

Train operations and fuel

The expenses increased by \$3.7 million (7.2 percent) during the quarter. The increase is primarily attributable to higher market prices on the non hedged portion of purchased fuel. In addition, costs were elevated due to the temporary overlap of operating both the legacy fleet and the new fleet during the transition period. These impacts were partially offset by a reduction in gross ton miles operated.

Stations and property

The expenses increased by \$2.9 million (18.8 percent) during the quarter. The increase reflects transitional costs associated with the decommissioning of the legacy fleet and integration of the new fleet.

Maintenance material

The expenses rose by \$3.6 million (29.5 percent) compared to the last quarter. The increase is attributable to additional maintenance work resulting from higher equipment utilization, mainly driven by the greater number of Venture trainsets in service in the Corridor, as well as the additional repairs required on the aging non-Corridor fleet.

On-train product costs

The expenses decreased by \$1.5 million (13.3 percent) for the quarter resulting are primarily due to lower ridership and fewer Sleeper passengers and cancelled and shorter Ocean trains following a train incident.

Unrealized net gain on derivative financial instruments

The quarter resulted in a net gain of \$13.9 million, compared to a break-even result for the quarter ending March 31, 2025. This performance reflects the fact that contract prices were lower than prevailing market prices.

Other expenses

The expenses increased by \$1.6 million (22.2 percent) for the quarter. The increase results mainly from higher provision for costs resulting mainly of a train incident and higher legal fees, mostly due to the disruptions in access.

4. Analysis of Financial Results (cont'd)

4.4 Financial Position

(in millions of Canadian dollars)	March 31, 2025	December 31, 2024	Var \$	Var %
ASSETS				
Current assets	224.7	169.3	55.4	32.7%
Advances on contracts and other assets	23.6	20.3	3.3	16.3%
Property, plant and equipment	2,379.5	2,371.5	8.0	0.3%
Intangible assets	413.3	415.5	(2.2)	(0.5%)
Right-of-use assets	89.2	88.6	0.6	0.7%
Employee benefit assets	614.3	592.1	22.2	3.7%
Total Assets	3,744.6	3,657.3	87.3	2.4%
LIABILITIES				
Current liabilities	328.7	283.9	44.8	15.8%
Other payables	58.0	58.5	(0.5)	(0.9%)
Deferred income tax	103.4	94.5	8.9	9.4%
Lease liabilities	95.2	94.8	0.4	0.4%
Employee benefit liabilities	36.0	36.6	(0.6)	(1.6%)
Total Liabilities	621.3	568.3	53.0	9.3%
Deferred capital funding	2,714.7	2,704.8	9.9	0.4%
Share capital	9.3	9.3	–	0.0%
Accumulated surplus, beginning of period	374.8	291.7	83.1	28.5%
Net (loss) income	7.7	(13.9)	21.6	155.4%
Other comprehensive (loss) income	16.8	97.1	(80.3)	(82.7%)
Accumulated surplus, end of period	399.3	374.9	24.4	6.5%
Total Liabilities and Shareholder's equity	3,744.6	3,657.3	87.3	2.4%

(Amounts in brackets 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 \$87.3 million, mainly due to an increase in current assets of \$55.4 million, resulting from an increase of \$32.5 million in a receivable from the Government of Canada (see section 4.5) as well as an increase in cash by \$4.2 million.
- Employee benefit assets have increased by \$22.2 million, resulting from an increase 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 increased by \$53.0 million mainly due to an increase of \$44.8 million in current liabilities and an increase in deferred income tax liabilities resulting from an increase in employee benefits assets.
- Deferred capital funding increased by \$9.9 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			
	2026	2025	Var \$	Var %
Balance, beginning of period	34.8	64.1	(29.3)	(45.7%)
Net cash used in operating activities	(11.1)	(35.7)	24.6	68.9%
Net cash provided by investing activities	16.4	9.1	7.3	80.2%
Net cash used in financing activities	(1.1)	(1.0)	(0.1)	(10.0%)
Balance, end of period	39.0	36.5	2.5	6.8%

(Amounts in brackets represent decreases)

Operating activities

Net cash increased by \$24.6 million (68.9 percent) for the quarter. The increase for the quarter is mainly due to the change in working capital items as well as to quarter income compared to a loss for the comparative period.

Investing activities

Net cash increased by \$7.3 million (80.2 percent) for the quarter. The increase during the quarter is mainly due to the timing of the amount received from the government during the period compared to the 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 \$2,792.8 million at March 31, 2026, which is an increase of \$5.8 million compared to the balance as at December 31, 2025.

Funded capital investments of \$54.1 million were made during the quarter.

(in millions of Canadian dollars)	QUARTERS ENDED MARCH 31			
	2026	2025	Var \$	Var %
Equipment	5.2	4.1	1.1	26.8%
Infrastructure	2.8	5.9	(3.1)	(52.5%)
Maintenance	2.9	3.5	(0.6)	(17.1%)
Information technology	5.2	8.7	(3.5)	(40.2%)
Stations	6.6	7.0	(0.4)	(5.7%)
Corridor Fleet Replacement Program	21.3	45.6	(24.3)	(53.3%)
Non-Corridor Investment Plan	7.0	–	7.0	n/a
Other	0.1	2.8	(2.7)	(96.4%)
Total capital investments	51.1	77.6	(26.5)	(34.1%)
Advance on contract – Non-Corridor Investment Plan	3.0	–	3.0	n/a
Total	54.1	77.6	(23.5)	(30.3%)

(Amounts in brackets represent decreases)

The most significant investments made during the quarter 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 as well as in the Non-Corridor Investment Plan.

5. Results compared to the 2026-2030 Corporate Plan

The Corporation continues to work towards achieving the goals and strategies identified in its 2026-2030 corporate plan approved on April 30th, 2026. The financial results of the quarter were in line with corporate plan assumptions and forecasts.

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

Government funding relating to operating expenses:

(in millions of Canadian dollars)	March 31, 2026	March 31, 2025
Balance, beginning of period (January 1)	62.0	119.5
Received to fund operating expenses	(80.1)	(60.0)
Recognized in financial results	128.4	112.7
Balance, end of period	110.3	172.2

Government funding relating to capital expenditures:

(in millions of Canadian dollars)	March 31, 2026	March 31, 2025
Balance, beginning of period (January 1)	17.2	(2.3)
Received to fund the acquisition of property, plant and equipment and intangible assets (including the cost of land)	(70.0)	(117.0)
Used to fund capital expenditures	54.1	77.6
Balance, end of period	1.3	(41.7)

5. Results compared to the 2026-2030 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, 2026	For the twelve-months period ending March 31, 2025
Original parliamentary appropriation	383.9	302.7
Supplementary parliamentary appropriation	82.6	132.3
Revised annual parliamentary appropriation	466.5	435.0
Appropriation recognized for the three months ended:		
June 30	93.9	77.9
September 30	74.3	80.2
December 31	94.8	100.4
March 31	128.4	112.7
Total appropriation recognized for the period	391.4	371.2
Appropriation available for remainder of the government fiscal year	75.1	63.8

Parliamentary appropriation for capital expenditures	For the twelve-months period ending March 31, 2026	For the twelve-months period ending March 31, 2025
Original parliamentary appropriation	953.9	856.7
Supplementary parliamentary appropriation	894.7	694.2
Revised annual parliamentary appropriation	1,848.6	1,550.9
Appropriation recognized for the three months ended:		
June 30	114.2	128.3
September 30	104.8	171.1
December 31	63.2	130.3
March 31	54.1	77.6
Total appropriation recognized for the period	336.3	507.3
Appropriation available for remainder of the government fiscal year	1,512.3	1,043.6

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, 2025.

As at the quarter ended March 31, 2026, there were no significant changes in the risks presented as at December 31, 2025.

7. Outlook

Results for the first quarter improved compared to the corresponding quarter of 2025, driven by higher revenues, despite a decline in ridership. During the coming months, the Corporation will continue the progressive decommissioning of the legacy fleet, with full retirement planned by end of first quarter 2027. In parallel, the Corporation continues to actively pursue solutions to mitigate fuel market price volatility and to improve the reliability and operational performance of the new fleet. Fuel price volatility remains a risk. However, this exposure is partially mitigated by the Corporation's hedging strategy, with approximately 70% of its fuel requirements currently hedged.

Communications continue with third-party infrastructure owners to improve on-time performance and protect the Corporation's operations on their network. The Corporation is facing disruptions in access and on-time performance (33 percent in 2026 compared to 30 percent in 2025), which is affecting the Corporation's performance and has a significant impact on our operations, including a decrease in ridership.

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.

We are proud to support the federal initiative offering discounted travel fares for families and young people, and we are pleased to confirm that this program will be renewed for next summer. Building on the strong success of last summer's program, early Canada Strong Pass bookings are performing very well and are showing promising momentum for the upcoming season. This continued effort encourages Canadians to explore our beautiful country, and by making travel more accessible, the initiative fosters national unity, stimulates the economy, and celebrates the diverse landscapes and cultures that make Canada truly unique.

The Corporation is actively engaged in initiatives aligned with the Government of Canada's objective to review federal spending in response to the new federal budget requirements. As part of a comprehensive expense reduction strategy, these efforts aim to identify areas of inefficiency and reallocate resources to improve service delivery and operational effectiveness.



Elsa Yris Gabriel Garcia
General worker, Montréal Maintenance Centre



Anthony Gurreri
Railway car technician, Montréal Maintenance Centre

Interim Condensed Financial Statements

Management's Responsibility Statement

For the quarter ended March 31, 2026

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.



MATHIEU PAQUETTE
Interim President and Chief Executive Officer



CARL DELISLE, CPA
Chief Financial and Technology Officer

Montréal, Canada
May 20, 2026

Statement of Financial Position

(in thousands of Canadian dollars)	March 31, 2026 <i>(unaudited)</i>	December 31, 2025 <i>(audited)</i>
CURRENT ASSETS		
Cash	\$ 38,976	\$ 34,819
Trade and other receivables (Note 5)	129,154	98,805
Other assets	28,757	9,653
Materials	27,754	26,042
	224,641	169,319
NON-CURRENT ASSETS		
Advances on contracts and other assets	23,640	20,270
Property, plant and equipment (Note 6)	2,379,476	2,371,465
Intangible assets (Note 7)	413,326	415,479
Right-of-use assets (Note 9)	89,223	88,614
Employee benefit assets (Note 12)	614,293	592,135
	3,519,958	3,487,963
Total Assets	\$ 3,744,599	\$ 3,657,282
CURRENT LIABILITIES		
Trade and other payables (Note 8)	\$ 229,680	\$ 205,797
Lease liabilities (Note 9)	3,856	3,786
Provisions (Note 10)	7,238	6,581
Deferred revenues and other liabilities (Note 11)	87,978	67,869
	328,752	284,033
NON-CURRENT LIABILITIES		
Other payables	57,959	58,480
Deferred income tax (Note 13)	103,385	94,488
Lease liabilities (Note 9)	95,213	94,771
Employee benefit liabilities (Note 12)	35,968	36,594
	292,525	284,333
Deferred capital funding (Note 14)	2,714,654	2,704,772
SHAREHOLDER'S EQUITY		
Share capital	9,300	9,300
Accumulated surplus	399,368	374,844
	408,668	384,144
Total Liabilities and Shareholder's equity	\$ 3,744,599	\$ 3,657,282

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	
	2026	2025
REVENUES		
Passenger	\$ 94,113	\$ 91,011
Other	7,613	5,224
	101,726	96,235
EXPENSES		
Compensation and employee benefits	101,932	95,370
Train operations and fuel	54,809	51,085
Stations and property	18,346	15,357
Marketing and sales	7,643	7,371
Maintenance material	15,767	12,239
On-train product costs	9,817	11,287
Professional services	5,115	5,259
Telecommunications	10,345	9,410
Depreciation of property, plant and equipment (Note 6)	35,763	33,072
Amortization of intangible assets (Note 7)	8,497	7,409
Depreciation of right-of-use assets (Note 9)	985	1,025
Loss (gain) on disposal of property, plant and equipment and intangible assets (Notes 6 and 7)	6	(10)
Unrealized net gain on derivative financial instruments	(13,861)	(2)
Realized net gain on derivative financial instruments	(2,311)	(581)
Interest expense on lease liabilities	636	643
Other	10,304	7,224
	263,793	256,158
OPERATING LOSS BEFORE FUNDING FROM THE GOVERNMENT OF CANADA AND INCOME TAXES	(162,067)	(159,923)
Operating funding from the Government of Canada	128,356	112,703
Amortization of deferred capital funding (Note 14)	44,223	40,387
Net income (loss) before income taxes	10,512	(6,833)
Income tax (expense) recovery	(2,818)	1,524
NET INCOME (LOSS) FOR THE PERIOD	7,694	(5,309)
Other comprehensive income (loss)		
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)	22,909	(5,110)
Income tax (expense) recovery	(6,079)	1,356
	16,830	(3,754)
COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	\$ 24,524	\$ (9,063)

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

Statement of Changes in Shareholder's Equity

	QUARTERS ENDED MARCH 31	
	2026	2025
(in thousands of Canadian dollars) <i>(unaudited)</i>		
SHARE CAPITAL	\$ 9,300	\$ 9,300
Accumulated surplus		
Balance, beginning of period	374,844	291,636
Net income (loss) for the period	7,694	(5,309)
Other comprehensive income (loss) for the period	16,830	(3,754)
Balance, end of period	399,368	282,573
Total Shareholder's equity	\$ 408,668	\$ 291,873

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	
	2026	2025
OPERATING ACTIVITIES		
Net income (loss) for the period	\$ 7,694	\$ (5,309)
Adjustments to determine net cash (used in) provided by operating activities:		
Depreciation and amortization (Notes 6, 7 and 9)	45,245	41,506
Loss (gain) on disposal of property, plant and equipment and intangible assets (Notes 6 and 7)	6	(10)
Other payables variations	-	3,241
Advances on contracts variations	(1,050)	492
Amortization of deferred capital funding (Note 14)	(44,223)	(40,387)
Interest expense on lease liabilities	636	643
Income tax expense (recovery)	2,818	(1,524)
Interest income	(436)	(664)
Unrealized net gain on derivative financial instruments	(13,861)	(2)
Post-employment and other employee benefit expenses (Note 12)	318	753
Employer post-employment and other employee benefit contributions (Note 12)	(1,906)	(1,698)
Defined benefit surplus utilized to fund employer contributions (Note 12)	1,713	874
Net change in working capital items (Note 15)	(7,418)	(32,988)
Interest paid	(636)	(643)
Net cash used in operating activities	(11,100)	(35,716)
INVESTING ACTIVITIES		
Government funding received related to acquisition of property, plant and equipment and intangible assets (Note 15)	67,037	117,000
Government funding received related to an advance on contract (Note 14)	2,963	-
Acquisition of property, plant and equipment and intangible assets (Notes 6, 7, 8 and 15)	(54,157)	(108,802)
Interest received	482	878
Proceeds from the disposal of property, plant and equipment and intangible assets	14	14
Net cash provided by investing activities	16,339	9,090
FINANCING ACTIVITIES		
Payment of the lease liabilities	(1,082)	(987)
Net cash used in financing activities	(1,082)	(987)
CASH		
Increase (decrease) during the period	4,157	(27,613)
Balance, beginning of period	34,819	64,060
Balance, end of period	\$ 38,976	\$ 36,447
REPRESENTED BY:		
Cash	38,976	36,447
	\$ 38,976	\$ 36,447

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



Elizabeth Cloutier and Crys Samson
Locomotive engineers, Quebec Terminal

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 20, 2026.

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, 2025, which have been prepared in accordance with the International Financial Reporting Standards (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, 2025.

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, 2025.

5. Trade and Other Receivables

The trade and other receivables balance includes the following:

(in millions of Canadian dollars)	March 31, 2026	December 31, 2025
Trade	5.4	8.0
Other receivables	9.3	6.0
Loss allowance	(0.5)	(0.5)
Trade and other receivables classified at Amortized cost	14.2	13.5
Amount receivable from the Government of Canada – Operating funding	110.3	62.0
Amount receivable from the Government of Canada – Capital funding (Note 15)	1.3	17.2
Total receivable from the Government of Canada	111.6	79.2
Sales taxes	3.4	6.1
Total trade and other receivables	129.2	98.8

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
Cost:											
January 1, 2026	17.7	2,058.4	280.8	245.0	399.6	122.2	56.9	45.2	15.8	417.5	3,659.1
Additions	-	-	-	-	-	-	-	-	-	43.8	43.8
Disposals	-	-	-	-	-	-	(0.2)	-	-	-	(0.2)
Transfers	-	0.2	0.5	-	0.2	11.0	-	0.4	-	(12.3)	-
Total cost	17.7	2,058.6	281.3	245.0	399.8	133.2	56.7	45.6	15.8	449.0	3,702.7
Accumulated depreciation and impairment:											
January 1, 2026	-	761.8	126.7	94.8	165.4	69.4	29.1	30.9	9.5	-	1,287.6
Additions	-	24.6	2.1	2.7	3.0	1.4	0.6	1.1	0.3	-	35.8
Disposals	-	-	-	-	-	-	(0.2)	-	-	-	(0.2)
Total accumulated depreciation and impairment	-	786.4	128.8	97.5	168.4	70.8	29.5	32.0	9.8	-	1,323.2
Total carrying amount	17.7	1,272.2	152.5	147.5	231.4	62.4	27.2	13.6	6.0	449.0	2,379.5

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

7. Intangible Assets

(in millions of Canadian dollars)	External software	In-house developed software	Right of access to rail infrastructure	Other	Projects in progress	Total
Cost:						
January 1, 2026	219.7	8.7	448.5	3.8	14.9	695.6
Additions	-	-	-	-	6.3	6.3
Disposals	(0.4)	-	-	-	-	(0.4)
Transfers	0.1	-	-	0.3	(0.4)	-
Total cost	219.4	8.7	448.5	4.1	20.8	701.5
Accumulated amortization and impairment:						
January 1, 2026	90.4	7.8	178.7	3.2	-	280.1
Additions	5.8	-	2.7	-	-	8.5
Disposals	(0.4)	-	-	-	-	(0.4)
Total accumulated amortization and impairment	95.8	7.8	181.4	3.2	-	288.2
Total carrying amount	123.6	0.9	267.1	0.9	20.8	413.3

8. Trade and Other Payables

The trade and other payables balance includes the following:

(in millions of Canadian dollars)	March 31, 2026	December 31, 2025
Wages payable and accrued	60.3	51.0
Accounts payable and accruals – Trade	70.3	54.5
Accounts payable and accruals – Capital assets	87.8	89.0
Trade and other payables classified at Amortized cost	218.4	194.5
Other	11.3	11.3
Total trade and other payables	229.7	205.8

9. Leases

The Corporation as a lessee:

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

(in millions of Canadian dollars)	Land	Office spaces	Stations and facilities	Information technology equipment	Total
Cost:					
January 1, 2026	0.5	14.9	86.9	1.0	103.3
Additions	-	-	1.6	-	1.6
Total cost	0.5	14.9	88.5	1.0	104.9
Accumulated depreciation:					
January 1, 2026	0.1	2.1	12.4	0.1	14.7
Additions	-	0.3	0.7	-	1.0
Total accumulated depreciation	0.1	2.4	13.1	0.1	15.7
Net carrying amount	0.4	12.5	75.4	0.9	89.2

Total cash outflow is \$1.7 million (March 31, 2025: \$1.7 million).

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

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

(in millions of Canadian dollars)	March 31, 2026	December 31, 2025
Balance, beginning of period	98.6	99.3
Additions	1.6	3.0
Accretion of interest	0.6	3.0
Payment	(1.7)	(6.7)
Balance, end of period	99.1	98.6
Current	3.9	3.8
Non-current	95.2	94.8
Total lease liabilities	99.1	98.6

10. Provisions

The provisions balance includes the following:

(in millions of Canadian dollars)	January 1, 2026	Additional provisions recognized	Provisions utilized	Unused amounts reversed	March 31, 2026
Environmental costs	2.1	0.8	(0.4)	–	2.5
Litigation and equipment repairs	4.5	2.8	(2.1)	(0.5)	4.7
Total provisions	6.6	3.6	(2.5)	(0.5)	7.2

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, 2026	December 31, 2025
Advance ticket sales	66.6	44.1
VIA Préférence loyalty program	11.8	11.6
Other	9.6	12.2
Total deferred revenues and other liabilities	88.0	67.9

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, 2026	December 31, 2025
ASSUMPTIONS – DISCOUNT RATES		
Assumptions for the calculation of the obligation		
Defined benefit component of the pension plans	5.00%	4.90%
Post-employment benefit plans	5.10%	5.00%
Long-term employee benefit	4.60%	4.50%
Assumptions for the calculation of the costs		
Defined benefit component of the pension plans	4.90%	4.70%
Post-employment benefit plans	5.00%	4.70%
Long-term employee benefit	4.50%	4.50%

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, 2026	December 31, 2025	March 31, 2026	December 31, 2025
(in millions of Canadian dollars)				
Fair value of plan assets	2,587.0	2,584.3	-	-
Defined benefit obligation	(1,972.7)	(1,992.2)	(36.0)	(36.6)
Employee benefit assets (liabilities) within non-current assets (liabilities)	614.3	592.1	(36.0)	(36.6)

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			
	2026	2025	2026	2025
Service cost	5.0	4.0	1.1	0.6
Interest income	(32.1)	(28.7)	-	-
Interest expense	24.8	23.4	0.4	0.4
Administration expenses	1.1	1.1	-	-
Total expenses recognized in net (loss) income	(1.2)	(0.2)	1.5	1.0

(in millions of Canadian dollars)	FOR THE QUARTER ENDED MARCH 31			
	2026	2025	2026	2025
	Return on plan assets	1.4	18.9	-
Effect of change in financial assumptions	21.3	(24.0)	0.2	-
Total remeasurements recognized in other comprehensive income (loss)	22.7	(5.1)	0.2	-

(in millions of Canadian dollars)	FOR THE QUARTER ENDED MARCH 31			
	2026	2025	2026	2025
	Employer contributions	-	-	1.9
Defined benefit surplus utilized to fund the employer contributions (Note 2)	(1.7)	(0.9)	-	-
Total employer contributions	(1.7)	(0.9)	1.9	1.7
Employee contributions	3.2	3.5	-	-
Total contributions	1.5	2.6	1.9	1.7

Note 1: In 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 2026 and 2025 fiscal years.

Note 2: In accordance with the VIA Rail Pension Plan regulations, a withdrawal of \$1.7 million (March 31, 2025: \$0.9 million) from the Non-Unionized and Unionized defined benefit pension surplus was utilized to fund the employer contributions related to the Non-Unionized Defined Contribution Plan as well as to the Unionized Defined Contribution Plan during the 2026 fiscal year.

13. Income Taxes

The income tax expense consists of the following:

(in millions of Canadian dollars)	QUARTERS ENDED MARCH 31	
	2026	2025
Deferred	2.8	(1.5)
Income tax expense (recovery)	2.8	(1.5)

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, 2026 (in millions of Canadian dollars)	Opening Balance	Recognized in net income	Recognized in OCI	Closing Balance
Property, plant and equipment and advance on contracts	34.1	(0.5)	-	33.6
Provisions	2.2	(0.2)	-	2.0
Lease liabilities	26.2	0.1	-	26.3
Employee benefit liabilities	9.8	(0.1)	(0.1)	9.6
Losses carry-forward	14.9	0.7	-	15.6
Total deferred income tax assets	87.2	-	(0.1)	87.1
Other assets	-	(3.3)	-	(3.3)
Intangible assets	(1.0)	0.6	-	(0.4)
Right-of-use assets	(23.5)	(0.1)	-	(23.6)
Employee benefit assets	(157.2)	0.1	(6.0)	(163.1)
Total deferred income tax liabilities	(181.7)	(2.7)	(6.0)	(190.4)
Deferred income tax liabilities	(94.5)	(2.7)	(6.1)	(103.3)

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, 2026	December 31, 2025
Balance, beginning of period	2,704.8	2,518.2
Government funding for property, plant and equipment and intangible assets (including the cost of land)	51.1	357.3
Government funding for an advance on contract	3.0	2.5
Total Government funding for property, plant and equipment, intangible assets and advance on contract	54.1	359.8
Amortization of deferred capital funding	(44.2)	(173.2)
Balance, end of period	2,714.7	2,704.8

15. Supplemental Cash Flows Information

Net change in working capital items:

(in millions of Canadian dollars)	QUARTERS ENDED MARCH 31	
	2026	2025
Trade and other receivables	(46.3)	(47.6)
Other assets	(6.7)	(4.4)
Materials	(1.7)	(1.8)
Trade and other payables	25.0	5.1
Provisions	0.7	(0.5)
Deferred revenues and other liabilities	21.6	16.2
Total	(7.4)	(33.0)

The change in trade and other receivables excludes an amount of \$15.9 million (March 31, 2025: \$39.4 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	
	2026	2025
Acquisition of property, plant and equipment and intangible assets	(50.1)	(78.1)
Additions to property, plant and equipment and intangible assets not affecting cash as they were previously cashed out through the advances on contracts	(2.3)	2.2
Change in accounts payable and accruals – Capital assets	(1.2)	(31.1)
Change in other non-current payables	(0.6)	(1.8)
Total cash out for acquisition of property, plant and equipment and intangible assets	(54.2)	(108.8)
Government funding invoiced for property, plant and equipment and intangible assets	51.1	77.6
Change in amount receivable from the Government of Canada – Capital funding	15.9	39.4
Total Government funding received for property, plant and equipment and intangible assets	67.0	117.0

16. Financial Risks

The Corporation's financial instruments are exposed to the same risks as disclosed in its annual financial statements for the year ended December 31, 2025.

17. Commitments

- a) For the three-month period ending March 31, 2026, 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, 2025.

- 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 \$24.8 million (December 31, 2025: \$24.8 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, 2026, the Corporation has an account receivable from VIA HFR – TGF VIA Inc. of \$0.1 million (December 31, 2025: \$0.1 million) and re-invoiced a total amount of \$0.6 million (March 31, 2025: \$0.8 million) on a cumulative basis. There were no significant transactions in 2026 and 2025.

B) Transactions with employee benefit 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.

