THIRD QUARTER REPORT 2023

VIA Rail Canada

MANAGEMENT'S DISCUSSION AND ANALYSIS

1. Introduction

Management's discussion and analysis report outlines the financial results of VIA Rail Canada Inc. (The Corporation) for the quarter and the nine-month period ended September 30, 2023, compared with the quarter and the nine-month period ended September 30, 2022. 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. COVID-19 Pandemic

This year as things returned to normal following the pandemic, the Corporation's operations are back to levels that are significantly higher than those of the corresponding cumulative period of 2022, with 21.9 per cent more train miles and 25.5 per cent more seat miles. Capacity deployed this quarter has slightly decreased compared to the corresponding quarter last year with 3 per cent fewer train miles and 2 per cent fewer seat miles. This decrease is attributable to some train cancellations resulting from roadblock programs.

4. Highlights of Financial Results and Major Key Operating Statistics

	Quarters ended September 30				Nine-month periods ended September 30			
(in millions of Canadian dollars)	**2023**	**2022**	**Var $**	**Var %**	**2023**	**2022**	**Var $**	**Var %**
Financial Performance								
Passenger revenues *(section 5.2)*	**120.8**	113.7	7.1	6.2%	**303.5**	219.7	83.8	38.1%
Other revenues	**5.5**	4.6	0.9	19.6%	**16.2**	11.6	4.6	39.7%
Total revenues	**126.3**	118.3	8.0	6.8%	**319.7**	231.3	88.4	38.2%
Operating expenses *(section 5.3)*	**227.5**	216.9	10.6	4.9%	**682.0**	576.4	105.6	18.3%
Operating loss before funding from the Government of Canada and income taxes *(section 5.1)*	**(101.2)**	(98.6)	(2.6)	(2.6%)	**(362.3)**	(345.1)	(17.2)	(5.0%)
Net income (loss) for the period	**8.1**	(4.3)	12.4	288.4%	**4.7**	6.8	(2.1)	(30.9%)
Remeasurements of defined benefit components of the pension plans and post-employment benefit plans (net of tax)	**19.5**	(10.5)	30.0	285.7%	**(0.2)**	292.4	(292.6)	(100.1%)
Comprehensive income (loss) for the period	**27.6**	(14.8)	42.4	286.5%	**4.5**	299.2	(294.7)	(98.5%)
Financial Position and Cash Flows								
Total assets *(section 5.4) (Note 1)*	**2,788.9**	2,591.3	197.6	7.6%	**2,788.9**	2,591.3	197.6	7.6%
Total liabilities and deferred capital funding *(section 5.4) (Note 1)*	**2,549.2**	2,356.1	193.1	8.2%	**2,549.2**	2,356.1	193.1	8.2%
Cash *(section 5.5)*	**48.4**	20.9	27.5	131.6%	**48.4**	20.9	27.5	131.6%
Net cash (used in) provided by operating activities *(section 5.5)*	**(7.2)**	(1.2)	(6.0)	(500.0%)	**27.1**	32.4	(5.3)	(16.4%)
Net cash (used in) provided by investing activities *(section 5.5)*	**(5.5)**	4.3	(9.8)	(227.9%)	**14.7**	(12.6)	27.3	216.7%
Net cash (used in) financing activities *(section 5.5)*	**(1.0)**	(1.0)	–	0.0%	**(3.1)**	(3.3)	0.2	6.1%
Government Funding								
Operating *(section 6)*	**82.5**	67.0	15.5	23.1%	**288.3**	267.2	21.1	7.9%
Capital *(section 6)*	**118.3**	84.3	34.0	40.3%	**258.2**	204.2	54.0	26.4%
Total Government funding	**200.8**	**151.3**	**49.5**	**32.7%**	**546.5**	**471.4**	**75.1**	**15.9%**
Key Operating Statistics								
Train miles operated *(in thousands)*	**1,562**	1,610	(48)	(3.0%)	**4,658**	3,822	836	21.9%
Seat miles *(in millions)*	**388**	396	(8)	(2.0%)	**1,098**	875	223	25.5%
Passenger miles *(in millions)*	**261**	257	4	1.6%	**672**	525	147	28.0%
Passengers *(in thousands)*	**1,135**	1,080	55	5.1%	**3,017**	2,270	746	32.8%
Average passenger load factor *(%)*	**67**	65	2	3.1%	**61**	60	1	1.7%
RASM (revenue per available seat mile) *(in cents) – Note 2*	**32.50**	30.08	2.42	8.0%	**29.02**	26.49	2.53	9.6%
CASM (cost per available seat mile) *(in cents) – Note 2*	**53.76**	46.99	6.77	14.4%	**55.27**	57.03	(1.76)	(3.1%)
Cost recovery ratio *(%) – Note 2*	**60.5**	64.0	(3.5)	(5.5%)	**52.5**	46.4	6.1	13.1%
Operating deficit per passenger mile *(in cents) – Note 2*	**31.6**	26.1	5.5	21.1%	**42.9**	50.9	(8.0)	(15.7%)
On-time performance *(%)*	**50**	47	3	6.4%	**60**	56	4	7.1%

(Amounts in bracket represent decreases)

Note 1: Comparative figures as at December 31, 2022
Note 2: Based on funded results

Financial Highlights

Third quarter

- Total revenues increased by 6.8 per cent resulting mainly from an increase in ridership led by higher demand, compared to the corresponding quarter of 2022.
- Operating expenses increased by 4.9 per cent primarily due to the operating costs associated with additional ridership and to cost increases reflecting inflation.
- The operating loss increased by 2.6 per cent due to an increase in operating expenses, partly offset by an increase in revenues.
- Operating funding increased by 23.1 per cent, reflecting the higher amounts required for funded activities.
- The Corporation generated a comprehensive income of $27.6 million compared to a comprehensive loss of $14.8 million in 2022. The variation is due to the remeasurements of the defined benefit components of the pension plans and post-employment benefit plans.

Nine-month period

- Total revenues increased by 38.2 per cent also resulting from an increase in frequencies led by higher demand.
- Operating expenses increased by 18.3 per cent due to the higher costs directly associated to the additional frequencies operated compared to the corresponding nine-month period of 2022 and cost increases reflecting inflation.
- The operating loss increased by 5.0 per cent due to an increase in operating expenses, mostly offset by an increase in revenues.
- Operating funding increased by 7.9 per cent, reflected by higher amounts required for funded activities.
- The Corporation generated a comprehensive income of $4.5 million compared to a comprehensive income of $299.2 million in 2022. The variation is due to the remeasurements of the defined benefit components of the pension plans and post-employment benefit plans.

Most of the operating statistics related to revenues, ridership and load factors have improved this quarter, however other statistics related to costs and costs recovery have deteriorated impacted by the increase in costs and slight decrease in capacity.

On a cumulative basis, all statistics have improved compared to the corresponding period last year.

5. Analysis of Financial Results
5.1 Comparison of IFRS and Funded Operating Results

	Quarters ended September 30				Nine-month periods ended September 30			
(in millions of Canadian dollars)	**2023**	**2022**	**Var $**	**Var %**	**2023**	**2022**	**Var $**	**Var %**
Operating loss on a funded basis	**(82.5)**	**(67.0)**	**(15.5)**	**(23.1%)**	**(288.3)**	**(267.2)**	**(21.1)**	**(7.9%)**
NON-FUNDED ADJUSTMENT TO REVENUES								
Adjustment for VIA Préférence points and other	**0.2**	(0.8)	1.0	125.0%	**1.1**	(0.5)	1.6	320.0%
NON-FUNDED ADJUSTMENTS TO EXPENSES								
Pension and other employee future benefits	**0.4**	(4.2)	4.6	109.5%	**0.2**	(5.3)	5.5	103.8%
Depreciation of property, plant and equipment, amortization of intangible assets, depreciation of right-of-use assets and loss on disposal	**(29.3)**	(27.0)	(2.3)	(8.5%)	**(84.0)**	(78.8)	(5.2)	(6.6%)
Other provisions for non-cash items	**10.0**	0.4	9.6	2,400.0%	**8.7**	6.7	2.0	29.9%
Total non-funded adjustments to expenses	**(18.9)**	(30.8)	11.9	38.6%	**(75.1)**	(77.4)	2.3	3.0%
Total items not requiring funds from operations	**(18.7)**	**(31.6)**	**12.9**	**40.8%**	**(74.0)**	**(77.9)**	**3.9**	**5.0%**
Operating loss under IFRS	**(101.2)**	**(98.6)**	**(2.6)**	**(2.6%)**	**(362.3)**	**(345.1)**	**(17.2)**	**(5.0%)**
Operating funding from the Government of Canada	**82.5**	67.0	15.5	23.1%	**288.3**	267.2	21.1	7.9%
Amortization of deferred capital funding	**28.4**	25.7	2.7	10.5%	**80.3**	74.9	5.4	7.2%
Net income (loss) before income taxes	**9.7**	**(5.9)**	**15.6**	**264.4%**	**6.3**	**(3.0)**	**9.3**	**310.0%**
Income tax (expense) recovery	**(1.6)**	1.6	(3.2)	(200.0%)	**(1.6)**	9.8	(11.4)	(116.3%)
Net income (loss) under IFRS for the period	**8.1**	**(4.3)**	**12.4**	**288.4%**	**4.7**	**6.8**	**(2.1)**	**(30.9%)**
Remeasurements of the defined benefit component of the pension plans and post-employment benefit plans	**26.5**	(14.0)	40.5	289.3%	**(0.3)**	389.0	(389.3)	(100.1%)
Income tax (expense) recovery	**(7.0)**	3.5	(10.5)	(300.0%)	**0.1**	(96.6)	96.7	100.1%
Other comprehensive income (loss)	**19.5**	**(10.5)**	**30.0**	**285.7%**	**(0.2)**	**292.4**	**(292.6)**	**(100.1%)**
Comprehensive income (loss) for the period	**27.6**	**(14.8)**	**42.4**	**286.5%**	**4.5**	**299.2**	**(294.7)**	**(98.5%)**

(Amounts in bracket represent decreases)

Net income (loss) under IFRS for the quarter:

Net income of $8.1 million this quarter, compared to a net loss of $4.3 million last year, representing an improvement of $12.4 million mainly due to:

- Higher government funding recognized during the quarter ($15.5 million).
- Higher amortization of deferred capital funding ($2.7 million).
- Partially offset by higher operating loss ($2.6 million), resulting from additional operating expenses ($10.6 million), partially offset by higher revenues ($8.0 million).
- Higher deferred income tax expense of $3.2 million.

Net income under IFRS for the nine-month period:

Net income of $4.7 million for the nine-month period, compared to a net income of $6.8 million last year, representing a deterioration of $2.1 million mainly due to:

- Higher operating loss ($17.2 million), attributable to higher expenses ($105.6 million) partially offset by higher revenues ($88.4 million).
- Higher deferred income tax expense of $11.4 million.
- Partially offset by higher government funding recognized during the nine-month period ($21.1 million) and higher amortization of deferred capital funding ($5.4 million).

Comprehensive income (loss)

Comprehensive income (loss) includes remeasurement of defined benefit component of the pension plans and post-employment benefit plans which are composed of quarterly non-cash remeasurements resulting from changes in actuarial assumptions and the return on pension plan assets.

Comprehensive income (loss) also includes income tax recovery (expense) associated with the above remeasurement.

Comprehensive income of $27.6 million in the third quarter of 2023 and comprehensive income of $4.5 million for the nine-month period ended September 30, 2023, include the following:

The comprehensive income for the period includes a remeasurement of the defined benefit component of the pension plans and post-employment benefit plans of $26.5 million in the third quarter of 2023 resulting from an actuarial gain of $171.1 million on the defined benefit obligation, and from a lower remeasurement of $144.4 million resulting from the actual rate of return on plan assets and from an actuarial loss of $0.2 million regarding to the post-employment benefit plan. The comprehensive income includes a deferred income tax expense of $7.0 million due to the employee benefit assets.

The comprehensive income for the cumulative period includes a remeasurement of the defined benefit component of the pension plans and post-employment benefit plans of ($0.3) million for the nine-month period resulting from the increase in the discount rate used to determine the defined benefit obligation (5.60 per cent as at September 30, 2023, compared to 5.10 per cent as at December 31, 2022), which resulted in an actuarial gain of $103.3 million, combined with a remeasurement loss of $102.8 million resulting from the return on plan assets during the nine-month period. The remeasurement includes an actuarial loss of $0.8 million regarding the post-employment benefit plan. The comprehensive loss includes a deferred income tax recovery of $0.1 million due to the employee benefit assets.

Comprehensive loss of $14.8 million in the third quarter of 2022 and comprehensive income of $299.2 million for the nine-month period ended September 30, 2022, include the following:

Remeasurement of the defined benefit component of the pension plans and post-employment benefit plans of ($14.0) million in the third quarter of 2022 is due to an actuarial gain of $5.0 million on the defined benefit obligation, to a lower remeasurement of $18.6 million resulting from the actual rate of return on plan assets as well as to actuarial loss of $0.4 million related to the post-employment benefit plan. The remeasurement is partly offset by a deferred income tax recovery of $3.5 million due to the employee benefit assets.

The remeasurement of the defined benefit component of the pension plans and post-employment benefit plans of $389.0 million for the nine-month period is due to the increase in the discount rate used to determine the defined benefit obligation (5.00 per cent as at September 30, 2022, compared to 3.00 per cent as at December 31, 2021), which resulted in an actuarial gain of $416.1 million, combined with a remeasurement loss of $34.3 million resulting from the return on plan assets during the nine-month period. The remeasurement also includes an actuarial gain of $7.2 million due to the increase in the discount rate used to determine the post-employment benefit obligation (5.00 per cent as at September 30, 2022, compared to 3.00 per cent as at December 31, 2021). The remeasurement is partly offset by a deferred income tax expense of $96.6 million due to the employee benefit assets.

5.2 Revenues

(in millions of Canadian dollars)	Quarters ended September 30 2023	2022	Var $	Var %	Nine-month periods ended September 30 2023	2022	Var $	Var %
Passenger revenues								
Corridor East	**77.4**	73.0	4.4	6.0%	**201.8**	148.1	53.7	36.3%
Southwestern Ontario (SWO)	**12.5**	11.4	1.1	9.6%	**34.7**	23.9	10.8	45.2%
Québec City – Windsor corridor	**89.9**	**84.4**	**5.5**	**6.5%**	**236.5**	**172.0**	**64.5**	**37.5%**
Ocean	**4.7**	4.3	0.4	9.3%	**9.7**	7.1	2.6	36.6%
Canadian	**21.6**	22.0	(0.4)	(1.8%)	**43.4**	35.7	7.7	21.6%
Regional services	**1.5**	1.4	0.1	7.1%	**2.9**	2.3	0.6	26.1%
Non-Corridor	**27.8**	**27.7**	**0.1**	**0.4%**	**56.0**	**45.1**	**10.9**	**24.2%**
Other	**3.1**	1.6	1.5	93.8%	**11.0**	2.6	8.4	323.1%
Total passenger revenues under IFRS	**120.8**	**113.7**	**7.1**	**6.2%**	**303.5**	**219.7**	**83.8**	**38.1%**
Other revenues	**5.5**	4.6	0.9	19.6%	**16.2**	11.6	4.6	39.7%
Total revenues under IFRS	**126.3**	**118.3**	**8.0**	**6.8%**	**319.7**	**231.3**	**88.4**	**38.2%**
Adjustment for VIA Préférence points (non-funded) and other	**(0.2)**	0.8	(1.0)	(125.0%)	**(1.1)**	0.5	(1.6)	(320.0%)
TOTAL FUNDED REVENUES	**126.1**	**119.1**	**7.0**	**5.9%**	**318.6**	**231.8**	**86.8**	**37.4%**

(Amounts in bracket represent decreases)

Passengers

(in thousands)	Quarters ended September 30 2023	2022	Var #	Var %	Nine-month periods ended September 30 2023	2022	Var #	Var %
Passengers								
Corridor East	**849.0**	806.3	42.7	5.3%	**2,264.7**	1,710.3	554.4	32.4%
Southwestern Ontario (SWO)	**224.2**	210.3	13.9	6.6%	**613.3**	450.1	163.2	36.3%
Québec City – Windsor corridor	**1,073.2**	**1,016.6**	**56.6**	**5.6%**	**2,878.0**	**2,160.4**	**717.6**	**33.2%**
Ocean	**20.7**	23.0	(2.3)	(10.0%)	**49.1**	39.6	9.5	24.0%
Canadian	**22.6**	23.3	(0.7)	(3.0%)	**48.1**	38.7	9.4	24.3%
Regional services	**18.9**	17.2	1.7	9.9%	**41.9**	31.8	10.1	31.8%
Non-Corridor	**62.2**	**63.5**	**(1.3)**	**(2.0%)**	**139.1**	**110.1**	**29.0**	**26.3%**
TOTAL PASSENGERS	**1,135.4**	**1,080.1**	**55.3**	**5.1%**	**3,017.1**	**2,270.5**	**746.6**	**32.9%**

(Amounts in bracket represent decreases)

Passenger revenues

Passenger revenues have increased by $7.1 million (6.2 per cent) during the quarter and by $83.8 million (38.1 per cent) for the nine-month period. Both increases are mainly attributable to higher revenues generated in all major train services reflecting the impact of the reintroduction of services and resulting, in most services, and to higher ridership (5.1 per cent for the quarter and 32.9 per cent for the period).

Québec City – Windsor corridor

Revenues have increased by $5.5 million (6.5 per cent) during the quarter as a result of increase in demand (5.6 per cent more passengers) and higher average revenues (1.0 per cent).

Capacity (in terms of seat miles offered) slightly decreased (2.0 per cent) compared to the corresponding quarter last year. The decrease is due to the cancellation of some trains due to work block programs on third party infrastructure.

On a cumulative basis, revenues have increased by $64.5 million (37.5 per cent) for the nine-month period. Capacity increased by 28.1 per cent, ridership has increased by 33.2 per cent, while average revenues have improved by 3.2 per cent.

Ocean

Revenues for the quarter have increased by $0.4 million (9.3 per cent) compared to last year.

Ridership has decreased by 10.0 per cent for the quarter and average revenues have improved by 18.2 per cent. On a cumulative basis, revenues have increased by $2.6 million (36.6 per cent), mostly due to higher ridership (24.0 per cent) and higher average revenues (10.2 per cent).

Canadian

Revenues have decreased by $0.4 million (1.8 per cent) compared to the same quarter last year and have increased by $7.7 million (21.6 per cent) compared to last nine-month period. The increase results mainly from higher ridership 24.3 per cent for the nine-month period.

Regional services

Revenues have increased by $0.1 million (7.1 per cent) for the quarter and by $0.6 million (26.1 per cent) for the nine-month period due in most part to the increase in ridership (31.8 per cent).

Other revenues

Other revenues have increased by $0.9 million (19.6 per cent) for the quarter and have increased by $4.6 million (39.7 per cent) for the nine-month period. These increases are due to higher investment income driven by the high interest rates and third-party revenues as well as higher station revenues, reflecting the increased levels of operations.

5.3 Operating Expenses

(in millions of Canadian dollars)	Quarters ended September 30				Nine-month periods ended September 30			
	2023	**2022**	**Var $**	**Var %**	**2023**	**2022**	**Var $**	**Var %**
Compensation and employee benefits	**92.3**	86.2	6.1	7.1%	**269.8**	239.7	30.1	12.6%
Train operations and fuel	**48.8**	45.0	3.8	8.4%	**135.9**	112.1	23.8	21.2%
Stations and property	**9.8**	9.9	(0.1)	(1.0%)	**33.8**	30.2	3.6	11.9%
Marketing and sales	**9.5**	9.8	(0.3)	(3.1%)	**28.8**	21.5	7.3	34.0%
Maintenance material	**10.2**	8.1	2.1	25.9%	**30.2**	25.6	4.6	18.0%
On-train product costs	**11.3**	10.2	1.1	10.8%	**30.0**	21.7	8.3	38.2%
Professional services	**5.4**	4.9	0.5	10.2%	**22.1**	11.7	10.4	88.9%
Telecommunications	**7.4**	6.5	0.9	13.8%	**21.2**	19.5	1.7	8.7%
Technical services	**0.9**	–	0.9	n/a	**3.1**	–	3.1	n/a
Depreciation and amortization	**27.7**	26.7	1.0	3.7%	**81.6**	77.1	4.5	5.8%
Loss on disposal of property, plant and equipment and intangible assets	**1.6**	0.3	1.3	433.3%	**2.4**	1.7	0.7	41.2%
Unrealized (net gain) net loss on derivative financial instruments	**(4.5)**	3.9	(8.4)	(215.4%)	**(1.3)**	(0.1)	(1.2)	(1,200%)
Others	**7.1**	5.4	1.7	31.5%	**24.4**	15.7	8.7	55.4%
Total operating expenses under IFRS	**227.5**	**216.9**	**10.6**	**4.9%**	**682.0**	**576.4**	**105.6**	**18.3%**
Non-funded adjustments *(section 5.1)*	**(18.9)**	(30.8)	11.9	38.6%	**(75.1)**	(77.4)	2.3	3.0%
Total funded expenses	**208.6**	**186.1**	**22.5**	**12.1%**	**606.9**	**499.0**	**107.9**	**21.6%**

(Amounts in bracket represent decreases)
(Explanations are provided for expenses for which quarterly variances are of $3 million or more, and/or 10 per cent or more)

Total operating expenses increased by $10.6 million (4.9 per cent) for the quarter and by $105.6 million (18.3 per cent) for the nine-month period. The primary variances are:

Compensation and employee benefits

The expenses increased by $6.1 million (7.1 per cent) during the quarter and by $30.1 million (12.6 per cent) for the nine-month period. The increases are due to higher staffing costs reflecting the level of operations as well as the impact of annual salary increases.

Train operations and fuel

The expenses increased by $3.8 million (8.4 per cent) during the quarter and by $23.8 million (21.2 per cent) for the nine-month period. The increases stem mainly from higher costs for access to third-party infrastructure, higher crew expenses, partly offset by lower fuel costs reflecting lower fuel prices.

Stations and property

The expenses decreased by $0.1 million (1.0 per cent) during the quarter and increased by $3.6 million (11.9 per cent) for the nine-month period due to leasing cost increases, as well as additional building and site maintenance expenses reflecting the increased level of frequencies.

Marketing and sales

The expenses decreased by $0.3 million (3.1 per cent) during the quarter and increased by $7.3 million (34.0 per cent) for the nine-month period. The decrease for the quarter is due to lower advertising costs, as a major advertising campaign was launched in 2022 following the reintroduction of many frequencies. The increase for the nine-month period is mainly attributable to higher credit card fees and reservation transaction costs associated to passenger revenues as well as higher support costs for the current reservation system.

Maintenance material

The expenses have increased by $2.1 million (25.9 per cent) for the quarter and by $4.6 million (18.0 per cent) for the nine-month period. These increases are mainly due to the increase in price for parts which are impacted by current inflation rates as well as additional maintenance work associated to current operating levels.

On-train product costs

The expenses increased by $1.1 million (10.8 per cent) for the quarter and by $8.3 million (38.2 per cent) for the nine-month period resulting from the increased ridership, specifically in Business and Sleeper classes, as well as higher prices reflecting current inflation rates.

Professional services

The expenses increased by $0.5 million (10.2 per cent) for the quarter and by $10.4 million (88.9 per cent) for the nine-month period. The increase for the quarter results mainly from the timing where the expenses are incurred, and the increase for the period is due to higher consulting fees for a corporate wide initiative aiming at reviewing internal processes and identify additional cost-saving opportunities.

Telecommunications

The expenses increased by $0.9 million (13.8 per cent) during the quarter and increased by $1.7 million (8.7 per cent) for the nine-month period. These increases result from support and license costs associated with newly implemented systems.

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

The expenses increased by $1.3 million (433.3 per cent) during the quarter and by $0.7 million (41.2 per cent) for the nine-month period due to retirement and disposal of more equipment.

Unrealized (net gain) net loss on derivative financial instruments

Net gain of $4.5 million for the quarter and of $1.3 million for the nine-month period compared to a net loss of $3.9 million for the quarter ended September 30, 2022, and to a net gain of $0.1 million for the nine-month period. Net gain for the cumulative period ending September 30, 2023, reflects the fact that market fuel prices are higher than contract prices.

Other expenses

The expenses increased by $1.7 million (31.5 per cent) for the quarter and by $8.7 million (55.4 per cent) for the nine-month period. These increases result mainly from lower realized gains on derivative financial instruments ($8.6 million) for the nine-month period.

5.4 Financial Position

(in millions of Canadian dollars)	**September 30, 2023**	**December 31, 2022**	**Var $**	**Var %**
ASSETS				
Current assets	**221.9**	200.1	21.8	10.9%
Advances on contracts	**51.0**	51.1	(0.1)	(0.2%)
Property, plant and equipment	**1,631.5**	1,473.6	157.9	10.7%
Right-of-use assets	**91.9**	95.0	(3.1)	(3.3%)
Intangible assets	**410.1**	388.0	22.1	5.7%
Employee benefit assets	**382.5**	383.5	(1.0)	(0.3%)
Total Assets	**2,788.9**	**2,591.3**	**197.6**	**7.6%**
LIABILITIES				
Current liabilities	**295.0**	280.4	14.6	5.2%
Other payables	**30.3**	29.5	0.8	2.7%
Deferred income tax	**49.6**	48.0	1.6	3.3%
Lease liabilities	**98.5**	99.9	(1.4)	(1.4%)
Employee benefit liabilities	**31.7**	31.2	0.5	1.6%
Total Liabilities	**505.1**	**489.0**	**16.1**	**3.3%**
Deferred capital funding	**2,044.1**	1,867.1	177.0	9.5%
Share capital	**9.3**	9.3	–	0.0%
Accumulated surplus, beginning of period	**225.9**	144.7	81.2	56.1%
Net loss	**4.7**	(15.2)	19.9	130.9%
Other comprehensive (loss) income	**(0.2)**	96.4	(96.6)	(100.2%)
Accumulated surplus, end of period	**230.4**	**225.9**	**4.5**	**2.0%**
Total Liabilities and Shareholder's equity	**2,788.9**	**2,591.3**	**197.6**	**7.6%**

(Amounts in bracket represent decreases)
(Explanations are provided for expenses for which quarterly variances are of $3 million or more, and/or 10 per cent or more)

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

Assets

Total assets have increased by $197.6 million due mainly to an increase in property, plant and equipment by $157.9 million and intangible assets have increased by $22.1 million as the Corridor Fleet Replacement Project and Information Technology projects are progressing. Current assets have increased by $21.8 million due to timing for the cash received from Transport Canada.

Liabilities and deferred capital funding

Total liabilities have increased by $16.1 million mainly due to an increase by $14.6 million in current liabilities while deferred income tax liabilities have increased by $1.6 million due to a decrease of the employee benefits assets. Deferred capital funding has increased by $177.0 million due to capital investments.

Comprehensive income

Other comprehensive income decreased due to a lower rate of return on pension plan assets and an increase in discount rates affecting employee benefit assets and liabilities, as explained in section 5.1 of this document.

5.5 Liquidity, Cash Flows and Capital Investments

Liquidity and cash flows

	Quarters ended September 30				Nine-month periods ended September 30			
(in millions of Canadian dollars)	**2023**	**2022**	**Var $**	**Var %**	**2023**	**2022**	**Var $**	**Var %**
Cash balance, beginning of period	**62.1**	18.8	43.3	230.3%	**9.7**	4.4	5.3	120.5%
Net cash (used in) provided by operating activities	**(7.2)**	(1.2)	(6.0)	(500.0%)	**27.1**	32.4	(5.3)	(16.4%)
Net cash (used in) provided by investing activities	**(5.5)**	4.3	(9.8)	(227.9%)	**14.7**	(12.6)	27.3	216.7%
Net cash (used in) financing activities	**(1.0)**	(1.0)	–	0.0%	**(3.1)**	(3.3)	0.2	6.1%
Cash balance, end of period	**48.4**	**20.9**	**27.5**	**131.6%**	**48.4**	**20.9**	**27.5**	**131.6%**

(Amounts in bracket represent decreases)

Operating activities

Net cash decreased by $6.0 million (500.0 per cent) for the quarter and by $5.3 million (16.4 per cent) for the nine-month period. The variances are mainly due to the change in working capital items (($9.2) million for the quarter and ($7.9) million for the nine-month period) as shown in note 18 of the interim condensed financial statements.

Investing activities

Net cash decreased by $9.8 million (227.9 per cent) for the quarter and increased by $27.3 million (216.7 per cent) for the nine-month period. The increase for the nine-month period is mainly due to the timing of the amount received from the government during the period compared to the amount of acquisition of property, plant and equipment and intangible assets paid.

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

Funded capital investments

Property, plant and equipment and intangible assets totalled $2,041.6 million at September 30, 2023, which is an increase of $180.0 million compared to the balance as at December 31, 2022.

Funded capital investments of $258.2 million were made during the nine-month period.

	Quarters ended September 30				Nine-month periods ended September 30			
(in millions of Canadian dollars)	**2023**	**2022**	**Var $**	**Var %**	**2023**	**2022**	**Var $**	**Var %**
Equipment	**9.4**	6.7	2.7	40.3%	**27.6**	26.4	1.2	4.5%
Infrastructure	**7.4**	7.3	0.1	1.4%	**15.0**	12.0	3.0	25.0%
Information technology	**5.7**	12.7	(7.0)	(55.1%)	**24.4**	35.3	(10.9)	(30.9%)
Stations	**13.7**	5.4	8.3	153.7%	**26.0**	10.0	16.0	160.0%
Corridor Fleet Replacement Program	**73.2**	49.7	23.5	47.3%	**144.5**	114.8	29.7	25.9%
Other	**8.9**	2.5	6.4	256.0%	**20.7**	5.7	15.0	263.2%
Total	**118.3**	**84.3**	**34.0**	**40.3%**	**258.2**	**204.2**	**54.0**	**26.4%**

(Amounts in bracket represent decreases)

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

6. Results compared to the 2022-2026 Corporate Plan (1)

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

The Corporation continues to work towards achieving the goals and strategies identified in its corporate plan. The financial results of the quarter were above the 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, infrastructure projects, as well as our HEP equipment rebuild programs.

Government funding relating to operating expenses: *(in millions of Canadian dollars)*	**September 30, 2023**	**September 30, 2022**
Balance, beginning of period (January 1)	**91.0**	63.3
Received to fund operating expenses	**(322.3)**	(281.6)
Recognized in financial results	**288.3**	267.2
Government funding received for the Asset Renewal Fund transfer to operating funding	**(0.9)**	–
Balance, end of period	**56.1**	48.9

Government funding relating to capital expenditures: *(in millions of Canadian dollars)*	**September 30, 2023**	**September 30, 2022**
Balance, beginning of period (January 1)	**42.5**	(7.4)
Received to fund the acquisition of property, plant and equipment and intangible assets (including the cost of land)	**(248.3)**	(197.2)
Used to fund capital expenditures	**258.2**	204.2
Balance, end of period	**52.4**	(0.4)

6. Results compared to the 2022-2026 Corporate Plan [1] (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-month period ending March 31, 2024	For the twelve-month period ending March 31, 2023
Original parliamentary appropriation	**390.3**	339.8
Supplementary parliamentary appropriation	**–**	14.4
Revised annual parliamentary appropriation	**390.3**	354.2
Appropriation recognized for the three months ended June 30	**85.6**	79.9
Appropriation recognized for the three months ended September 30	**82.5**	67.0
Total appropriation recognized for the period	**168.1**	146.9
Appropriation available for remainder of the government fiscal year	**222.2**	207.3

For year 2022-2023 – includes an amount of $14.4 million received for the creation of VIA's HFR subsidiary

Parliamentary appropriation for capital expenditures	For the twelve-month period ending March 31, 2024	For the twelve-month period ending March 31, 2023
Original parliamentary appropriation	**843.4**	671.8
Supplementary parliamentary appropriation *(Note 1)*	**–**	101.4
Revised annual parliamentary appropriation	**843.4**	773.2
Appropriation recognized for the three months ended June 30	**67.1**	65.1
Appropriation recognized for the three months ended September 30	**118.3**	84.3
Total appropriation recognized for the period	**185.4**	149.4
Appropriation available for remainder of the government fiscal year	**658.0**	623.8

Note 1: For 2022-2023 – includes $96.3 million obtained through Supplementary Estimates B and $5.2 million obtained through Supplementary Estimates C

7. 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, 2022. See Annual Report 2022, Section 7 of the Management's Discussion and Analysis.

As at the quarter ended September 30, 2023, the trend changed for the two following risks:

Nature of Risk	Trend	Current Situation
Financial Sustainability		
The Corporation has limited powers as a non-agent Crown Corporation and is dependent on annual government budgetary allocations to fund its operations, capital and pension obligations. Government funding constitutes a risk in the efficient delivery of the Corporation's services, as well as in the planning and execution of its medium-to-long-term strategies.	↑	The Corporation has been faced with increasing costs since 2022 due to the high inflation, particularly in compensation costs but also in fuel, maintenance materials, on-train product costs and third-party access costs. The Corporation received additional operational funding from the Government of Canada as part of the 2023 Federal Budget and will have sufficient funding for the year 2023. However, with the end of the current funding envelope approaching and with insufficient operating funding and no capital funding confirmed for the years beyond the current funding envelope, there is a risk that the Corporation may not be able to efficiently deliver its services nor execute its medium-to-long-term strategies. The Corporation continues to closely monitor the situation and is in communication with Transport Canada concerning potential additional funding requirements for years beyond 2023.

↑ Increasing → Stable ↓ Decreasing

7. Risk Analysis (cont'd)

Nature of Risk	Trend	Current Situation
Asset Management		
Most of the Corporation's rolling stock equipment, used for non-Corridor services, has essentially reached the end of its operating life. Its reliability has deteriorated in the past few years, resulting in delays and additional operating costs to maintain a state of good repair. Increased maintenance costs and reduced availability of equipment in upcoming years are to be expected until a replacement fleet is introduced.	↑	The Corporation is running an aging fleet requiring more inspections and repairs, as a result of which service revenues and costs as well as equipment availability will be negatively impacted in the future. Substantial investments will be required to keep it in operating conditions until it is replaced by a new fleet. The Corporation continues to closely monitor the situation and is in communication with Transport Canada concerning funding requirements for the replacement of the existing fleet providing services on non-Corridor routes.

↑ Increasing → Stable ↓ Decreasing

8. Outlook

Results of the third quarter improved compared to the corresponding quarter of 2022 in terms of revenues and ridership, as the Corporation has now deployed its maximal available capacity and reintroduced almost all its frequencies across the network.

The reintroduction of frequencies in services which do not all cover their costs, as well as higher costs resulting from current inflation rates have increased the Corporation’s deficit and could result in a funding shortfall for future Government fiscal years. The Corporation received, through Budget 2023, additional operating funding for 2023-24 Government fiscal year and will continue to closely monitor the situation and communicate with Transport Canada concerning potential additional funding requirements.

In the meantime, work progresses to identify and implement initiatives to streamline processes and minimize operating costs, while communications continue with third-party infrastructure owners to improve on-time performance and protect the Corporation’s operations on their network. In addition, strategic projects such as the Corridor Fleet Replacement Program and the new reservation system will be reaching important milestones with the introduction of a portion of the new fleet this year and the launch of the new reservation system in November. The Heritage Program and High Frequency Rail (HFR) are also progressing as planned.

INTERIM CONDENSED FINANCIAL STATEMENTS

Management's Responsibility Statement

Montréal, Canada
November 22, 2023

Quarter ended September 30, 2023

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

Danielle Boisvert, CPA
Interim Chief Financial Officer

Interim Condensed Financial Statements

Statement of Financial Position

(in thousands of Canadian dollars)	September 30, 2023 *(unaudited)*	December 31, 2022 *(audited)*
CURRENT ASSETS		
Cash	$ 48,408	$ 9,741
Trade and other receivables *(Note 7)*	131,113	154,189
Other assets *(Note 8)*	12,138	7,838
Derivative financial instruments	1,889	765
Materials	27,214	25,655
Asset Renewal Fund	1,096	1,969
	221,858	200,157
NON-CURRENT ASSETS		
Advances on contracts	50,988	51,140
Property, plant and equipment *(Note 9)*	1,631,483	1,473,578
Right-of-use assets *(Note 12)*	91,937	94,972
Intangible assets *(Note 10)*	410,124	387,958
Employee benefit assets *(Note 15)*	382,486	383,522
	2,567,018	2,391,170
Total Assets	$ 2,788,876	$ 2,591,327
CURRENT LIABILITIES		
Trade and other payables *(Note 11)*	$ 238,687	$ 234,498
Lease liabilities *(Note 12)*	2,655	3,971
Provisions *(Note 13)*	3,043	3,983
Derivative financial instruments	16	183
Deferred revenues *(Note 14)*	50,628	37,680
	295,029	280,315
NON-CURRENT LIABILITIES		
Other payables	30,314	29,543
Deferred income tax *(Note 16)*	49,615	48,038
Lease liabilities *(Note 12)*	98,499	99,934
Employee benefit liabilities *(Note 15)*	31,650	31,234
	210,078	208,749
Deferred capital funding *(Note 17)*	2,044,128	1,867,080
SHAREHOLDER'S EQUITY		
Share capital	9,300	9,300
Accumulated surplus	230,341	225,883
	239,641	235,183
Total Liabilities and Shareholder's equity	$ 2,788,876	$ 2,591,327

Commitments (Note 20)

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

Interim Condensed Financial Statements

Statement of Comprehensive Income

(in thousands of Canadian dollars) (unaudited)	Quarters ended September 30 2023	Quarters ended September 30 2022	Nine-month periods ended September 30 2023	Nine-month periods ended September 30 2022
REVENUES *(Note 5)*				
Passenger	**$ 120,783**	$ 113,708	**$ 303,511**	$ 219,658
Other	**5,519**	4,671	**16,229**	11,690
	126,302	118,379	**319,740**	231,348
EXPENSES				
Compensation and employee benefits	**92,331**	86,213	**269,789**	239,663
Train operations and fuel	**48,714**	45,038	**135,851**	112,129
Stations and property	**9,851**	9,923	**33,831**	30,247
Marketing and sales	**9,548**	9,818	**28,830**	21,496
Maintenance material	**10,161**	8,150	**30,179**	25,623
On-train product costs	**11,315**	10,169	**29,998**	21,703
Operating taxes	**3,426**	3,881	**10,862**	10,574
Professional services	**5,408**	4,916	**22,094**	11,725
Telecommunications	**7,408**	6,581	**21,172**	19,539
Technical services	**871**	–	**3,079**	–
Depreciation of property, plant and equipment *(Note 9)*	**22,525**	20,957	**64,880**	59,423
Amortization of intangible assets *(Note 10)*	**4,256**	4,603	**13,262**	14,075
Depreciation of right-of-use assets *(Note 12)*	**906**	1,138	**3,454**	3,580
Loss on disposal of property, plant and equipment *(Note 9)*	**1,614**	283	**2,380**	1,689
Loss on disposal of intangible assets *(Note 10)*	**48**	14	**48**	14
Lease termination	**(62)**	–	**(62)**	–
Unrealized (net gain) net loss on derivative financial instruments	**(4,478)**	3,872	**(1,291)**	(125)
Realized (net gain) net loss on derivative financial instruments	**(249)**	(2,785)	**599**	(8,016)
Interest expense on lease liabilities	**658**	647	**1,814**	1,797
Other	**3,181**	3,554	**11,207**	11,306
	227,432	216,972	**681,976**	576,442
OPERATING LOSS BEFORE FUNDING FROM THE GOVERNMENT OF CANADA AND INCOME TAXES	**(101,130)**	(98,593)	**(362,236)**	(345,094)
Operating funding from the Government of Canada *(Note 6)*	**82,523**	67,034	**288,303**	267,218
Amortization of deferred capital funding *(Note 17)*	**28,338**	25,762	**80,278**	74,914
Net income (loss) before income taxes	**9,731**	(5,797)	**6,345**	(2,962)
Income tax (expense) recovery	**(1,722)**	1,555	**(1,681)**	9,804
NET INCOME (LOSS) FOR THE PERIOD	**8,009**	(4,242)	**4,664**	6,842
Other comprehensive income (loss)				
Amounts not to be reclassified subsequently to net income: Remeasurements of the defined benefit component of the pension plans and post-employment benefit plans *(Note 15)*	**26,536**	(13,995)	**(310)**	388,982
Income tax (expense) recovery	**(7,039)**	3,472	**104**	(96,551)
	19,497	(10,523)	**(206)**	292,431
COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	**$ 27,506**	$ (14,765)	**$ 4,458**	$ 299,273

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

Interim Condensed Financial Statements

Statement of Changes in Shareholder's Equity

(in thousands of Canadian dollars) *(unaudited)*	Quarters ended September 30		Nine-month periods ended September 30	
	2023	**2022**	**2023**	**2022**
SHARE CAPITAL	**$ 9,300**	$ 9,300	**$ 9,300**	$ 9,300
Accumulated surplus				
Balance, beginning of period	**202,835**	458,747	**225,883**	144,709
Net income (loss) for the period	**8,009**	(4,242)	**4,664**	6,842
Other comprehensive income (loss) for the period	**19,497**	(10,523)	**(206)**	292,431
Balance, end of period	**230,341**	443,982	**230,341**	443,982
Total Shareholder's equity	**$ 239,641**	$ 453,282	**$ 239,641**	$ 453,282

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

Interim Condensed Financial Statements

Statement of Cash Flows

(in thousands of Canadian dollars) (unaudited)	Quarters ended September 30 2023	Quarters ended September 30 2022	Nine-month periods ended September 30 2023	Nine-month periods ended September 30 2022
OPERATING ACTIVITIES				
Net income (loss) for the period	**$ 8,009**	$ (4,242)	**$ 4,664**	$ 6,842
Adjustments to determine net cash (used in) provided by operating activities:				
Depreciation of property, plant and equipment *(Note 9)*	**22,525**	20,957	**64,880**	59,423
Amortization of intangible assets *(Note 10)*	**4,256**	4,603	**13,262**	14,075
Depreciation of right-of-use assets *(Note 12)*	**906**	1,138	**3,454**	3,580
Loss on disposal of property, plant and equipment *(Note 9)*	**1,614**	283	**2,380**	1,689
Loss on disposal of intangible assets *(Note 10)*	**48**	14	**48**	14
Lease termination	**(62)**	–	**(62)**	–
Other payables variations	**47**	26	**131**	75
Cash drawdown from the Asset Renewal Fund	**–**	–	**873**	–
Advances on contracts variations	**(809)**	(960)	**(1,651)**	(1,179)
Amortization of deferred capital funding *(Note 17)*	**(28,338)**	(25,762)	**(80,278)**	(74,914)
Income tax expense (recovery)	**1,722**	(1,630)	**1,681**	(10,029)
Interest income	**(1,004)**	(515)	**(2,640)**	(792)
Interest paid	**(658)**	(647)	**(1,814)**	(1,797)
Unrealized (net gain) net loss on derivative financial instruments	**(4,478)**	3,872	**(1,291)**	(125)
Post-employment and other employee benefit expenses *(Note 15)*	**745**	6,396	**4,078**	17,047
Employer post-employment and other employee benefit contributions *(Note 15)*	**(1,217)**	(2,113)	**(4,307)**	(11,706)
Employer contributions transfer	**1,371**	–	**1,371**	–
Interest expense on lease liabilities	**658**	647	**1,814**	1,797
Net change in working capital items *(Note 18)*	**(12,517)**	(3,287)	**20,534**	28,447
Net cash (used in) provided by operating activities	**(7,182)**	(1,220)	**27,127**	32,447
INVESTING ACTIVITIES				
Government funding received for acquisition of property, plant and equipment and intangible assets *(Notes 7, 17, 18)*	**99,000**	135,000	**248,292**	197,268
Government funding received for the Asset Renewal Fund transfer to operating funding	**–**	–	**(873)**	–
Acquisition of property, plant and equipment and intangible assets *(Notes 9, 10, 11 and 18)*	**(105,155)**	(131,227)	**(235,029)**	(210,690)
Interest received	**624**	515	**2,260**	792
Proceeds from the disposal of property, plant and equipment	**–**	15	**–**	17
Net cash (used in) provided by investing activities	**(5,531)**	4,303	**14,650**	(12,613)
FINANCING ACTIVITIES				
Payment of the lease liabilities	**(950)**	(979)	**(3,110)**	(3,286)
Net cash (used in) financing activities	**(950)**	(979)	**(3,110)**	(3,286)
CASH				
(Decrease) increase during the period	**(13,663)**	2,104	**38,667**	16,548
Balance, beginning of period	**62,071**	18,844	**9,741**	4,400
Balance, end of period	**$ 48,408**	$ 20,948	**$ 48,408**	$ 20,948
REPRESENTED BY:				
Cash	**48,408**	20,948	**48,408**	20,948
	$ 48,408	$ 20,948	**$ 48,408**	$ 20,948

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

Notes to the Interim Condensed Financial Statements

For the period ended September 30, 2023 (unaudited)

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.

These financial statements were approved and authorized for issue by the Board of Directors on November 22, 2023.

The Corporation has received the additional funding from the Government of Canada and has the adequate resources to continue 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, 2022, which have been prepared in accordance with the IFRS.

b) Functional and presentation currency

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

3. Summary of Significant Accounting Policies

The significant accounting policies applied in these unaudited interim condensed financial statements are disclosed in Note 4 of the Corporation's audited financial statements for the year ended December 31, 2022.

4. Key Sources of Estimation Uncertainty and Critical Judgments

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

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

They are reviewed on an ongoing basis. Changes to accounting estimates are recognized in the period in which the estimate is revised and in any future period affected. However, uncertainties relating to assumptions, estimates and judgments could result in outcomes that would require a material adjustment to the carrying amount of the asset or liability affected in future years. Key sources of estimation uncertainty and critical judgments are disclosed in Note 5 of the Corporation's audited financial statements for the year ended December 31, 2022.

5. Revenues

The following table disaggregates the revenue by major sources:

(in millions of Canadian dollars)	Quarters ended September 30		Nine-month periods ended September 30	
	2023	**2022**	**2023**	**2022**
REVENUES				
Transportation and accommodation	**117.7**	110.7	**295.8**	213.9
On-train food and beverages	**2.8**	2.7	**6.9**	5.2
Other revenues *(Note 1)*	**0.3**	0.3	**0.8**	0.6
Revenues from passengers	**120.8**	113.7	**303.5**	219.7
Investment income	**1.0**	0.5	**2.6**	0.8
Third party servicing	**2.4**	2.1	**7.3**	5.5
Rental income and other	**2.1**	2.0	**6.3**	5.3
Revenues from other sources	**5.5**	4.6	**16.2**	11.6
Total revenues	**126.3**	118.3	**319.7**	231.3

Note 1: includes sales commissions and baggage revenues.

6. Reconciliation of Operating Loss to Government Funding

The Corporation receives its funding from the Government of Canada based primarily on cash flow requirements. Items recognized in the Statement of Comprehensive Income in one period may be funded by the Government of Canada in different periods. Accordingly, the Corporation has different net results of operations for the period on a government funding basis than on an IFRS basis. These differences are outlined below:

	Quarters ended September 30		Nine-month periods ended September 30	
(in millions of Canadian dollars)	**2023**	**2022**	**2023**	**2022**
Operating loss before funding from the Government of Canada and income taxes	**101.1**	98.6	**362.2**	345.1
Items requiring operating funds:				
Income tax expense	**–**	–	**–**	0.2
Items (not requiring) not providing operating funds:				
Depreciation of property, plant and equipment	**(22.5)**	(20.9)	**(64.9)**	(59.4)
Amortization of intangible assets	**(4.3)**	(4.6)	**(13.3)**	(14.1)
Depreciation of right-of-use assets	**(1.0)**	(1.2)	**(3.5)**	(3.6)
Loss on disposal of property, plant and equipment	**(1.7)**	(0.3)	**(2.4)**	(1.7)
Post-employment and other employee benefit contributions in excess of expenses	**0.4**	(4.2)	**0.2**	(5.3)
Employer contributions transfer	**(1.4)**	–	**(1.4)**	–
Unrealized net gain (net loss) on derivative financial instruments	**4.5**	(3.9)	**1.3**	0.1
Non-cash transactions relating to lease liabilities	**1.6**	1.6	**4.9**	5.1
Interest expense on lease liabilities	**(0.6)**	(0.6)	**(1.8)**	(1.8)
Adjustment for accrued compensation	**6.1**	3.3	**5.9**	3.2
Adjustment for VIA Préférence loyalty program	**0.2**	0.2	**0.3**	0.4
Other	**0.1**	(1.0)	**0.8**	(1.0)
Operating funding from the Government of Canada	**82.5**	67.0	**288.3**	267.2

7. Trade and Other Receivables

The trade and other receivables balance includes the following:

(in millions of Canadian dollars)	**September 30, 2023**	**December 31, 2022**
Trade	**6.2**	4.5
Other receivables	**5.2**	9.8
Loss allowance	**(0.8)**	(0.4)
Trade and other receivables classified at amortized cost	**10.6**	13.9
Amount receivable from the Government of Canada – Operating funding	**56.1**	91.0
Amount receivable from the Government of Canada – Capital funding *(Note 18)*	**52.4**	42.5
Total receivable from the Government of Canada	**108.5**	133.5
Sales taxes	**12.0**	6.8
Total trade and other receivables	**131.1**	154.2

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

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

(in millions of Canadian dollars)	**September 30, 2023**	**December 31, 2022**
31 to 60 days	**1.6**	1.2
61 to 90 days	**0.4**	0.3
Over 90 days	**0.2**	–
Total	**2.2**	1.5

The Corporation has recognized in the current period an amount of $0.9 million of impairment loss arising from contracts with customers and other receivables, which is presented in the line “Other” in the Statement of Comprehensive Income (September 30, 2022: $0.1 million).

8. Other Assets

The other assets balance includes the following:

(in millions of Canadian dollars)	**2023**	**2022**
Prepaids	**8.8**	7.8
Advances to third parties	**3.3**	–
Total other assets	**12.1**	7.8

9. 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, 2023	17.6	997.9	180.7	192.6	340.7	98.0	38.8	40.5	10.6	597.8	2,515.2
Additions	–	–	–	–	–	–	–	–	–	225.1	225.1
Disposals	–	(32.0)	(0.6)	–	–	(0.9)	–	(0.6)	(0.1)	(0.5)	(34.7)
Transfers	–	162.2	1.3	0.8	0.1	2.1	0.3	0.8	–	(167.6)	–
Total cost	17.6	1,128.1	181.4	193.4	340.8	99.2	39.1	40.7	10.5	654.8	2,705.6
Accumulated depreciation and impairment:											
January 1, 2023	–	616.6	111.4	66.2	132.4	60.0	23.9	25.8	5.3	–	1,041.6
Additions	–	38.4	2.6	6.6	7.5	3.3	1.6	4.3	0.6	–	64.9
Disposals	–	(30.7)	(0.5)	(0.1)	–	(0.4)	(0.1)	(0.6)	–	–	(32.4)
Total accumulated depreciation and impairment	–	624.3	113.5	72.7	139.9	62.9	25.4	29.5	5.9	–	1,074.1
Total carrying amount	**17.6**	**503.8**	**67.9**	**120.7**	**200.9**	**36.3**	**13.7**	**11.2**	**4.6**	**654.8**	**1,631.5**

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.

10. 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, 2023	117.3	7.8	441.7	4.5	91.6	662.9
Additions	–	–	–	–	35.5	35.5
Disposals	(0.1)	–	–	–	–	(0.1)
Transfers	2.5	–	–	–	(2.5)	–
Total cost	119.7	7.8	441.7	4.5	124.6	698.3
Accumulated amortization and impairment:						
January 1, 2023	104.4	7.8	159.3	3.4	–	274.9
Additions	4.5	–	8.6	0.2	–	13.3
Total accumulated amortization and impairment	108.9	7.8	167.9	3.6	–	288.2
Total carrying amount	**10.8**	**–**	**273.8**	**0.9**	**124.6**	**410.1**

11. Trade and Other Payables

The trade and other payables balance includes the following:

(in millions of Canadian dollars)	**September 30, 2023**	**December 31, 2022**
Wages payable and accrued	**48.4**	51.8
Accounts payable and accruals – Trade	**52.3**	69.3
Accounts payable and accruals – Capital assets	**127.3**	104.1
Trade and other payables classified at amortized cost	**228.0**	225.2
Capital tax and other taxes payable	**6.8**	6.1
Deductions at sources	**3.9**	3.2
Total trade and other payables	**238.7**	234.5

12. 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, 2023	0.5	23.9	81.9	1.5	107.8
Additions	–	–	1.9	–	1.9
Disposals	–	(2.4)	(0.2)	(0.7)	(3.3)
Total cost	0.5	21.5	83.6	0.8	106.4
Accumulated depreciation:					
January 1, 2023	0.1	6.7	4.8	1.2	12.8
Additions	–	1.2	2.0	0.3	3.5
Disposals	–	(1.0)	(0.1)	(0.7)	(1.8)
Total accumulated depreciation	0.1	6.9	6.7	0.8	14.5
Net carrying amount	**0.4**	**14.6**	**76.9**	**–**	**91.9**

Amount recognized in the Statement of Comprehensive Income:

	Quarters ended September 30		**Nine-month periods ended September 30**	
(in millions of Canadian dollars)	**2023**	**2022**	**2023**	**2022**
Short-term leases	**–**	0.2	**–**	0.2
Low-value assets	**–**	–	**0.1**	0.1

Total cash outflow is $1.6 million for the quarter and $5.0 million for the nine-month period (September 30, 2022: $1.8 million for the quarter and $5.4 million for the nine-month period).

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

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

(in millions of Canadian dollars)	**September 30, 2023**	**December 31, 2022**
Balance, beginning of period	**103.9**	90.0
Additions	**1.9**	18.2
Accretion of interest	**1.8**	2.4
Payments	**(4.9)**	(6.7)
Lease termination	**(1.5)**	–
Balance, end of period	**101.2**	103.9
Current	**2.7**	4.0
Non–current	**98.5**	99.9
Total lease liabilities	**101.2**	103.9

13. Provisions

The provisions balance includes the following:

(in millions of Canadian dollars)	**January 1, 2023**	**Additional provisions recognized**	**Provisions utilized**	**Unused amounts reversed**	**September 30, 2023**
Environmental costs	1.0	0.1	(0.2)	–	**0.9**
Litigation and equipment repairs *(Note 1)*	3.0	0.8	(0.9)	(0.8)	**2.1**
Total provisions	4.0	0.9	(1.1)	(0.8)	**3.0**

Note 1: Litigation and equipment repairs

The Corporation is subject to claims and legal proceedings brought against it in the normal course of business. The timing of the settlement of these claims depends to a large extent on the pace of negotiation with the various third parties and legal authorities. The Corporation cannot reliably estimate when these claims will be resolved.

Also, the Corporation incurs equipment repair costs as a result of crossing accidents and other incidents causing damages to the rolling stock. These equipment repair claims are mostly settled between 3 and 18 months from the date of initiation.

Such matters are subject to several uncertainties. 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.

14. Deferred Revenues

Deferred revenues are comprised of the following:

(in millions of Canadian dollars)	**September 30, 2023**	**December 31, 2022**
Advance ticket sales	**35.9**	21.4
VIA Préférence loyalty program	**10.5**	10.8
Non-monetary transactions	**0.9**	1.2
Gift cards	**1.7**	1.8
Other	**1.6**	2.5
Total deferred revenues	**50.6**	37.7

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.

15. Employee Benefit Assets and Liabilities

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

As disclosed in Note 22 Employee benefit assets and liabilities of the Corporation's annual financial statements, the Corporation reviews its actuarial assumptions at each reporting period to ensure that the net defined benefit asset (liability) recognized in the financial statements is updated for significant changes arising from non-recurring events. The impact on the net defined benefit asset (liability) arising from any such changes in assumptions is recognized in other comprehensive income as remeasurement for the period.

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

	September 30, 2023	**December 31, 2022**
ASSUMPTIONS — DISCOUNT RATES		
Assumptions for the calculation of the obligation		
Defined benefit component of the pension plans	**5.60%**	5.10%
Post-employment benefit plans	**5.60%**	5.10%
Long-term employee benefit plans	**5.00%**	5.00%
Assumptions for the calculation of the costs		
Defined benefit component of the pension plans	**5.10%**	3.00%
Post-employment benefit plans	**5.10%**	3.00%
Long-term employee benefit plans	**5.00%**	2.80%

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

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

(in millions of Canadian dollars)	Defined benefit component of the pension plans		Post-employment benefit plans	
	September 30, 2023	**December 31, 2022**	**September 30, 2023**	**December 31, 2022**
FAIR VALUE OF PLAN ASSETS:				
Balance, beginning of period	**2,334.2**	2,800.0	**–**	–
Interest income	**96.2**	82.4	**–**	–
Return on plan assets (excluding interest income)	**(102.8)**	(421.9)	**–**	–
Employer contributions	**–**	7.0	**0.5**	0.7
Employee contributions	**10.3**	12.0	**–**	–
Benefits paid	**(94.3)**	(142.8)	**(0.5)**	(0.7)
Employer contributions transfer	**(1.4)**	–	**–**	–
Administration expenses	**(1.5)**	(2.5)	**–**	–
Balance, end of period	**2,240.7**	2,334.2	**–**	–
DEFINED BENEFIT OBLIGATION:				
Balance, beginning of period	**1,950.7**	2,519.8	**18.7**	26.3
Service cost	**13.8**	33.1	**0.1**	0.4
Interest expense	**81.0**	74.7	**0.7**	0.8
Employee contributions	**10.3**	12.0	**–**	–
Benefits paid	**(94.3)**	(142.8)	**(0.5)**	(0.7)
Effect of change in demographic assumptions	**–**	–	**–**	(0.3)
Effect of change in financial assumptions	**(103.3)**	(581.7)	**0.8**	(7.2)
Effect of experience adjustments	**–**	35.6	**–**	(0.6)
Balance, end of period	**1,858.2**	1,950.7	**19.8**	18.7
Net defined benefit asset (liability)	**382.5**	383.5	**(19.8)**	(18.7)

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

b) Long-term employee benefit plans

Based on these actuarial valuations and projections to September 30, the summary of the principal valuation results for the long-term employee benefits, including self-insured workers' compensation benefits is as follows:

(in millions of Canadian dollars)	**September 30, 2023**	**December 31, 2022**
FAIR VALUE OF PLAN ASSETS:		
Balance, beginning of period	**–**	–
Employer contributions	**3.7**	5.6
Benefits paid	**(3.7)**	(5.6)
Balance, end of period	**–**	–
LONG-TERM BENEFIT OBLIGATION:		
Balance, beginning of period	**12.4**	15.1
Service cost	**2.6**	3.5
Interest expense	**0.5**	0.5
Benefits paid	**(3.7)**	(5.6)
Effect of change in demographic assumptions	**–**	1.5
Effect of change in financial assumptions	**–**	(1.3)
Effect of experience adjustments	**–**	(1.3)
Balance, end of period	**11.8**	12.4
Net long-term employee benefit liability	**11.8**	12.4

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

Total amounts recognized in the Statement of Financial Position:

(in millions of Canadian dollars)	**September 30, 2023**	**December 31, 2022**
Assets:		
Defined benefit component of the pension plans	**382.5**	383.5
Liabilities:		
Post-employment benefit plans	**19.8**	18.7
Long-term employee benefit plans	**11.8**	12.4
Other long-term employee benefits	**0.1**	0.1
Total employee benefit liabilities	**31.7**	31.2

Total amounts recognized in the Statement of Comprehensive Income:

	Quarters ended September 30		Nine-month periods ended September 30	
(in millions of Canadian dollars)	**2023**	**2022**	**2023**	**2022**
Operating expenses:				
Defined benefit component of the pension plans	**(0.6)**	5.1	**0.1**	13.2
Post-employment benefit plans	**0.2**	0.3	**0.8**	0.8
Long-term employee benefit plans	**1.1**	0.9	**3.1**	3.0
Total	**0.7**	6.3	**4.0**	17.0

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

	Quarters ended September 30		Nine-month periods ended September 30	
(in millions of Canadian dollars)	**2023**	**2022**	**2023**	**2022**
Other comprehensive (loss) income:				
Defined benefit component of the pension plans	**26.7**	(13.6)	**0.5**	381.8
Post-employment benefit plans	**(0.2)**	(0.4)	**(0.8)**	7.2
Total	**26.5**	(14.0)	**(0.3)**	389.0

16. Income Taxes

The income tax expense consists of the following:

	Quarters ended September 30		Nine-month periods ended September 30	
(in millions of Canadian dollars)	**2023**	**2022**	**2023**	**2022**
Current	**–**	–	**–**	(0.2)
Deferred	**(1.7)**	1.6	**(1.7)**	10.0
Income tax (expense) recovery	**(1.7)**	1.6	**(1.7)**	9.8

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

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

Deferred income tax balances September 30, 2023 *(in millions of Canadian dollars)*	**Opening Balance**	**Recognized in net income**	**Recognized in OCI**	**Closing Balance**
Deferred income tax assets (liabilities):				
Property, plant and equipment and intangible assets	27.2	0.1	–	**27.3**
Provisions	1.3	(0.3)	–	**1.0**
Lease liabilities	28.0	(1.2)	–	**26.8**
Employee benefit liabilities	8.3	0.1	–	**8.4**
Losses carry-forward	16.2	(3.0)	–	**13.2**
Total deferred income tax assets	81.0	(4.3)	–	**76.7**
Unrealized net gain on derivative financial instruments	(0.2)	(0.3)	–	**(0.5)**
Right-of-use assets	(27.3)	2.9	–	**(24.4)**
Employee benefit assets	(101.5)	–	0.1	**(101.4)**
Total deferred income tax liabilities	(129.0)	2.6	0.1	**(126.3)**
Deferred income tax liabilities	**(48.0)**	**(1.7)**	**0.1**	**(49.6)**

17. 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)	September 30, 2023	December 31, 2022
Balance, beginning of period	**1,867.1**	1,658.1
Government funding for property, plant and equipment and intangible assets (including the cost of land)	**258.2**	310.2
Government funding for an advance on contract	**–**	8.0
Transfer from capital funding to operating funding	**(0.9)**	–
Total Government funding for property, plant and equipment, intangible assets and advance on contract	**257.3**	318.2
Amortization of deferred capital funding	**(80.3)**	(109.2)
Balance, end of period	**2,044.1**	1,867.1

18. Supplemental Cash Flows Information

Net change in working capital items:

	Quarters ended September 30		Nine-month periods ended September 30	
(in millions of Canadian dollars)	2023	2022	2023	2022
Trade and other receivables	**(3.7)**	(4.6)	**33.4**	7.6
Other assets	**6.5**	2.2	**(4.3)**	(4.4)
Materials	**1.7**	0.7	**(1.6)**	2.8
Trade and other payables	**(10.3)**	6.0	**(19.0)**	2.2
Provisions	**(0.4)**	(0.1)	**(0.9)**	(1.5)
Deferred revenues	**(6.4)**	(7.5)	**12.9**	21.7
Total	**(12.6)**	(3.3)	**20.5**	28.4

The change in trade and other receivables excludes an amount of ($9.9) million (September 30, 2022: ($7.0) million) in relation to government funding receivable from the Government of Canada for capital expenditures, as the amount relates to investing activities.

The change in trade and other payables excludes an amount of $23.2 million (September 30, 2022: ($6.5) million) in relation to the acquisition of property, plant and equipment and intangible assets, as this amount relates to investing activities.

18. Supplemental Cash Flows Information (cont'd)

Investing activities supplemental information:

	Quarters ended September 30		Nine-month periods ended September 30	
(in millions of Canadian dollars)	**2023**	**2022**	**2023**	**2022**
Government funding invoiced for property, plant and equipment and intangible assets	**118.3**	84.3	**258.2**	204.2
Change in amount receivable from (payable to) the Government of Canada – Capital funding	**(19.3)**	50.6	**(9.9)**	(7.0)
Total Government funding received for property, plant and equipment and intangible assets	**99.0**	134.9	**248.3**	197.2

Acquisition of property, plant and equipment and intangible assets	**(120.0)**	(82.3)	**(260.6)**	(208.7)
Additions to property, plant and equipment and intangible assets not affecting cash as they were previously cashed out through the advances on contracts	**1.1**	(4.1)	**1.8**	(0.6)
Change in accounts payable and accruals – Capital assets	**13.2**	(46.9)	**23.2**	(6.5)
Change in other payables	**0.6**	2.1	**0.6**	5.1
Total cash out for acquisition of property, plant and equipment and intangible assets	**(105.1)**	(131.2)	**(235.0)**	(210.7)

19. Financial Risks

The Corporation's financial instruments are exposed to the same risks as disclosed in the Note 28 of its annual financial statements for the year ended December 31, 2022.

20. Commitments

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

	September 30, 2023				December 31, 2022
(in millions of Canadian dollars)	**Total commitments**	**Less than 1 year**	**From 1 to 5 years**	**More than 5 years**	**Total commitments**
COMMITMENTS RELATING TO OPERATIONS:					
Non-cancellable leases: Lessee	**136.6**	4.8	23.2	108.6	163.7
Technical services	**358.3**	12.9	97.9	247.5	365.8
Usage of tracks	**39.4**	1.4	5.6	32.4	40.4
Total	**534.3**	**19.1**	**126.7**	**388.5**	569.9
COMMITMENTS RELATING TO MAJOR CAPITAL INVESTMENTS:					
Rolling stock	**438.2**	225.5	212.7	–	551.8
Maintenance buildings	**208.5**	59.6	148.9	–	219.6
Stations and facilities	**8.2**	6.4	1.8	–	15.5
Owned infrastructures	**4.0**	4.0	–	–	–
Computer hardware	**–**	–	–	–	0.5
Leasehold improvements	**0.2**	0.2	–	–	–
Total	**659.1**	**295.7**	**363.4**	**–**	787.4
Total commitments	**1,193.4**	**314.8**	**490.1**	**388.5**	1,357.3

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

b) The Corporation has provided letters of credit from a financial institution totalling approximately $22.6 million (December 31, 2022: $22.5 million) to various provincial government workers' compensation boards as security for future payment streams.

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