



2025

Canada Post Corporation

Second Quarter FINANCIAL REPORT

For the period ended June 28, 2025

Financial Performance

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Management's Discussion and Analysis

This Management's Discussion and Analysis (MD&A) of the financial condition and results of operations is prepared for the 13-week period (second quarter or Q2) and 26-week period (first two quarters or year to date [YTD]) ended June 28, 2025, for Canada Post Corporation (Corporation or Canada Post) and its subsidiary – Purolator Holdings Ltd. (Purolator). These companies are collectively referred to as the Canada Post Group of Companies, the Group of Companies or the Group. The "Corporation," "Canada Post" and "Canada Post segment" mean Canada Post Corporation, excluding its subsidiary. The Corporation manages its consolidated operations and, accordingly, determines its operating segments on the basis of how senior leadership of the Group review operating results, make decisions about resource allocation and assess performance.

Two reportable operating segments have been identified at June 28, 2025: Canada Post and Purolator. Consolidation entries, intersegment balance eliminations and the support functions provided by the information technology business unit, under a shared services agreement between Canada Post, Purolator and Innovapost (in effect until April 15, 2024), are presented separately. The consolidation of results for SCI were discontinued as of March 1, 2024, and for Innovapost as of April 15, 2024, following the completion of their respective divestitures. Details of the Corporation's material subsidiaries are set out below.

Name of subsidiary	Principal activity	Place of incorporation	Place of operation	Ownership as at	Date of divestiture
				Dec. 31, 2024 and Q2 2025	
Purolator Holdings Ltd.	Transportation and courier services	Canada	Canada and United States	91%	–
SCI Group Inc.	Logistics and transportation services	Canada	Canada	–	March 1, 2024
Innovapost Inc.	IS/IT services	Canada	Canada	–	April 15, 2024

Financial results reported in the MD&A were prepared using IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB). Amounts are presented in Canadian dollars, rounded to the nearest million, while related percentages are based on numbers rounded to the nearest thousand. Percentage changes for revenue, volume and cost of operations in this report are adjusted for differences in business or paid days in Q2 and YTD of 2025 compared to Q2 and YTD 2024. Fewer business days and paid days result in decreased revenue and volume, and decreased cost of operations, respectively, while the opposite is true for additional days. These days varied by reporting entity, as follows:

Company	Q2 2025		YTD 2025	
	Business days	Paid days	Business days	Paid days
Canada Post Group of Companies and Canada Post	(1)	–	(2)	(2)
Purolator	(1)	–	(2)	(2)

This discussion should be read in conjunction with the unaudited condensed consolidated financial statements (interim financial statements) for Q2 2025, which were prepared in accordance with the Treasury Board of Canada Standard on Quarterly Financial Reports for Crown Corporations and International Accounting Standard (IAS) 34, "Interim Financial Reporting." We also recommend that this information be read in conjunction with the Corporation's annual consolidated financial statements and MD&A for the year ended December 31, 2024.

Management is responsible for the information presented in the interim financial statements and the MD&A. All references to *our* or *we* mean either Canada Post or, collectively, Canada Post and its subsidiary, as the context may require. The Board of Directors, on the recommendation of its Audit Committee, approved the content of this MD&A and the interim financial statements August 21, 2025.

Forward-looking statements

This MD&A contains forward-looking statements including future-looking financial information or outlooks that reflect management's expectations regarding the Group's objectives, plans, strategies, future growth, results of operations, performance and business prospects and opportunities. These statements reflect, among other things:

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

Forward-looking statements are typically identified by the words *assumption, goal, objective, outlook, strategy, target* and other similar expressions, or future or conditional verbs such as *aim, anticipate, believe, could, expect, intend, may, plan, predict, seek, should, strive* and *will*. These forward-looking statements are not facts, but only estimates regarding future results. These estimates are based on certain factors or assumptions regarding expected growth, results of operations, performance, business prospects and opportunities. While management considers these assumptions to be reasonable based on available information, they may prove to be incorrect. These estimates of future results are subject to a number of risks, uncertainties and other factors that could cause actual results to differ materially from what the Group expects. Readers are cautioned not to place undue reliance on the forward-looking statements.

The forward-looking statements included in the interim financial statements and MD&A are made as of August 21, 2025, and the Corporation does not undertake to publicly update these statements to reflect new information, future events or changes in circumstances or for any other reason after this date.

1. Executive Summary

An overview of the Group and a summary of the Q2 2025 financial results.

As one of Canada's largest employers, the Group of companies employs over 76,000 individuals across the country, including full-time, part-time, temporary, casual and term employees (as of December 31, 2024). Canada Post, the Group's largest segment with 62,300 people (including full-time, part-time, temporary, casual and term employees), is a federal Crown corporation, reporting to Parliament through the Minister of Government Transformation, Public Services and Procurement. The Corporation operates the largest retail network in Canada with nearly 5,700 retail post offices across the country. Under the *Canada Post Corporation Act*, Canada Post has a mandate to provide a standard of postal service that meets the needs of Canadians in a secure manner and has regard to conduct operations on a self-sustaining financial basis. Canada Post is part of the global postal industry comprising foreign postal administrations (posts) that have traditionally financed their universal service obligation (USO) through a legislated exclusive privilege, or monopoly, over a portion of the postal market.

Financial and business highlights – Q2 2025



Financial support required to continue as a going concern

Since 2018, the Canada Post segment has recorded cumulative operating losses exceeding \$5.0 billion. This figure excludes one-time gains such as those from the 2024 divestitures. Over the same period, cumulative losses before tax have surpassed \$4.2 billion.

Financial challenges are expected to continue in 2025, largely due to the lingering effects of the labour disruption in late 2024. Labour remained uncertain through Q2 2025 as many customers who turned to alternative delivery providers have yet to return, while marketers moved to different marketing and communication channels that do not rely on our services.

In July 2025, Canada Post repaid \$500 million in maturing debt, compounding the urgent need for financial support from its single shareholder, the Government of Canada, to maintain solvency, sustain operations and ensure short-term viability.

The Corporation's consolidated financial statements have been prepared on a going-concern basis, in line with IFRS Accounting Standards. This approach assumes that Canada Post will continue operating in the foreseeable future, allowing it to meet its obligations and manage its assets in the normal course of business.

In evaluating its ability to continue as a going concern, several key factors were considered: capital management strategies, available borrowing capacity, liquidity risk management and – most critically – access to repayable government funding. These assessments involve significant judgment.



Regulatory update

Government funding

Canada Post had signalled that it was running out of cash and facing insolvency. In accordance with section 31 of the *Canada Post Corporation Act*, Canada Post applied to receive amounts required to enable it to meet its operating and income charges, which are not sufficiently covered by its expected available revenues during the Government of Canada fiscal year ending March 31, 2026. Governor-in-Council approval was received January 31, 2025. To date, and in Q3, two payments were authorized: the first payment of \$395 million was received on June 30, 2025, and the second payment of \$260 million was received on July 30, 2025. All amounts placed at the disposal of the Corporation pursuant to section 31 of the Act are to be reimbursed to the Minister of Finance from the annual revenues of the Corporation in so far as such revenues are sufficient.

The government's cash injection and access to short-term financing facilities will allow the Corporation to maintain solvency and support its operations for the next 12 months. For the following year, the Corporation will reapply to receive funding through the submission of the 2026-30 Corporate Plan in Q4. These short-term liquidity measures will not solve Canada Post's long-term structural concerns.

A modern regulatory and policy framework for a changing country

A postal system built for 5.5 billion letters can't survive on two billion letters. While letter mail remains important, the Canadian ecommerce market is expected to double over the next decade. Parcel delivery is where the growth is. Over the last few years, competition in the parcel delivery market exploded during the pandemic-driven online shopping boom. The Corporation's early success as an ecommerce delivery leader eclipsed the fact that it was doing so with an operating, regulatory and policy structure built for mail delivery. We need flexibility in our delivery model, collective agreements, and regulatory and policy framework to better serve Canadians and compete in today's parcel delivery market. Canada Post must transform into a seven-day-a-week parcel business that continues to deliver mail. To do so, the Corporation urgently needs more flexibility in its delivery model and collective agreements.

Labour disruption and the Industrial Inquiry Commission

The labour disruption during the fourth quarter of 2024 – Canada Post's peak season – had a significant impact on the company's financial performance. Ongoing labour uncertainty continued to weigh heavily on financial performance in Q2 2025, as the Corporation reported its most severe and challenging results to date. The expiration of the Canadian Union of Postal Workers' (CUPW) collective agreements on May 22, 2025, and the immediate imposition of an overtime ban the following day, precipitated an ever more pronounced collapse in revenue. As a result, many customers shifted to alternative parcel delivery providers or adopted different marketing and communication channels that do not rely on Canada Post's services. The long-term financial implications of this disruption are difficult to predict.

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

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

In response to the impacts of the labour disruption, and the IIC report and recommendations, on May 28, 2025, Canada Post asked the Minister of Jobs and Families to exercise her authority, under section 108.1 of the *Canada Labour Code*, to direct that a confidential vote take place, administered by the Canada Industrial Relations Board (CIRB), on the final offers submitted by Canada Post to CUPW. On July 17, 2025, the CIRB announced that the vote would take place between July 21 and August 1. Employees voted privately, either online or by phone.

On August 1, 2025, the Canada Industrial Relations Board (CIRB) informed the Corporation that a majority of employees represented by CUPW voted to reject Canada Post's final offers to both the Urban and RSMC (Rural and Suburban Mail Carriers) bargaining units. This means negotiations between the parties remain unresolved. This result does not lessen the urgent need to modernize and protect this vital national service. However, it does mean the uncertainty that has been significantly impacting our business – and the many Canadians and Canadian businesses who depend on Canada Post – will continue.

Market update

The continued escalation of tariff threats by the United States poses significant risks to Canadian and global economies. Increased inflation may present a continued risk as tariffs are passed on to the consumer once existing inventory stocks are depleted. Any economic slowdown or resulting inflation could dampen consumer discretionary spending, directly impacting parcel volumes – particularly for cross-border shipments where tariffs increase the cost of goods. This may also lead to a shift in consumer demand toward domestic retailers.

Advertising budgets can be among the first areas that businesses reduce during periods of economic uncertainty, which could negatively affect Direct Marketing revenue streams.

The duration and overall impact of these trade tensions remain uncertain, as does the effectiveness of policy responses from governments and central banks. Canada Post is actively monitoring market developments; but at this stage, it is not possible to reliably forecast the extent or duration of the financial impact on the Group's performance. Further details are available in Section 8 Risks and Risk Management.

Segment results

Divestiture of SCI and Innovapost

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

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

Year-over-year comparisons throughout this report were impacted by the SCI divestiture in Q1 2024 and the Innovapost divestiture in Q2 2024.

Purolator's acquisition of Livingston International

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

Profit (loss) from operations

(in millions of dollars)

	Q2 2025	Q2 2024	\$ change	% change	YTD 2025	YTD 2024	\$ change	% change
Canada Post	(396)	(269)	(127)	(47.5)%	(507)	(490)	(17)	(3.5)%
Purolator	100	75	25	33.9%	131	106	25	24.2%
SCI	–	–	–	–	–	1	(1)	(100)%
Consolidation entries and eliminations	–	–	–	–	–	11	(11)	(99.8)%
Canada Post Group of Companies	(296)	(194)	(102)	(52.8)%	(376)	(372)	(4)	(1.1)%

+ Large percentage change.

The Canada Post segment reported unprecedented Q2 operating losses of \$396 million (\$127 million worse than the prior year), which were partially offset by operating profits in the Purolator segment, now including Livingston results. In Q2 and YTD 2025, the Group's

operating losses increased, primarily due to revenue declines in the Canada Post segment – with additional pressure from higher labour costs in the Canada Post and Purolator segments, partially offset by stronger revenue performance in Purolator during Q2 due to the acquisition of Livingston.

Profit (loss) before tax

(in millions of dollars)

	Q2 2025	Q2 2024	\$ change	% change	YTD 2025	YTD 2024	\$ change	% change
Canada Post	(407)	46	(453)	+	(448)	(30)	(418)	+
Purolator	82	81	1	1.7%	101	120	(19)	(15.5)%
Consolidation entries and eliminations	–	(262)	262	100.0%	(80)	(119)	39	32.5%
Canada Post Group of Companies	(325)	(135)	(190)	(141.3)%	(427)	(29)	(398)	+

+ Large percentage change.

The Group's loss before tax worsened in 2025 compared 2024, due to the non-recurring gain on sale of SCI and Innovapost, in Q1 and Q2 2024, respectively. Purolator posted a narrow improvement to profit before tax in Q2 2025, compared to 2024, while YTD 2025 losses before tax were impacted by interest expense incurred on debt obtained to fund the Livingston acquisition in Q1 2025.



Canada Post segment

Summary of results

(in millions of dollars)

	Q2 2025	Q2 2024	\$ change	% change	YTD 2025	YTD 2024	\$ change	% change
Revenue from operations	1,508	1,653	(145)	(7.3)%	3,297	3,400	(103)	(1.5)%
Cost of operations	1,904	1,922	(18)	(0.9)%	3,804	3,890	(86)	(0.7)%
Loss from operations	(396)	(269)	(127)	(47.5)%	(507)	(490)	(17)	(3.5)%
Investing and financing income (expense), net	(11)	315	(326)	(103.4)%	59	460	(401)	(87.2)%
Profit (loss) before tax	(407)	46	(453)	+	(448)	(30)	(418)	+

+ Large percentage change.

Canada Post is on track to post its eighth consecutive year of losses; 2025 losses are expected to be the most significant to date with more than half of the YTD loss incurred in the month of June, when labour uncertainty was at its peak. The magnitude of Q2 2025 losses

from operations is unprecedented and has worsened over the prior year due to continued labour uncertainty, which negatively impacted revenue in the Parcels and Direct Marketing lines of business. Despite some mail revenue gains from regulated rate increases, elections and backlogs processed following the late 2024 labour disruption, revenue overall for Q2 and YTD declined by \$145 million and \$103 million, respectively, compared to 2024. The cost of operations decreased only slightly in both periods as falling parcel volumes and a continued re-prioritization of investments were partially offset by higher labour costs due to wage increases.



Revenue by line of business

	Revenue (in millions of dollars)				Volume (in millions of pieces)			
	Q2 2025	Q2 2024	\$ change	% change	Q2 2025	Q2 2024	Change	% change
Parcels	475	763	(288)	(36.7)%	41	66	(25)	(36.5)%
Transaction Mail	732	579	153	28.4%	540	529	11	3.5%
Direct Marketing	233	256	(23)	(7.5)%	1,030	1,205	(175)	(13.2)%
Consumer products and services	68	55	13	25.6%	-	-	-	-
Total	1,508	1,653	(145)	(7.3)%	1,611	1,800	(189)	(9.1)%

	Revenue (in millions of dollars)				Volume (in millions of pieces)			
	YTD 2025	YTD 2024	\$ change	% change	YTD 2025	YTD 2024	Change	% change
Parcels	1,083	1,565	(482)	(29.6)%	91	134	(43)	(31.1)%
Transaction Mail	1,600	1,224	376	32.8%	1,199	1,146	53	6.2%
Direct Marketing	490	502	(12)	(1.0)%	2,157	2,263	(106)	(3.1)%
Consumer products and services	124	109	15	15.4%	-	-	-	-
Total	3,297	3,400	(103)	(1.5)%	3,447	3,543	(96)	(1.2)%



Parcels revenue decreased nearly \$0.5 billion YTD as labour uncertainty drove volumes to other carriers offering stability and flexibility

Parcels revenue and volumes declined sharply in Q2 and YTD 2025, compared to the same periods in 2024 due to lasting impacts of the 2024 labour disruption and continued labour uncertainty through 2025, which pushed Parcels volumes to the competition, gig players and established global competitors. These volumes are difficult to win back as these alternative

delivery providers have more flexibility and competitive offerings. Sharp volume declines were most pronounced when uncertainty peaked again in mid-May when collective agreements expired again. All Parcels channels – domestic, inbound and outbound – experienced revenue declines due to labour uncertainty.

What we're working on: Through 2025, the Corporation is focused on recovery measures with its customers, reclaiming lost volume and restoring market confidence. Success in the ecommerce parcel delivery market in the longer term will be influenced by the Corporation's ability to incorporate the IIC report recommendations into the CUPW collective agreements, specifically:

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

It should be noted, however, that Canada Post does not have the authority to unilaterally implement the strategic recommendations contained in the non-binding IIC report.



Transaction Mail surged due to a regulated rate increase, backlogs and election mailings

Transaction Mail revenue and volumes increased in Q2 and YTD 2025. A 25% regulated rate increase, which took effect in January 2025, positively impacted revenue, as did the May 2024 rate increase of nearly 8%. Volumes and revenue were positively impacted by the Ontario provincial election in Q1 and the federal election in Q2, as well as mailings which were inducted into the mail stream in early Q1 after the late 2024 labour disruption. While 2025 results have been favourable due to some non-recurring events, future volume declines are expected in the latter half of 2025, as consumers and mailers continue to migrate to digital communications.

What we're working on: The Corporation lacks autonomy in setting regulated stamp prices; regulations under the *Canada Post Corporation Act* prescribe approval of such rate increase by the Government of Canada. While the January 2025 rate increase is helpful, rates are underpriced in comparison with many other western postal administrations and have fallen behind the rate of inflation. The IIC report, issued in Q2, recommended a streamlined postage rate approval process to allow for more timely and responsive pricing adjustments. The Corporation supports this recommendation.



Direct Marketing revenue declined due to labour uncertainty as marketers avoided trapped time-sensitive mailings

Despite favourability in Q1 from pent-up demand following the late 2024 labour disruption, and continued growth in the Canada Post Neighbourhood Mail™ service, Direct Marketing revenue and volumes decreased in Q2 and YTD 2025 compared to the same periods in 2024 due to labour uncertainty and marketers' fear of having their time-sensitive mailings trapped in the postal network.

What we're working on: We are working with industry partners and retailers to make Direct Marketing more environmentally friendly and are investing in solutions that help businesses and consumers connect, while respecting their privacy and preferences. Economic uncertainty and digital marketing are expected to negatively impact Direct Marketing results.



Consumer products and services revenue experienced growth due to election mailings

Consumer products and services revenue increased in Q2 and YTD 2025 due to logistics services for election mailings and mail redirection, partially offset by declines during the first quarter in financial services and sales in coins.

What we're working on: We are continuing to market our newly launched MyMoney Account in partnership with KOHO, a leading Canadian financial technology company.



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

(in millions of dollars)

	Q2 2025	Q2 2024	\$ change	% change	YTD 2025	YTD 2024	\$ change	% change
Labour	1,012	966	46	4.8%	1,988	1,935	53	4.3%
Employee benefits	284	292	(8)	(2.6)%	572	587	(15)	(0.9)%
Other operating costs	518	571	(53)	(9.3)%	1,061	1,183	(122)	(8.9)%
Depreciation and amortization	90	93	(3)	(2.2)%	183	185	(2)	(0.7)%
Total cost of operations	1,904	1,922	(18)	(0.9)%	3,804	3,890	(86)	(0.7)%

The cost of operations decreased in Q2 and YTD 2025, compared to same period in 2024, mainly due to a decline in other operating costs, where transportation costs declined due to falling parcel volumes and non-capital investment costs were lower as we continue to refocus our 2025 investment priorities. Despite lower parcel volumes, two fewer paid days in YTD 2025, reduced management headcount and the CUPW-imposed overtime ban in late May, cost pressures from the labour structure and wage increases drove labour cost increases. Employee benefit costs declined due to increases in the discount rate.

What we're working on: The Corporation urgently requires changes that would help control costs within the operating network and supports recommendations in the IIC report. In particular, the Corporation's future cost structure depends on the ability to secure changes to collective agreements between Canada Post and CUPW, to staff more flexibly with part-time delivery roles, assign work during paid hours, and reduce inefficiencies and overtime by using dynamic routing. Critical investment in the conversion of our enterprise resource planning system to SAP S/4HANA will continue through 2025, while other investment project spending has been re-prioritized due to our stark and deteriorating financial situation.



Discount rate increases drive remeasurement gain in other comprehensive income

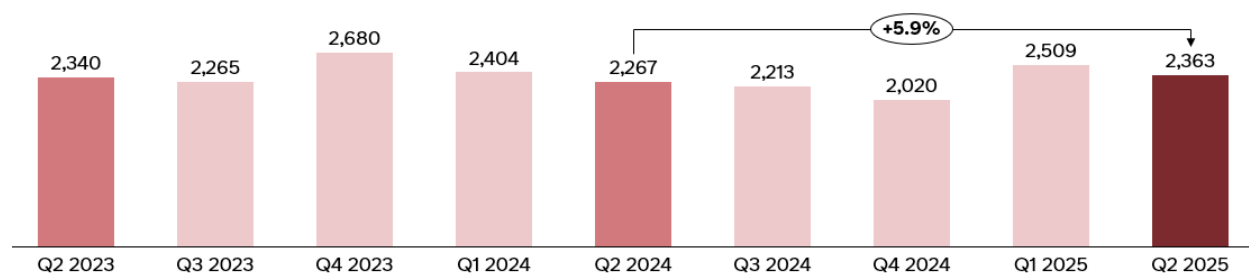
Remeasurement gains of \$37 million and \$132 million, net of tax, were recorded in other comprehensive income for Q2 2025 and YTD 2025, respectively, for the Canada Post segment defined benefit plans. The actuarially determined expense recorded in the statement of comprehensive income and regular payments were not affected by these remeasurements. The gains were due to an increase in discount rates at the end of Q2 2025 offset mainly by lower-than-expected asset returns. The Canada Post Corporation Registered Pension Plan (RPP) solvency surplus (using market value of plan assets) increased to an estimated \$2.8 billion from \$2.7 billion at December 31, 2024, primarily due to an increase in the discount rate used for solvency measurement. As the year-end funded position of the RPP exceeds legislative thresholds, Canada Post is not permitted to make employer current service contributions and no special solvency payments are required for 2025.

Canada Post Group of Companies – 2025

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

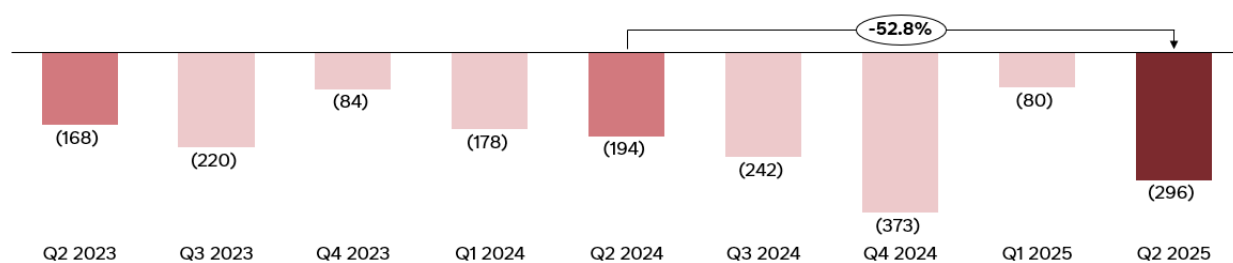
Quarterly consolidated revenue from operations

(in millions of dollars)



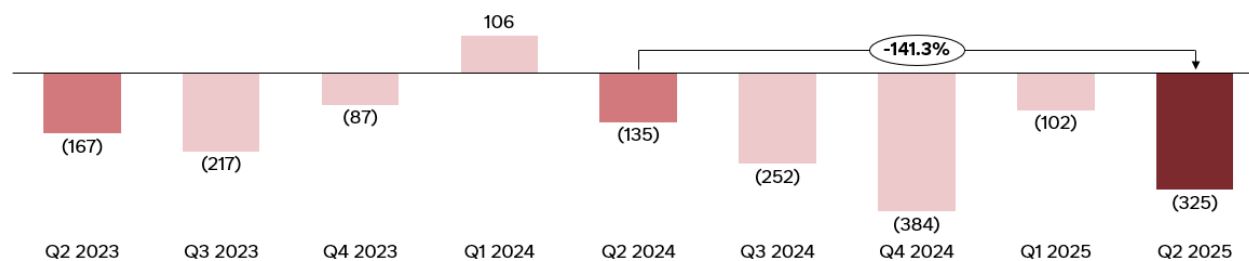
Quarterly consolidated loss from operations

(in millions of dollars)



Quarterly consolidated profit (loss) before tax

(in millions of dollars)



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

Consolidated statement of comprehensive income

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

(in millions of dollars)

	Q2 2025	Q2 2024	\$ change	% change	YTD 2025	YTD 2024	\$ change	% change	Explanation of significant variances
Revenue from operations	2,363	2,267	96	5.9%	4,872	4,671	201	6.0%	Purolator's acquisition of Livingston and higher parcel revenue in the Purolator segment, partially offset by Canada Post segment declines from labour uncertainty and the disposal of SCI in 2024.
Cost of operations	2,659	2,461	198	8.0%	5,248	5,043	205	5.7%	Purolator's acquisition of Livingston and higher parcel volumes in the Purolator segment, partially offset by lower collection, processing and delivery costs from volume declines in the Canada Post segment.
Loss from operations	(296)	(194)	(102)	(52.8)%	(376)	(372)	(4)	(1.1)%	Higher loss in the Canada Post segment, partially offset by increased profit in the Purolator segment.
Investing and financing income (expense), net	(29)	59	(88)	(148.5)%	(51)	343	(394)	(114.9)%	Higher financing costs in 2025 due to Purolator's acquisition of Livingston compared to the gain on sale of SCI and Innovapost in 2024.
Loss before tax	(325)	(135)	(190)	(141.3)%	(427)	(29)	(398)	+	
Tax recovery	(44)	(122)	78	64.0%	(85)	(116)	31	27.1%	Higher deferred tax asset write-down in the Canada Post segment.
Net profit (loss)	(281)	(13)	(268)	+	(342)	87	(429)	+	
Other comprehensive income (loss)	61	357	(296)	(83.0)%	159	1,024	(865)	(84.5)%	Remeasurement gains reduced due to a smaller discount rate increase in 2025 compared to 2024.
Comprehensive income (loss)	(220)	344	(564)	(164.0)%	(183)	1,111	(1,294)	(116.5)%	

+ Large percentage change.

Consolidated statement of cash flows

A more detailed report of this statement appears in Section 6 Liquidity and Capital Resources.

(in millions of dollars)

	Q2 2025	Q2 2024	\$ change	% change	YTD 2025	YTD 2024	\$ change	% change	Explanation of significant variances
Cash used in operating activities	(94)	(52)	(42)	(84.0)%	(30)	(62)	32	50.6%	Increase in operating losses and changes in working capital.
Cash provided by (used in) investing activities	19	32	(13)	(39.4)%	(180)	61	(241)		+ Q2 Proceeds from the sale of Innovapost in 2024, a decrease in proceeds (net of acquisitions) of securities and funds from segregated securities, partially offset by a decrease in cash payments for capital assets. YTD: Purolator's acquisition of Livingston in 2025 and proceeds on the sale of SCI and Innovapost in 2024, partially offset by lower cash payments for capital assets.
Cash (used in) provided by financing activities	(81)	(30)	(51)	(165.1)%	152	(65)	217		+ Q2: Repayment of credit facilities in the Purolator segment. YTD: Proceeds from new credit facilities obtained by Purolator to finance its acquisition of Livingston.

+ Large percentage change.

2. Core Businesses and Strategy

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



Canada Post segment

Canada Post has a mandate to serve all Canadians while maintaining financial self-sufficiency. The Corporation continues to work with its shareholder and bargaining agents to address the significant long-term structural challenges facing the postal service while fulfilling its purpose, A Stronger Canada – Delivered, and securing government funding to maintain liquidity. Our core businesses and strategy are described in MD&A Section 2 Core Businesses and Strategy of the 2024 Annual Report. Other than updates below, there were no material changes to the strategies during the first half of 2025.

Short term: Manage liquidity and rebuild the business

Cash preservation

In the short term, we are taking decisive steps to preserve cash and stabilize our financial position. We are focused on imposing strict limits on external hiring and expenses such as travel, consulting and contracted services, improving productivity and adjusting staffing to volume, and increasing revenue. We continue to look for efficiencies without impacting service.

Recovery plan: Ready, rebuild, reassure

Through 2025, we are focused on implementing recovery measures with our customers, stabilizing operations, reclaiming lost volume and restoring market confidence. The comprehensive recovery plan not only focuses on recovering from the labour disruption but also considers broader challenges and opportunities. These include geopolitical risks such as the U.S. tariff war, the rise of Canadian national pride, the federal election and the upgrade of our enterprise resource planning (ERP) system. While some recovery measures were paused in late May when the CUPW collective agreements expired again, the Corporation hopes to resume them in Q3.

Brand recovery strategy: “Shop Canadian. Ship Canadian.”

Canada Post's brand was negatively impacted by the recent labour disruption and prolonged labour uncertainty. Small and mid-sized businesses were particularly affected, making recovery critical to winning back lost business and regaining trust. At the same time, a surge in national pride driven by U.S. tariff and annexation threats – presents a unique opportunity. With Canadians pivoting to buy more domestic products, Canada Post's “Shop Canadian. Ship Canadian.” marketing message launched in Q1 2025 was used to position the company as a champion of Canadian commerce, rebuild trust, reinforce its role as a key partner for businesses and drive recovery.

Long term: Put in place the necessary structural changes both within and outside the collective agreements

In the long term, significant structural changes are required. The Industrial Inquiry Commission's report (issued by Commissioner William Kaplan), received in Q2, called for action in these primary areas:

- **Revise the collective agreement of Urban Postal Operations:** Allow the flexible use of part-time employees during the week and on weekends.
- **Amend the *Canadian Postal Service Charter*:** End the moratorium on rural post office closures, update to realistic and sustainable delivery standards, and streamline the time-consuming approval process to change postage rates.
- **Establish community mailboxes wherever possible:** End the moratorium on community mailbox conversions given Canada Post already has the Delivery Accommodation Program in place for Canadians who cannot access community mailboxes.







Purolator segment





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

3. Key Performance Indicators

A summary of our non-financial performance drivers.

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

Key performance indicators			2025 target	YTD 2025 result	Status
	Total injuries year-over-year (reduction)		(5%)	(4%)	C
	Employee diversity ¹	Indigenous Peoples	3.5%	--	--
		People with disabilities	9.1%	--	--
	Greenhouse gas emissions (GHGs)	Scopes 1 and 2 for fleet and buildings ² (in kilotonnes of carbon dioxide equivalent emissions)	105.9	62.3 ³	A
	Waste diversion rate ⁴	Percentage of solid, non-hazardous operational waste diverted from the landfill through reduction, reuse or recycling	70.4%	63.4%	B

Key performance indicators			2025 target	YTD 2025 result	Status
	Digital accessibility	Percentage of digital accessibility across all active digital products	94.0%	94.2%	A
	Indigenous procurement	Spending with Indigenous Peoples (percentage of eligible direct expenditure in Indigenous businesses)	5.0%	4.6%	B
	Enhanced postal services in Indigenous communities	Number of communities with improved, expanded services	Over 15	11	A
		Number of engagement discussions	120	87	A
	Removal of illicit products from the mail stream in Indigenous communities	Number of pieces inspected and removed	3,660	2,552	A

Notes:

Status A Achieved target within success parameters, or on track to meet target by December 31, 2025.

Status B Performance did not meet target due to an explainable variance.

Status C Target not achieved (outside success parameters).

1. Although targets are established for all designated equity groups, the Corporation is above 80% of Canadian labour market availability for women and members of visible minorities. The Corporation does not modify recruitment strategies when the goal is exceeded. Reporting for 2025 is dependent on updates from Employment and Social Development Canada, now expected in Q3.
2. Scope 3 emissions, which include all upstream transportation, make up 90% of Canada Post's GHG emissions. As part of our science-based targets (SBTs), we are working with our suppliers toward the goal of having 67% of suppliers, by area of spending, to set an SBT by December 31, 2025.
3. The Q2 2025 result is a forecast and will be verified one quarter in lag. Results are impacted by seasonality. The confirmed value for 2025 (full year) will be reported in the *2025 Sustainability Report*.
4. Target to divert at least 90% by weight of non-hazardous operational waste and 90% of all construction and demolition waste by 2030. The result for 2025 Q2 YTD is calculated based on actuals for April and May and forecasted for June.

4. Capabilities

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

We remain committed to providing a reliable service for all Canadians and Canadian businesses, demonstrating social and environmental leadership and doing right by our people. Following the prioritization exercise conducted in late 2023, certain transformation investments and projects have been paused or cancelled through 2025 due to financial challenges.

4.1 Doing right by our people

Q2 2025 highlights

Health, safety and wellness



- Total injuries and lost-time injuries decreased nationally by 4% and 2%, respectively, compared to 2024. Essential changes to operations and significant headwinds stemming from labour negotiations are expected to challenge results for the remainder of 2025.
- Auditing of operational processes and leadership performance with a focus on injury prevention resulted in improved injury results in some localized operational sites.

Equity, diversity and inclusion



- Achieved a positive response rate in the completion of the 2025 Equity Census Survey and refreshed the “Count Yourself In” campaign video.
- Honoured National Day of Awareness for Missing and Murdered Indigenous Women, Girls, Two-Spirit, and gender diverse people (MMIWG2S+) with a “Rompons le silence” video campaign and Red Dress display at the company’s head office.
- Unveiled a land and territory acknowledgment plaque at the head office with key Indigenous leaders and executives.



Canada Post segment

Labour and employee relations

Status of negotiations

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

The collective agreements for CUPW-UPO and CUPW-RSMC expired January 31, 2024, and December 31, 2023, respectively. After more than 12 months of bargaining, conciliation and mediation, and the exchange of several formal and informal offers culminating in over 30 days of a national strike, the Minister of Labour, on December 13, 2024:

- Referred the matter to the Canada Industrial Relations Board (CIRB) to assess the likelihood of Canada Post and CUPW reaching new agreements by December 31, 2024.
- Convened an Industrial Inquiry Commission (IIC) to examine the root causes of the labour dispute, reviewing the broader structural and financial challenges facing Canada Post, and recommending a path forward for the national postal service.

On December 15, 2024, the CIRB determined that the parties were at an impasse and unlikely to reach agreements by the end of the year. Employees were ordered to return to work,

pausing the strike, and our postal operations resumed on December 17, 2024. The existing UPO and RSMC collective agreements were also extended until May 22, 2025. Chaired by William Kaplan, the IIC released its report on May 16, 2025. The report provided a frank and objective assessment of the challenges and fundamental obstacles facing Canada Post and CUPW. The report also offers a series of recommendations for a sustainable path forward.

On May 23, 2025, CUPW instituted a nationwide overtime ban, marking the start of another legal strike action across UPO and RSMC units. This resumption of strike activity caused a significant drop, especially in the Corporation's Parcels business, adding financial strain.

The Corporation presented its best and final offers to CUPW on May 28, 2025. The offers for the UPO and RSMC bargaining units protect what is most important to employees, while making important enhancements that build on the company's most recent offers. The final offers also act on the recommendations of the IIC with much-needed changes to the company's delivery model. Shortly after presenting the global offers to CUPW, the Corporation proactively submitted an official request to direct an employee vote, which was approved by the Minister of Jobs and Families under section 108.1 of the *Canada Labour Code*. The vote, administered by the CIRB, allowed employees in the UPO and RSMC bargaining units to decide on Canada Post's final offers. On July 17, 2025, the CIRB announced that the vote would take place between July 21 and August 1. Employees voted privately, either online or by phone.

On August 1, 2025, the Canada Industrial Relations Board (CIRB) informed the Corporation that a majority of employees represented by CUPW voted to reject Canada Post's final offers to both the Urban and RSMC (Rural and Suburban Mail Carriers) bargaining units. This means negotiations between the parties remain unresolved. This result does not lessen the urgent need to modernize and protect this vital national service. However, it does mean the uncertainty that has been significantly impacting our business – and the many Canadians and Canadian businesses who depend on Canada Post – will continue.

Canadian Postmasters and Assistants Association (CPAA)

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

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

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

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

Association of Postal Officials of Canada (APOC)

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

4.2 Network, infrastructure and innovations

Q2 2025 highlights

Network and capacity

- Relocated a retail post office in Saint-Roch-de-Richelieu, Quebec.
- Permanently closed an operations facility in Mississauga, Ontario.



Technology



- Completed several key program milestones in our Experience Transformation (XT) program, in the lead up to deployment just after the close of Q2 on July 2, 2025. This new enterprise resource planning (ERP) system is the final major milestone of the XT program, a wide-reaching initiative to overhaul our outdated systems to drive performance, standardize processes, reduce manual work and enhance customer experience.

4.3 Environmental, social and governance priorities

2025 highlights

Environmental sustainability



- Launched a pilot to enable recycling of surplus admail in three facilities in Quebec, to increase waste diversion.
- Began construction for all phase 2 buildings' emission reduction projects, which included electrification of heating systems within our buildings and additional energy efficiency measures to reduce our greenhouse gas footprint.

**Environmental,
social,
governance
(ESG) leadership**


- Recognized as one of Corporate Knights' Best 50 Corporate Citizens for the third consecutive year.
- Presented a detailed five-year ESG strategy roadmap to the Board of Directors, which included goals and priority actions to continue to drive leadership in sustainability to 2030.

Governance


- Converted linguistic designation of positions to meet Treasury Board Secretariat's updated minimum second official language proficiency requirements applicable to new appointments in supervisory and people leader positions with employees in designated bilingual regions (the National Capital Region, areas of Ontario and Quebec, and the province of New Brunswick). Effective June 20, 2025, requirements for new appointments in applicable roles increased from intermediate (BBB) to advanced level (CBC). Internal communications have taken place and implementation of the transition plan is in progress. Additional training and tools have been launched and continue to be developed to enhance employee understanding of official language obligations and assist those in positions designated as bilingual in providing service or supervision in their second official language.
- Conducted six Code of Conduct ethics workshops to refresh employees on applying ethical decision-making in everyday work life.
- Deployed mandatory Anti-Money Laundering Refresher training to all corporate and dealer post offices to meet obligations under the *Proceeds of Crime and Terrorist Financing Act*.

Accessibility


- Continued to develop an online portal for Canadians to apply for an accommodation under the Delivery Accommodation Program. This new online option will improve service for our customers, decrease wait times, and allow for more efficient work processes. Launch is expected later this year.
- Approved 810 new delivery accommodations YTD.

**Indigenous
communities**


- Engaged with 38 communities (87 YTD), with a focus on assisting communities impacted by wildfires and identifying Métis communities in need of postal service enhancements.
- Delivered seven projects to enhance postal services in Indigenous and northern communities, including installing post office boxes to accommodate growth, relocating a post office, as well as enhancing connectivity and training.

Our [Sustainability Report](#) contains more information about our initiatives related to the environment, equity and inclusion, Indigenous reconciliation, and support of small businesses and local economies.

5. Discussion of Operations

A detailed discussion of our financial performance in Q2 2025.

Unless otherwise indicated, results in this section are presented for Q2 2025 and YTD 2025 and compared to the same periods in 2024.

5.1 Consolidated results from operations

Consolidated trends

The Group's consolidated results for the last nine quarters are presented below, highlighting the seasonal nature of its business. Demand for services is highest during the holiday or peak season in the fourth quarter. Volumes typically decline over the following quarters, reaching their lowest level in the third quarter. The Group's significant fixed costs do not vary during the year.

(in millions of dollars)

	Q2 2025	Q1 2025	Q4 2024	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023
Revenue from operations	2,363	2,509	2,020	2,213	2,267	2,404	2,680	2,265	2,340
Cost of operations	2,659	2,589	2,393	2,455	2,461	2,582	2,764	2,485	2,508
Profit (loss) from operations	(296)	(80)	(373)	(242)	(194)	(178)	(84)	(220)	(168)
Investing and financing income (expense), net	(29)	(22)	(11)	(10)	59	284	(3)	3	1
Profit (loss) before tax	(325)	(102)	(384)	(252)	(135)	106	(87)	(217)	(167)
Tax expense (recovery)	(44)	(41)	(88)	(42)	(122)	6	215	(54)	(40)
Net profit (loss)	(281)	(61)	(296)	(210)	(13)	100	(302)	(163)	(127)

Consolidated results for Q2 and YTD

(in millions of dollars)

	Q2 2025	Q2 2024	\$ change	% change	YTD 2025	YTD 2024	\$ change	% change
Revenue from operations	2,363	2,267	96	5.9%	4,872	4,671	201	6.0%
Cost of operations	2,659	2,461	198	8.0%	5,248	5,043	205	5.7%
Loss from operations	(296)	(194)	(102)	(52.8)%	(376)	(372)	(4)	(1.1)%
Investing and financing income (expense), net	(29)	59	(88)	(148.5)%	(51)	343	(394)	(114.9)%
Loss before tax	(325)	(135)	(190)	(141.3)%	(427)	(29)	(398)	+
Tax recovery	(44)	(122)	78	64.0%	(85)	(116)	31	27.1%
Net profit (loss)	(281)	(13)	(268)	+	(342)	87	(429)	+
Other comprehensive income (loss)	61	357	(296)	(83.0)%	159	1,024	(865)	(84.5)%
Comprehensive income (loss)	(220)	344	(564)	(164.0)%	(183)	1,111	(1,294)	(116.5)%

+ Large percentage change.

In Q2 2025, the Group reported a substantial loss from operations, which worsened compared to Q2 2024 by \$102 million (-52.8%). For YTD 2025, the Group's loss from operations worsened by \$4 million (-1.1%). Purolator's acquisition of Livingston International (Livingston) resulted in increases to revenue, cost of operations and financing costs in 2025. These increases were partly offset by revenue declines in the Canada Post segment due to labour uncertainty. In 2024, the comparative period, the gain on the sale from the SCI divestiture in Q1 and the Innovapost divestiture in Q2 were recorded to net investing and financing income.

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

5.2 Canada Post segment

Losses from operations widened in Q2 and YTD 2025 by \$127 million (-47.5%) and \$17 million (-3.5%), respectively, over Q2 and YTD 2024. The loss before tax of \$407 million in Q2 2025 widened by \$453 million, compared to Q2 2024, due to lower revenue in 2025 and dividend income in 2024 due to the divestitures of SCI and Innovapost. More than half of the YTD loss of \$448 million was incurred in the month of June, demonstrating the significant impact of labour uncertainty to our business.

The decline in parcel volumes led to lower transportation costs, while additional savings were realized through a strategic shift in priorities that reduced non-capital expenditures. These cost savings were partially reduced by higher labour costs stemming from wage increases, partly offset by lower parcel volumes and two fewer paid days YTD 2025.

Summary of results for Q2 and YTD

(in millions of dollars)

	Q2 2025	Q2 2024	\$ change	% change	YTD 2025	YTD 2024	\$ change	% change
Revenue from operations	1,508	1,653	(145)	(7.3)%	3,297	3,400	(103)	(1.5)%
Cost of operations	1,904	1,922	(18)	(0.9)%	3,804	3,890	(86)	(0.7)%
Loss from operations	(396)	(269)	(127)	(47.5)%	(507)	(490)	(17)	(3.5)%
Investing and financing income (expense), net	(11)	315	(326)	(103.4)%	59	460	(401)	(87.2)%
Profit (loss) before tax	(407)	46	(453)	+	(448)	(30)	(418)	+

+ Large percentage change.



Revenue from operations

In Q2 and YTD 2025, total revenue declined \$145 million (-7.3%) and \$103 million (-1.5%) compared to 2024. Parcels revenue declined significantly in 2025 – nearly \$0.5 billion YTD – stemming from labour uncertainty that drove customers to choose other carriers offering stability and better competitive offerings such as evening and weekend deliveries. Direct Marketing revenue was also negatively impacted by this uncertainty as marketers wanted to avoid having time-sensitive mail pieces trapped in the postal network. These declines were partially offset by mail revenue gains caused by regulatory Lettermail™ rate increases and federal election mailings.



Revenue and volumes by line of business

	Revenue (in millions of dollars)				Volume (in millions of pieces)			
	Q2 2025	Q2 2024	\$ change	% change	Q2 2025	Q2 2024	Change	% change
Domestic Parcels	370	627	(257)	(40.0)%	32	55	(23)	(39.3)%
Outbound Parcels	55	70	(15)	(21.1)%	3	3	–	(14.4)%
Inbound Parcels	42	57	(15)	(23.5)%	6	8	(2)	(26.2)%
Other	8	9	(1)	(6.3)%	–	–	–	–
Total Parcels	475	763	(288)	(36.7)%	41	66	(25)	(36.5)%
Domestic Lettermail	704	553	151	29.4%	523	512	11	3.8%
Outbound Letter-post	17	15	2	9.8%	7	6	1	(4.5)%
Inbound Letter-post	11	11	–	5.8%	10	11	(1)	(4.2)%
Total Transaction Mail	732	579	153	28.4%	540	529	11	3.5%
Canada Post Personalized Mail™	86	88	(2)	(1.2)%	146	149	(3)	(0.6)%
Canada Post Neighbourhood Mail™	110	130	(20)	(13.6)%	846	1,012	(166)	(15.2)%
Total Smartmail Marketing™	196	218	(22)	(8.6)%	992	1,161	(169)	(13.3)%
Publications Mail™	29	30	(1)	(3.2)%	36	41	(5)	(10.5)%
Business Reply Mail™ and other mail	4	4	–	(0.1)%	2	3	(1)	(0.5)%
Other	4	4	–	13.1%	–	–	–	–
Total Direct Marketing	233	256	(23)	(7.5)%	1,030	1,205	(175)	(13.2)%
Consumer products and services	68	55	13	25.6%	–	–	–	–
Total	1,508	1,653	(145)	(7.3)%	1,611	1,800	(189)	(9.1)%

	Revenue (in millions of dollars)				Volume (in millions of pieces)			
	YTD 2025	YTD 2024	\$ change	% change	YTD 2025	YTD 2024	Change	% change
Domestic Parcels	854	1,274	(420)	(31.9)%	73	111	(38)	(32.6)%
Outbound Parcels	120	143	(23)	(15.1)%	6	6	–	(10.9)%
Inbound Parcels	92	128	(36)	(26.6)%	12	17	(5)	(28.5)%
Other	17	20	(3)	(9.6)%	–	–	–	–
Total Parcels	1,083	1,565	(482)	(29.6)%	91	134	(43)	(31.1)%
Domestic Lettermail	1,528	1,164	364	33.4%	1,159	1,107	52	6.3%
Outbound Letter-post	41	33	8	22.8%	16	15	1	5.3%
Inbound Letter-post	31	27	4	20.4%	24	24	–	2.6%
Total Transaction Mail	1,600	1,224	376	32.8%	1,199	1,146	53	6.2%
Personalized Mail™	188	192	(4)	(0.7)%	311	319	(8)	(1.2)%
Neighbourhood Mail™	224	237	(13)	(4.0)%	1,764	1,861	(97)	(3.7)%
Total Smartmail Marketing™	412	429	(17)	(2.5)%	2,075	2,180	(105)	(3.3)%
Publications Mail	62	58	4	7.6%	78	78	–	1.8%
Business Reply Mail and other mail	8	8	–	8.0%	4	5	(1)	6.8%
Other	8	7	1	10.8%	–	–	–	–
Total Direct Marketing	490	502	(12)	(1.0)%	2,157	2,263	(106)	(3.1)%
Consumer products and services	124	109	15	15.4%	–	–	–	–
Total	3,297	3,400	(103)	(1.5)%	3,447	3,543	(96)	(1.2)%



Parcels

Parcels revenue in Q2 and YTD 2025 declined \$288 million (-36.7%) and \$482 million (-29.6%), respectively, on volume declines of 25 million pieces (-36.5%) and 43 million pieces (-31.1%), respectively, compared to 2024. The domestic channel drove the significant majority of these declines, as continued labour uncertainty drove customers to find more stable and competitive carriers for their ecommerce shipments. Details by product category, with Q2 and YTD results for 2025 compared to the same periods in 2024 were as follows:

- **Domestic Parcels** revenue declined \$257 million (-40.0%) and \$420 million (-31.9%) for Q2 and YTD, respectively, as continued labour uncertainty drove a shift in Canada Post's market share in favour of competition including well-established global companies and low-cost entrants that provide flexible and reliable services.
- **Outbound Parcels** revenue (postage revenue collected from domestic customers for parcels destined to foreign postal administrations [posts]) declined in Q2 and YTD by \$15 million (-21.1%) and \$23 million (-15.1%), respectively. Outbound Parcels revenue per

piece differs according to the country of destination as well as the sales channel (consumers at retail or commercial customers). In Q2 2025, revenue was negatively affected by the continued impact from the labour uncertainty and trade uncertainty.

- **Inbound Parcels** revenue (fees paid to Canada Post by other posts for delivering mail originating outside of Canada) declined in Q2 and YTD by \$15 million (-23.5%) and \$36 million (-26.6%), respectively. Inbound volume decreased as countries continue to shift away from the postal network into competitive commercial channels and low-cost competitors. Declines were further worsened by economic and trade uncertainty.
- **Other Parcels** revenue, which mostly comprises fees from the Customs Postal Import Program, decreased in Q2 and YTD by \$1 million (-6.3%) and \$3 million (-9.6%), respectively, due to lower volumes of inbound postal items requiring customs and duties collection for which we receive an administration fee per piece.



Transaction Mail

Transaction Mail revenue increased in Q2 and YTD by \$153 million (+28.4%) and \$376 million (+32.8%), respectively, on volume increases of 11 million pieces (+3.5%) and 53 million pieces (+6.2%), respectively, compared to 2024. Details by product category, with Q2 and YTD results for 2025 compared to the same periods in 2024 were as follows:

- **Domestic Lettermail** revenue increased in Q2 and YTD 2025 by \$151 million (+29.4%) and \$364 million (+33.4%), respectively, due to rate increases to Lettermail items, International Letter-post items, and special services and fees that took effect in May 2024 and January 2025. Mailings for the federal election in Q2, the Ontario provincial election in Q1 and mailings held back from customers until January, following the 2024 labour disruption, also contributed to increases to revenue.
- **Outbound Letter-post** and **Inbound Letter-post** revenue while relatively flat in Q2, increased YTD by \$8 million (+22.8%) and \$4 million (+20.4%), respectively, due to pent-up demand following the labour disruption, as Canada Post and other foreign postal administrators began accepting internationally destined mail. Outbound Letter-post revenue is generated from domestic customers for mail destined to other posts, while Inbound Letter-post revenue is collected by other posts and shared with Canada Post for delivering mail in Canada.



Direct Marketing

Direct Marketing revenue decreased by \$23 million (-7.5%) on 175 million fewer pieces (-13.2%), in Q2 2025 compared to 2024, while YTD revenue declined \$12 million (-1.0%) on 106 million fewer pieces (-3.1%). Details by product category were as follows:

- **Canada Post Personalized Mail™** revenue declined in Q2 and YTD by \$2 million (-1.2%) and \$4 million (-0.7%), respectively, due to volume erosion caused ongoing labour uncertainty. The value proposition of our service offering remains strong.
- **Canada Post Neighbourhood Mail™** revenue declined in Q2 and YTD by \$20 million (-13.6%) and \$13 million (-4.0%), respectively. Volume growth and business expansion in Q1 was overshadowed by labour uncertainty in Q2, causing significant revenue declines as businesses pulled back on marketing campaigns to avoid having time-sensitive pieces trapped in the mail stream.
- **Publications Mail** revenue declined in Q2 by \$1 million (-3.2%) and increased YTD \$4 million (+7.6%) as pent-up demand early in the year cushioned declines through Q2 due to labour uncertainty, again, where mailers pulled back mailings to avoid trapped pieces in the mail stream. Volumes for the remainder of 2025 are expected to decline as businesses lean toward digital subscriptions and campaigns.
- **Business Reply Mail™** and Other Mail products were relatively flat.



Consumer products and services

Consumer products and services revenue increased in Q2 and YTD by \$13 million (+25.6%) and \$15 million (+15.4%), respectively, due to logistics services for both provincial and federal election mailings, and mail forwarding, a service tied to the Canadian housing market. These increases were partially offset by declines during the first quarter in financial services and sales of coins.



Cost of operations

In Q2 2025, the Canada Post segment's cost of operations declined by \$18 million (-0.9%) compared to Q2 2024, and \$86 million (-0.7%), YTD 2025 compared to YTD 2024. The decline in other operating costs was mainly due to lower transportation costs from decreased parcel volumes. Non-capital investment costs were also lower due to changes in our 2025 investment priorities. Despite lower parcel volumes, two fewer paid days in YTD 2025, reduced management headcount and the CUPW-imposed overtime ban in May, cost pressures from the labour structure and wage increases drove labour cost increases. Employee benefit costs declined due to strong 2024 asset returns and increases in the discount rate.

(in millions of dollars)

	Q2 2025	Q2 2024	\$ change	% change	YTD 2025	YTD 2024	\$ change	% change	Explanation of significant variances
Labour	1,012	966	46	4.8%	1,988	1,935	53	4.3%	Q2: Wage increases offset by overall volume declines. YTD: Wage increases offset by two fewer paid days and overall volume declines.
Employee benefits	284	292	(8)	(2.6)%	572	587	(15)	(0.9)%	Discount rate increase that decreased the non-cash pension expense.
Total labour and employee benefits	1,296	1,258	38	3.1%	2,560	2,522	38	3.1%	
Non-labour collection, processing and delivery	274	325	(51)	(15.4)%	587	677	(90)	(11.9)%	Lower transportation costs due to parcel volume declines.
Property, facilities and maintenance	63	62	1	1.1%	135	137	(2)	(0.0)%	
Selling, administrative and IT	126	126	–	(0.8)%	250	255	(5)	(2.4)%	Cost reduction initiatives in several areas.
Non-capital investment expense	55	58	(3)	(5.2)%	89	114	(25)	(20.3)%	Adjusted focus on investment projects.
Total other operating costs	518	571	(53)	(9.3)%	1,061	1,183	(122)	(8.9)%	
Depreciation and amortization	90	93	(3)	(2.2)%	183	185	(2)	(0.7)%	
Total cost of operations	1,904	1,922	(18)	(0.9)%	3,804	3,890	(86)	(0.7)%	



Investing and financing income (expense), net

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



5.3 Purolator segment

The Purolator segment's profit before tax increased by \$1 million (+1.7%) in Q2 2025 and decreased by \$19 million (-15.5%) for the YTD 2025, compared to Q2 and YTD 2024. Results of Livingston were consolidated from January 31, 2025, the acquisition date, which impacts financial result comparisons to 2024. This includes one-time acquisition costs, which impact results for YTD 2025.

Summary of results

(in millions of dollars)

	Q2 2025	Q2 2024	\$ change	% change	YTD 2025	YTD 2024	\$ change	% change	Explanation of significant variances
Revenue from operations	863	663	200	32.0%	1,587	1,286	301	25.3%	Livingston acquisition and parcel volume growth.
Labour	328	238	90	37.7%	623	472	151	33.9%	Livingston acquisition, inflation and higher parcel volumes.
Employee benefits	67	58	9	16.3%	129	131	(2)	(0.6)%	Q2: Livingston acquisition, partially offset by discount rate increase. YTD: Discount rate increase.
Other operating costs	311	259	52	20.0%	598	513	85	18.4%	Livingston acquisition and parcel volume increases.
Depreciation and amortization	57	33	24	64.7%	106	64	42	66.1%	Livingston acquisition and higher capital investments.
Cost of operations	763	588	175	29.4%	1,456	1,180	276	25.2%	
Profit from operations	100	75	25	33.9%	131	106	25	24.2%	
Investing and financing income (expense), net	(18)	6	(24)	+	(30)	14	(44)	+	Interest expense on debt obtained in Q1 2025 and dividend income in 2024 from divestitures of SCI and Innovapost.
Profit before tax	82	81	1	1.7%	101	120	(19)	(15.5)%	

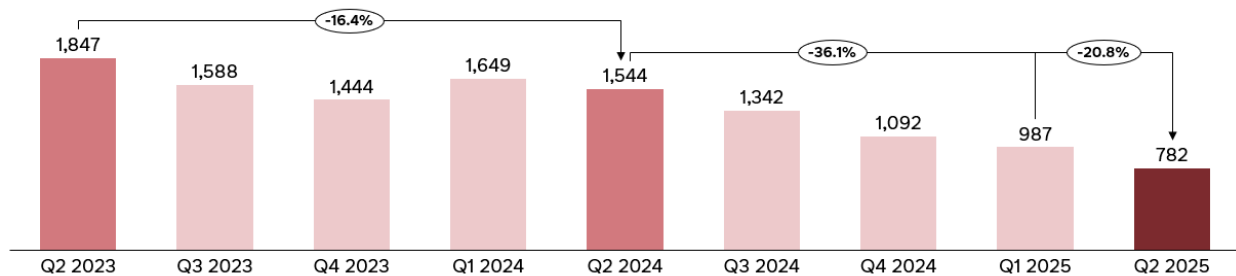
+ Large percentage change.

6. Liquidity and Capital Resources

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

6.1 Cash, cash equivalents and marketable securities

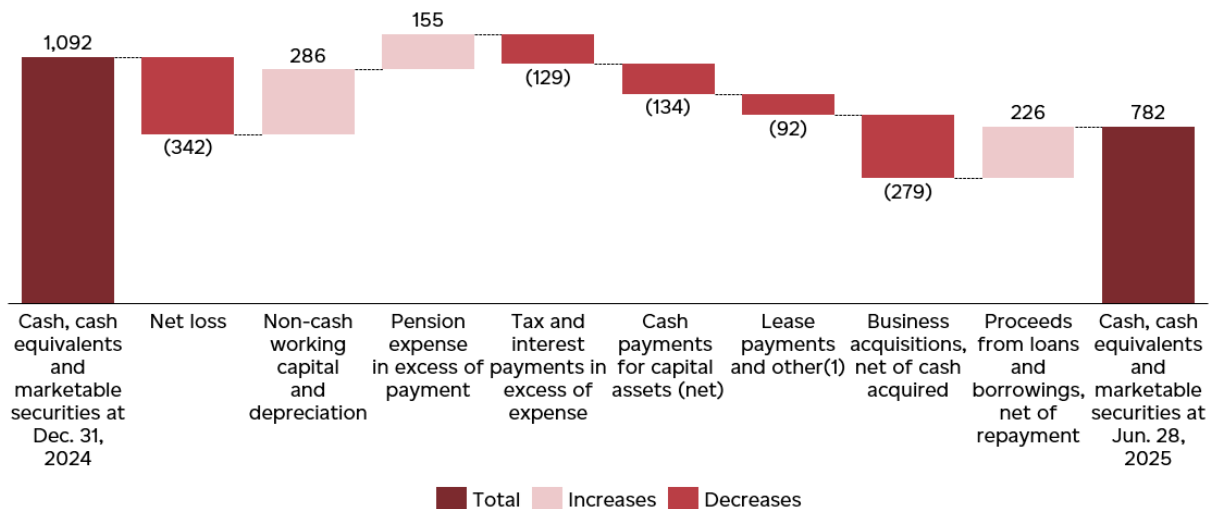
(in millions of dollars)



The Group held cash, cash equivalents and marketable securities of \$782 million as at June 28, 2025, compared to \$1,092 million as at December 31, 2024, for a combined decrease of \$310 million.

Change in cash, cash equivalents and marketable securities for Q2 2025

(in millions of dollars)



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

The decrease in marketable securities of \$250 million (-86.1%) and the decrease in cash and cash equivalents of \$60 million (-7.4%) are mainly due to operating losses in the Canada Post segment and cash payments for capital assets. Purolator's acquisition of Livingston International (Livingston) is partially offset by the proceeds from new credit facilities net of repayment.

Consolidated statement of cash flows

(in millions of dollars)

	Q2 2025	Q2 2024	\$ change	% change	YTD 2025	YTD 2024	\$ change	% change	Explanation of significant variances
Cash (used in) provided by operating activities	(94)	(52)	(42)	(84.0)%	(30)	(62)	32	50.6%	Q2: Increase in operating losses, partially offset by changes in working capital. YTD: Mainly due to changes in working capital, partially offset by an increase in operating losses.
Cash provided by investing activities	19	32	(13)	(39.4)%	(180)	61	(241)	+	Q2: Proceeds from the sale of Innovapost in 2024, a decrease in proceeds (net of acquisitions) of securities and funds from segregated securities, partially offset by a decrease in cash payments for capital assets. YTD: Purolator's acquisition of Livingston in 2025 and proceeds from the sale of SCI and Innovapost in 2024, partially offset by lower cash payments for capital assets.
Cash used in financing activities	(81)	(30)	(51)	(165.1)%	152	(65)	217	+	Q2: Repayment of credit facilities in the Purolator segment. YTD: Proceeds from new credit facilities obtained by Purolator to finance its acquisition of Livingston.

+ Large percentage change.



Capital expenditures

(in millions of dollars)*

	Q2 2025	Q2 2024	\$ change	% change	YTD 2025	YTD 2024	\$ change	% change
Canada Post	33	76	(43)	(57.1)%	51	138	(87)	(63.1)%
Purolator	61	63	(2)	(0.6)%	91	113	(22)	(20.1)%
Canada Post Group of Companies	94	139	(45)	(31.5)%	142	251	(109)	(43.7)%

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

Canada Post segment

(in millions of dollars)*

	Q2 2025	Q2 2024	\$ change	% change	YTD 2025	YTD 2024	\$ change	% change
Capital expenditures	33	76	(43)	(57.1)%	51	138	(87)	(63.1)%
Non-capital investment expense	55	58	(3)	(5.2)%	89	114	(25)	(20.3)%
Total investment	88	134	(46)	(34.8)%	140	252	(112)	(44.4)%

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

In Q2 2025 and YTD 2025, compared to Q2 2024 and YTD 2024, Canada Post segment investments decreased with declines in capital and non-capital investments. While we are committed to the three pillars of our transformation plan over the longer term, we continued to adjust the focus of our investment projects in 2025 and prioritize investments that are required to remain competitive, provide excellent service to Canadians and ensure the safety of our employees. In Q2 2025, we focused on the following:

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

6.2 Canada Post Corporation Registered Pension Plan



Funding status and solvency relief

In June 2025, Canada Post filed the actuarial valuation of the Canada Post Corporation Registered Pension Plan (RPP) as at December 31, 2024, with the federal pension regulator, the Office of the Superintendent of Financial Institutions. The valuation disclosed the following:

(in billions of dollars)

	\$ 2024	% 2024
Going-concern surplus using the smoothed value of RPP assets	7.8	131% ¹
Solvency surplus using market value of plan assets	2.7	109% ¹
Solvency surplus to be funded using the three-year average solvency ratio basis	2.2	107% ²

1. The going-concern ratio was above 125% and the solvency ratio was above 105%; therefore, no current service contributions are permitted for 2025. This position will be reassessed when the December 31, 2025, valuation is completed in 2026.
2. The solvency ratio was above 100%; therefore, no special solvency payments are required for 2025.

At the end of the Q2 2025, the solvency surplus (using market value of plan assets) of the RPP was estimated at \$2.8 billion, an increase of \$100 million compared to 2024 year-end, primarily due to an increase in the discount rate used for solvency measurement.



Remeasurements

On an accounting basis, a remeasurement loss of \$20 million and a remeasurement gain of \$79 million for the RPP, net of tax, for Q2 and YTD, respectively, were recorded in other comprehensive income. The Q2 loss was mainly due to lower-than-expected asset returns, while the YTD gain was driven by a discount rate increase.



Contributions

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

6.3 Liquidity and capital resources



Liquidity

Canada Post segment

The Canada Post segment had \$654 million of unrestricted liquid investments on hand as at June 28, 2025, for a net liquidity position of negative -\$344 million (2024 – negative -\$180 million), after outstanding loans and borrowings of \$998 million (2024 – \$998 million). The decrease in the segment's net liquidity position of \$164 million was mainly due to operating cash flows. At June 28, 2025, accumulated funds and immediately accessible lines of credit were insufficient to meet contractual repayment terms through the remainder of 2025. Short-term liquidity measures in the form of repayable government funding under section 31 of the *Canada Post Corporation Act* was required to prevent insolvency and ensure continuity of postal services through the Government of Canada's fiscal year ending March 31, 2026. The Corporation began to receive funding shortly after Q2, just prior to the repayment of the \$500 million Series 2 bond in mid-July 2025. The Corporation is carefully managing discretionary costs and investment spending to preserve cash. Refer to Note 3 (a) of Canada Post's interim condensed consolidated financial statements for judgments and estimates related to a going concern.

Purolator segment

Purolator had a total of \$126 million of unrestricted cash on hand and \$550 million of credit facilities (\$400 million undrawn) as at June 28, 2025, ensuring sufficient liquidity to support operations for at least the next 12 months.



Access to capital markets

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

Canada Post segment

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

Pursuant to subsection 127(3) of the *Financial Administration Act*, the Minister of Finance approved the aggregate principal outstanding amount for all short-term borrowings in 2025 with a maturity of one year or less, which are not to exceed \$600 million for the period ending December 31, 2025. Short-term borrowings may consist of a line of credit or the issuance of promissory notes that is not to exceed \$100 million and additional short-term borrowing facilities for emergency cash management purposes that are not to exceed \$500 million. In Q1 2025, Canada Post entered into credit agreements with financial institutions for short-term facilities totalling \$595 million (December 31, 2024 – \$47 million). At June 28, 2025, letters of credit of \$18 million (December 31, 2024 – \$19 million) were issued.

With \$998 million of borrowings as at June 28, 2025, the Canada Post segment had \$1,502 million of its \$2.5 billion external borrowing limit available for use. Through Q2 2025, the Corporation funded itself primarily through the use of cash on hand and funds generated from operations. For the remainder of 2025, operations will remain viable with the help of monthly repayable government funding and access to these short-term credit facilities.

Purolator segment

Purolator remits customs duties and goods and services tax to government agencies on the customers' behalf and utilizes available cash balances and a \$550 million revolving credit facility to fund these remittances and capital purchases. An additional \$600 million term credit facility was used to fund the acquisition of Livingston, of which \$8 million has been repaid. At June 28, 2025, letters of credit of \$13 million (December 31, 2024 – \$4 million) were issued.

7. Changes in Financial Position

A discussion of significant changes in the Group's assets and liabilities between June 28, 2025, and December 31, 2024.

(in millions of dollars)

ASSETS	June 28, 2025	Dec. 31, 2024	\$ change	% change	Explanation of significant variances
Cash and cash equivalents	742	802	(60)	(7.4)%	Refer to Section 6 Liquidity and Capital Resources.
Marketable securities	40	290	(250)	(86.1)%	Maturities and decrease in purchases of marketable securities.
Trade, other receivables and contract assets	1,244	900	344	38.3%	Higher receivables in the Purolator segment due to the acquisition of Livingston International (Livingston) and timing in the Canada Post segment.
Income tax receivable	2	2	–	–	
Other assets	205	139	66	45.4%	Higher prepaid expenses in all segments.
Total current assets	2,233	2,133	100	4.7%	
Property, plant and equipment	3,995	4,053	(58)	(1.4)%	Depreciation in excess of acquisitions in the Canada Post segment partially offset by Purolator's acquisition of Livingston.
Intangible assets	818	248	570	+	Purolator's acquisition of Livingston.
Right-of-use assets	1,487	1,451	36	2.5%	New leases and lease renewals in the Canada Post segment in excess of depreciation, and Purolator's acquisition of Livingston.
Segregated securities	337	337	–	0.2%	
Pension benefit assets	4,479	4,462	17	0.4%	Remeasurement gains in Pension Plans and Purolator's acquisition of Livingston.
Goodwill	677	161	516	+	Purolator's acquisition of Livingston.
Other assets	63	61	2	3.7%	
Total non-current assets	11,856	10,773	1,083	10.1%	
Total assets	14,089	12,906	1,183	9.2%	

+ Large percentage change.

(in millions of dollars)

LIABILITIES	June 28, 2025	Dec. 31, 2024	\$ change	% change	Explanation of significant variances
Trade and other payables	1,342	830	512	61.7%	Purolator's acquisition of Livingston and timing in the Canada Post segment.
Salaries and benefits payable	696	537	159	29.5%	Increase in the Canada Post segment due to timing, increase in related provisions and Purolator's acquisition of Livingston.
Loans and borrowings	676	500	176	35.1%	Debt obtained by Purolator to finance its acquisition of Livingston.
Provisions	66	68	(2)	(4.6)%	
Income tax payable	20	30	(10)	(34.3)%	Tax settlement related to the 2024 SCI divestiture partially offset by taxes payable in the Purolator segment from the acquisition of Livingston.
Deferred revenue	136	200	(64)	(32.1)%	Decrease in the Canada Post segment.
Lease liabilities	104	100	4	4.5%	
Other long-term benefit liabilities	53	54	(1)	–	
Total current liabilities	3,093	2,319	774	33.3%	
Lease liabilities	1,605	1,567	38	2.5%	New leases and lease renewals in the Canada Post segment in excess of payments and Purolator's acquisition of Livingston.
Loans and borrowings	1,060	498	562	112.7%	Debt obtained by Purolator to finance its acquisition of Livingston.
Pension, other post-employment and other long-term benefit liabilities	3,192	3,229	(37)	(1.1)%	Benefit plan payments and remeasurement gains on other post-employment plans.
Deferred tax liabilities	180	147	33	22.0%	Purolator's acquisition of Livingston.
Other liabilities	51	46	5	11%	Purolator's acquisition of Livingston.
Total non-current liabilities	6,088	5,487	601	10.9%	
Total liabilities	9,181	7,806	1,375	17.6%	
EQUITY					
Contributed capital	1,155	1,155	–	–	
Accumulated other comprehensive income (loss)	5	5	–	(0.9)%	
Retained earnings	3,659	3,849	(190)	(5.0)%	Operating losses partially offset by pension and other post-employment remeasurement gains.
Equity of Canada	4,819	5,009	(190)	(3.8)%	
Non-controlling interests	89	91	(2)	(0.5)%	
Total equity	4,908	5,100	(192)	(3.8)%	
Total liabilities and equity	14,089	12,906	1,183	9.2%	

8. Risks and Risk Management

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

In the 2024 annual MD&A, we provided a detailed review of the risks that could materially affect our business. Except as noted below, there were no new developments in our emerging or principal risks in Q2 2025.



Regulatory risk

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

Short term: Access to short-term credit facilities and repayable government funding will allow the Corporation to address short-term liquidity needs. Monthly funding was received starting in early Q3 2025 and is necessary to prevent insolvency and maintain postal services through March 31, 2026. Canada Post is also working toward increasing delivery flexibility to improve competitiveness.

Long term: The Corporation's early success as an ecommerce delivery leader eclipsed the fact that it was doing so with an operating, regulatory and policy structure built for mail delivery. Since the *Canada Post Corporation Act* was implemented in 1981, successive governments have introduced policy and regulatory changes that have tipped the balance toward greater restrictions on the Corporation. This restrictive regulatory and policy framework is now outdated, despite the ongoing decline of letter mail, changing demographics and growing competition in the parcel delivery business. Canada Post needs flexibility in its regulatory and policy framework to better serve Canadians and compete in today's parcel delivery market.

The Industrial Inquiry Commission (IIC), appointed by the Minister of Labour in late 2024 to examine the current collective bargaining dispute as well as Canada Post's broader financial situation and competitiveness, delivered its report in Q2 2025. The IIC report (issued by Commissioner William Kaplan) detailed the significant issues facing Canada Post and the Canadian Union of Postal Workers (CUPW) and also provided recommendations for Canada Post and CUPW to respond to the changing needs of the country. The report highlighted a way to preserve Canada Post as a vital national institution and included recommendations that responded to the present problem: to arrest and then reverse the growing financial losses by

putting into place the necessary structural changes both within and outside the collective agreements. Key areas of the IIC report called for action:

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

The IIC report is non-binding. Canada Post does not have the authority to unilaterally implement the strategic recommendations contained within the report. The Government of Canada is responsible for various regulations and policies, such as the *Canadian Postal Service Charter*, *1994 Moratorium on Post Office Closures and Conversions*, and the *Canada Post Corporation Act*, which all affect Canada Post's operations. A review of the Charter is required by the government every five years; however, it was last done in 2018 and is now overdue for review. Canada Post requires more flexibility in its delivery model, collective agreements, and regulatory and policy framework to better serve all Canadians in every corner of the country, without burdening taxpayers.



Labour disruption

Complex collective agreements limit our ability to compete in a rapidly changing market, restricting changes to our delivery model and maintaining employee benefits, wages and leave provisions that exceed those of competitors. Despite over a year and a half of active negotiations with CUPW – including conciliation and special mediation – new collective agreements for CUPW's two bargaining units have yet to be reached. The existing collective agreements were extended until May 22, 2025. The threat of further labour disruption through Q2 created ongoing uncertainty for our customers, many of whom have left Canada Post for competitors. The Corporation presented its best and final offers to CUPW on May 28, 2025. Given the bargaining impasse, the Corporation requested an employee vote on the final offers, which was approved by the Minister of Jobs and Families under section 108.1 of the *Canada Labour Code*. The vote was administered by the CIRB and allowed employees in the Urban Postal Operations and Rural and Suburban Mail Carriers bargaining units to decide on Canada Post's final offers. A detailed discussion on the status of collective bargaining with CUPW is provided in section 4.1.

Flexibility is needed to keep pace with the evolving needs of customers and return to financial stability. Canada Post is committed to reaching new collective agreements for both bargaining units.



Tariff threats and economic uncertainty

The United States has announced a consecutive series of tariffs aimed at major U.S. trading partners. An estimated 75% or more of Canada's exports go to the U.S. and are worth approximately 20% of Canada's gross domestic product (GDP). While the situation is changing rapidly, an international trade war may have major economic impacts on Canada, including impacts to inflation, unemployment and GDP.

A slowdown in consumer spending due to economic uncertainty may impact the parcel delivery market, particularly for cross-border shipments where tariffs increase the cost of goods. Additionally, reduced business confidence could lead to lower advertising spending, which may affect the performance of Canada Post's Smartmail Marketing™ services.

The scope, severity, and duration of these risks remain difficult to predict, as does the effectiveness of potential government or central bank interventions. Canada Post is closely monitoring market developments and will adapt its strategies as needed. At this time, it is not possible to reliably estimate the future financial impact of these evolving risks on the Group's performance.

9. Critical Accounting Policies and Estimates and Internal Controls

A review of critical accounting estimates and changes in accounting policies in Q2 2025 and future years.

9.1 Accounting policies

Information on Canada Post's accounting policies are provided in notes 2 and 3 of the unaudited interim condensed consolidated financial statements for Q2 2025.

9.2 Critical accounting judgments and estimates

The preparation of the Corporation's consolidated interim financial statements requires management to make complex or subjective judgments, estimates and assumptions based on existing knowledge that affect reported amounts and disclosures. Actual results may differ from the estimates and assumptions. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects current and future periods. Information on Canada Post's critical accounting estimates and judgments are provided in Note 4 of its 2024

audited consolidated financial statements. For Q2 2025, the most significant accounting judgments and estimates are related to going concern (Note 3 [a]).

9.3 Internal controls

For Q2 2025, there were no changes in internal control over financial reporting that materially affected, or were reasonably likely to materially affect, the Corporation's internal control over financial reporting. In Q3 (July 2, 2025), the Canada Post segment deployed a technical upgrade of the enterprise resource planning (ERP) system, which is considered a material change in internal controls over financial reporting for the period of implementation. Further details on management's oversight of changes will be provided in the third quarter financial report for the period ending September 27, 2025.

Management's Responsibility for Interim Financial Reporting

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

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

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



President and Chief Executive Officer

August 21, 2025



Chief Financial Officer

Interim Condensed Consolidated Statement of Financial Position

(Unaudited – in millions of Canadian dollars)

	As at June 28, 2025	As at December 31, 2024
ASSETS		
Current assets		
Cash and cash equivalents	742	802
Marketable securities	40	290
Trade, other receivables and contract assets	1,244	900
Income tax receivable	2	2
Other assets	205	139
Total current assets	2,233	2,133
Non-current assets		
Property, plant and equipment (Note 6)	3,995	4,053
Intangible assets (Note 6)	818	248
Right-of-use assets (Note 6)	1,487	1,451
Segregated securities	337	337
Pension benefit assets (Note 7)	4,479	4,462
Goodwill (Note 9)	677	161
Other assets	63	61
Total non-current assets	11,856	10,773
Total assets	14,089	12,906
LIABILITIES AND EQUITY		
Current liabilities		
Trade and other payables, including government remittances	1,342	830
Salaries and benefits payable	696	537
Loans and borrowings (Note 11)	676	500
Provisions	66	68
Income tax payable	20	30
Deferred revenue	136	200
Lease liabilities (Note 10)	104	100
Other long-term benefit liabilities (Note 7)	53	54
Total current liabilities	3,093	2,319
Non-current liabilities		
Lease liabilities (Note 10)	1,605	1,567
Loans and borrowings (Note 11)	1,060	498
Pension, other post-employment and other long-term benefit liabilities (Note 7)	3,192	3,229
Deferred tax liabilities (Note 8)	180	147
Other liabilities	51	46
Total non-current liabilities	6,088	5,487
Total liabilities	9,181	7,806

LIABILITIES AND EQUITY	As at June 28, 2025	As at December 31, 2024
Equity		
Contributed capital	1,155	1,155
Accumulated other comprehensive income (loss) (Note 16)	5	5
Retained earnings	3,659	3,849
Equity of Canada	4,819	5,009
Non-controlling interests	89	91
Total equity	4,908	5,100
Total liabilities and equity	14,089	12,906

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

Interim Condensed Consolidated Statement of Comprehensive Income (Loss)

(Unaudited – in millions of Canadian dollars)

	For the 13 weeks ended		For the 26 weeks ended	
	June 28, 2025	June 29, 2024	June 28, 2025	June 29, 2024
Revenue from operations (Note 14)	2,363	2,267	4,872	4,671
Cost of operations				
Labour	1,340	1,211	2,610	2,465
Employee benefits	351	349	702	726
	1,691	1,560	3,312	3,191
Other operating costs (Note 14)	821	776	1,647	1,602
Depreciation and amortization (Note 6)	147	125	289	250
Total cost of operations	2,659	2,461	5,248	5,043
Loss from operations	(296)	(194)	(376)	(372)
Investing and financing income (expense)				
Gain on sale of disposal groups held for sale (Note 15)	–	61	–	348
Investment and other income (Note 15)	11	21	22	44
Finance costs and other expense (Note 15)	(40)	(23)	(73)	(49)
Investing and financing income (expense), net	(29)	59	(51)	343
Loss before tax	(325)	(135)	(427)	(29)
Tax recovery (Note 8)	(44)	(122)	(85)	(116)
Net profit (loss)	(281)	(13)	(342)	87
Other comprehensive income (loss) (Note 16)				
Items that may subsequently be reclassified to net profit (loss)				
Change in unrealized fair value of financial assets	(7)	(4)	(5)	(11)
Unrealized losses on currency translation differences	2	–	5	–
Item never reclassified to net profit (loss)				
Remeasurements of defined benefit plans	66	361	159	1,035
Other comprehensive income	61	357	159	1,024
Comprehensive income (loss)	(220)	344	(183)	1,111
Net profit (loss) attributable to				
Government of Canada	(286)	(18)	(348)	80
Non-controlling interests	5	5	6	7
	(281)	(13)	(342)	87
Comprehensive income (loss) attributable to				
Government of Canada	(226)	338	(190)	1,099
Non-controlling interests	6	6	7	12
Comprehensive income (loss)	(220)	344	(183)	1,111

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

Interim Condensed Consolidated Statement of Changes in Equity

(Unaudited – in millions of Canadian dollars)

	Contributed capital	Accumulated other comprehensive income (loss)	Retained earnings	Equity of Canada	Non-controlling interests	Total equity
For the 13 weeks ended June 28, 2025						
Balance at March 29, 2025	1,155	10	3,880	5,045	83	5,128
Net profit (loss)	–	–	(286)	(286)	5	(281)
Other comprehensive income (Note 16)	–	(5)	65	60	1	61
Comprehensive income (loss)	–	(5)	(221)	(226)	6	(220)
Balance at June 28, 2025	1,155	5	3,659	4,819	89	4,908

	Contributed capital	Accumulated other comprehensive loss	Retained earnings	Equity of Canada	Non-controlling interests	Total equity
For the 13 weeks ended June 29, 2024						
Balance at March 30, 2024	1,155	(4)	4,106	5,257	76	5,333
Net profit (loss)	–	–	(18)	(18)	5	(13)
Other comprehensive income (loss)	–	(4)	360	356	1	357
Comprehensive income (loss)	–	(4)	342	338	6	344
Balance at June 29, 2024	1,155	(8)	4,448	5,595	82	5,677

	Contributed capital	Accumulated other comprehensive income	Retained earnings	Equity of Canada	Non-controlling interests	Total equity
For the 26 weeks ended June 28, 2025						
Balance at December 31, 2024	1,155	5	3,849	5,009	91	5,100
Net profit (loss)	–	–	(348)	(348)	6	(342)
Other comprehensive income (Note 16)	–	–	158	158	1	159
Comprehensive income (loss)	–	–	(190)	(190)	7	(183)
Transactions with shareholders – Dividend	–	–	–	–	(9)	(9)
Balance at June 28, 2025	1,155	5	3,659	4,819	89	4,908

For the 26 weeks ended June 29, 2024	Contributed capital	Accumulated other comprehensive income (loss)	Retained earnings	Equity of Canada	Non-controlling interests	Total equity
Balance at December 31, 2023	1,155	4	3,337	4,496	78	4,574
Net profit	–	–	80	80	7	87
Other comprehensive income (loss)	–	(12)	1,031	1,019	5	1,024
Comprehensive income (loss)	–	(12)	1,111	1,099	12	1,111
Transactions with shareholders – Dividend	–	–	–	–	(8)	(8)
Balance at June 29, 2024	1,155	(8)	4,448	5,595	82	5,677

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

Interim Condensed Consolidated Statement of Cash Flows

(Unaudited – in millions of Canadian dollars)

	For the 13 weeks ended		For the 26 weeks ended	
	June 28, 2025	June 29, 2024	June 28, 2025	June 29, 2024
Operating activities				
Net loss	(281)	(13)	(342)	87
Adjustments to reconcile net loss to cash provided by (used in) operating activities:				
Depreciation and amortization (Note 6)	147	125	289	250
Pension, other post-employment and other long-term benefit expense (Note 7)	143	152	280	307
Pension, other post-employment and other long-term benefit payments (Note 7)	(64)	(51)	(125)	(110)
Gain on sale of capital assets	(2)	–	(2)	–
Gain on sale of disposal groups held for sale (Note 15)	–	(61)	–	(348)
Impairment loss (Note 15)	–	–	–	4
Tax recovery and other items affecting net income tax receivable (Note 8)	(46)	(122)	(113)	(116)
Net interest expense (income) (Note 15)	30	1	52	3
Change in non-cash operating working capital:				
Decrease (increase) in trade and other receivables	43	(45)	(59)	25
(Decrease) increase in trade and other payables	(64)	18	26	(38)
Increase (decrease) in salaries and benefits payable and related provisions	98	(5)	134	(45)
(Decrease) increase in provisions	(2)	1	(7)	2
Net increase in other non-cash operating working capital	(66)	(51)	(97)	(47)
Other (income) expense not affecting cash, net	(3)	1	2	(6)
Cash (used in) provided by operating activities before interest and tax	(67)	(50)	38	(32)
Interest received	35	28	49	49
Interest paid	(45)	(12)	(82)	(44)
Tax paid	(17)	(18)	(35)	(35)
Cash used in operating activities	(94)	(52)	(30)	(62)
Investing activities				
Business acquisitions, net of cash acquired	–	–	(279)	–
Acquisition of securities	(20)	(79)	(35)	(401)
Proceeds from sale of securities	63	140	274	320
Cash payments for capital assets	(19)	(112)	(134)	(298)
Proceeds from the sale of capital assets and assets held for sale	–	–	–	2
Proceeds from the sale of disposal groups held for sale	–	63	–	419
Other investing activities, net	(5)	20	(6)	19
Cash provided by (used in) investing activities	19	32	(180)	61
Financing activities				
Repayment of loans and borrowings	(53)	–	(729)	–
Proceeds from loans and borrowings	–	–	955	–
Payments of lease liabilities	(27)	(30)	(56)	(58)
Dividend paid to non-controlling interests	–	–	(9)	(8)
Other financing activities, net	(1)	–	(9)	1
Cash (used in) provided by financing activities	(81)	(30)	152	(65)
Net decrease in cash and cash equivalents	(156)	(50)	(58)	(66)
Cash and cash equivalents, beginning of period	902	1,171	802	1,185
Effect of exchange rate changes on cash and cash equivalents	(4)	(2)	(2)	–
Cash and cash equivalents, end of period	742	1,119	742	1,119

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

Notes to Unaudited Interim Condensed Consolidated Financial Statements

For the 26 weeks ended June 28, 2025

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1. Incorporation, Business Activities, and Directives

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

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

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

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

2. Basis of Presentation

Statement of compliance • The Corporation has prepared its unaudited interim condensed consolidated financial statements (interim financial statements) in compliance with IAS 34 “Interim Financial Reporting” of the IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB), and the Treasury Board of Canada’s Directive on Accounting Standards: GC 5200 Crown Corporations Quarterly Financial Reports. As permitted under this standard, these interim financial statements do not include all of the disclosures required for annual consolidated financial statements, and they should be read in conjunction with the Corporation’s audited consolidated financial statements for the year ended December 31, 2024. They were approved and authorized for issue by the Board of Directors August 21, 2025.

Basis of presentation • These interim financial statements have been prepared on a historical-cost basis, except as permitted by IFRS Accounting Standards as issued by the IASB and as otherwise indicated within these notes. Although the Corporation’s year end of December 31 matches the calendar year end, the Corporation’s quarter end dates do not necessarily coincide with calendar year quarters; instead, each of the Corporation’s quarters contains 13 weeks. The interim financial statements and notes to the interim financial statements are

prepared for the 13-week period (second quarter or Q2) and 26-week period (first two quarters or year to date [YTD]) ended June 28, 2025 (comparative period ended June 29, 2024). Amounts are shown in millions of dollars, unless otherwise noted.

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

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

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

Basis of consolidation • These interim financial statements include the accounts of the Corporation and its subsidiaries, collectively referred to as the "Canada Post Group of Companies," the "Group of Companies" or the "Group." Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary. If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resulting gain or loss is recognized in profit or loss. Financial results by segment are included in Note 18.

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

Name of subsidiary	Principal activities	Country of incorporation	Place of operation	Ownership as at Dec. 31, 2024, and Q2 2025	Date of divestiture
Purolator Holdings Ltd.	Transportation and courier services	Canada	Canada and United States	91%	–
SCI Group Inc.	Logistics and transportation services	Canada	Canada	–	March 1, 2024
Innovapost Inc.	IS/IT services	Canada	Canada	–	April 15, 2024

*Proportion of ownership interest held directly or indirectly.

3. Critical Accounting Judgments and Key Sources of Estimation Uncertainty

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

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

- (a) **Going concern** - These consolidated financial statements have been prepared on a going-concern basis in compliance with IAS 34 as issued by the International Accounting Standards Board (IASB), which assume that the Corporation will continue to be in operation for the foreseeable future and will be able to realize its assets and discharge liabilities and commitments in the normal course of business.

Since 2018, the Canada Post segment has experienced cumulative losses from operations of over \$5 billion. These results have impacted the Corporation's net liquidity position. Cash and cash equivalents are depleting. In July 2025, the Series 2 bonds of \$500 million matured, creating significant cash flow pressure. At June 28, 2025, accumulated funds and immediately accessible lines of credit were insufficient to meet contractual repayment terms; government funding is required for the Corporation to remain solvent through 2025. Recurring financial losses threaten the Corporation's ability to fulfill the objects set by the Government of Canada, which are to have regard to the need to conduct operations on a self-sustaining financial basis, while providing a standard of service that will meet the needs of the people of Canada.

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

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

- **Government cash injection up to \$1.034 billion.** In accordance with section 31 of the *Canada Post Corporation Act*, Canada Post applied to receive amounts required to enable it to meet its operating and income charges, which are not sufficiently covered by its expected available revenues. The government approved repayable funding of up to \$1.034 billion from April 1, 2025, to March 31, 2026. The memorandum of understanding (MOU) governing the terms and conditions of the funding was executed by Canada Post, the Department of Finance Canada, and Public Services and Procurement Canada. Authorization for the first payment to the Corporation for the purposes referred to in section 31 of the *Canada Post Corporation Act* was received on April 29, 2025. All amounts placed at the disposal of the Corporation pursuant to section 31 are to be reimbursed to the Minister of Finance from the annual revenues of the Corporation in so far as such revenues are sufficient. On June 30, 2025, and July 30, 2025, Canada Post received \$395 million and \$260 million, respectively. Refer to notes 1, 3 (a), 11, 12 and 19 for additional disclosures.
- **Additional short-term borrowing.** Pursuant to subsection 127(3) of the *Financial Administration Act*, the Minister of Finance approved the aggregate principal outstanding amount for all short-term borrowings with a maturity of one year or less, which are not to exceed \$600 million for the period ending December 31, 2025. On January 31, 2025, Canada Post entered into credit agreements for short-term facilities with financial institutions totalling \$595 million. Additional borrowing facilities may be obtained from the Crown or otherwise, if made available.

The Corporation believes that these short-term measures will provide the Corporation sufficient liquidity to support its operations until the end of the Government of Canada fiscal year ending March 31, 2026. For the following year, the Corporation will reapply to receive such funding through the submission of the 2026-30 Corporate Plan in the fourth quarter. The Corporation's ability to achieve financial self-sustainability over the long term will require changes to the operating structure, which involve extensive consultation, a review period and additional time to implement any identified measures.

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

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

lead to greater losses from operations, reduced operating cash flows, and adjustments in investment and operational strategies.

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

4. Application of New and Revised International Financial Reporting Standards

(a) New standards, amendments and interpretations

There were no new standards, amendments or interpretations issued by the International Accounting Standards Board (IASB) or the IFRS Interpretations Committee that required mandatory adoption in Q1 and Q2 2025.

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

In addition to those disclosed in Note 5 (b) of the Corporation's annual consolidated financial statements for the year ended December 31, 2024, the IASB issued amendments to the following standards, effective for reporting periods beginning on or after January 1, 2026. The Group is assessing the impact of this amendment.

Standard	Subject matter and significance
IFRS 7 "Financial Instruments: Disclosures" and IFRS 9 "Financial Instruments" – Amendments regarding power purchase arrangements	The amendments enable entities to include information in their financial statements that in the IASB's view more faithfully represents contracts referencing nature-dependent electricity.

5. Business Combinations

On January 31, 2025, Purolator Holdings Ltd. acquired 100% of the voting shares of PE Longitude Holding Limited, PE Longitude II Limited and Longitude Holding Limited (the acquirees), which own and control Livingston International (Livingston). Headquartered in Toronto, this trade-service firm and its subsidiaries are engaged in the business of providing customs solutions, global forwarding, global trade management and vehicle transportation services, primarily in North America.

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

The business combination will be accounted for using the acquisition method. Management has established the preliminary purchase price allocation by taking into account all relevant

information at the time of preparing these notes to the interim condensed consolidated financial statements. The purchase price allocation is due to be finalized after a due diligence period.

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

	Purchase price allocation
Assets	
Cash and cash equivalents	40
Trade, other receivables and contract assets	279
Property, plant and equipment	26
Right-of-use assets	11
Intangible assets	596
Pension benefit assets	6
Other assets	67
Total assets	1,025
Liabilities	
Trade and other payables	105
Salaries and benefits payables	25
Deferred revenue	5
Provisions	4
Government remittances payable	374
Income tax payable	8
Lease liabilities	16
Loans and borrowings	564
Pension, other post-employment and other long-term benefit liabilities	6
Deferred tax liabilities	113
Other liabilities	2
Total liabilities	1,222
Identifiable net assets (liabilities) acquired	(197)
Goodwill (Note 9)	516
Purchase consideration transferred	319

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

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

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

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

Livingston contributions

From the acquisition date, Livingston contributed the following to Q2 and YTD results for 2025:

(in millions)

	Q2 2025	YTD 2025
Revenue from operations	137	219
Profit (loss) before tax	7	(1)

If the combination had taken place at the beginning of the year, Livingston would have contributed the following to Q2 and YTD results for 2025:

(in millions)

	Q2 2025	YTD 2025
Revenue from operations	137	260
Profit (loss) before tax	7	(6)

6. Capital Assets

(a) Property, plant and equipment

(in millions)

	Land	Buildings	Leasehold improvements	Plant equipment	Vehicles	Sales counters, office furniture and equipment	Other equipment	Assets under development	Total
Cost									
December 31, 2024	484	2,720	425	1,467	1,210	220	1,438	220	8,184
Additions	–	4	1	2	22	6	22	59	116
Acquired through business combinations (Note 5)	1	5	2	–	5	13	–	–	26
Reclassified as held for sale	(15)	(1)	–	–	–	–	–	–	(16)
Retirements	–	(1)	(1)	(32)	(3)	(18)	(1)	(6)	(62)
Transfers	–	11	4	10	23	–	–	(48)	–
June 28, 2025	470	2,738	431	1,447	1,257	221	1,459	225	8,248
Accumulated depreciation									
December 31, 2024	–	1,470	282	888	621	152	718	–	4,131
Depreciation	–	32	12	43	48	9	32	–	176
Reclassified as held for sale	–	(1)	–	–	–	–	–	–	(1)
Retirements	–	–	(1)	(30)	(3)	(18)	(1)	–	(53)
June 28, 2025	–	1,501	293	901	666	143	749	–	4,253
Carrying amounts									
December 31, 2024	484	1,250	143	579	589	68	720	220	4,053
June 28, 2025	470	1,237	138	546	591	78	710	225	3,995

(b) Intangible assets

(in millions)

	Software	Software under development	Customer contracts and brand	Total
Cost				
December 31, 2024	882	63	11	956
Additions	1	22	3	26
Acquired through business combinations (Note 5)	–	2	594	596
Retirements	(161)	–	–	(161)
Transfers	24	(24)	–	–
June 28, 2025	746	63	608	1,417
Accumulated amortization				
December 31, 2024	706	–	2	708
Amortization	31	–	21	52
Retirements	(161)	–	–	(161)
June 28, 2025	576	–	23	599
Carrying amounts				
December 31, 2024	176	63	9	248
June 28, 2025	170	63	585	818

(c) Right-of-use assets

(in millions)

	Land	Buildings – gross	Buildings – net	Vehicles	Plant equipment	Total
Carrying amounts						
December 31, 2024	169	327	948	1	6	1,451
Additions	1	22	78	1	–	102
Acquired through business combinations (Note 5)	–	–	11	–	–	11
Depreciation	(2)	(14)	(44)	–	(1)	(61)
Impairment	–	–	1	–	–	1
Transfers	–	–	(1)	1	–	–
Terminations	(1)	1	(17)	–	–	(17)
June 28, 2025	167	336	976	3	5	1,487

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

(a) Net defined benefit asset/liability

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

(in millions)

	As at June 28, 2025	As at December 31, 2024
Pension benefit assets	4,479	4,462
Other post-employment and other long-term benefit liabilities	3,245	3,283
Current other long-term benefit liabilities	53	54
Non-current pension, other post-employment and other long-term benefit liabilities	3,192	3,229

(b) Defined benefit and defined contribution costs

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

(in millions)

	Q2 2025			Q2 2024		
	Pension benefit plans	Other benefit plans	Total	Pension benefit plans	Other benefit plans	Total
Current service cost	116	21	137	121	20	141
Interest cost	320	36	356	326	34	360
Interest income on plan assets	(369)	–	(369)	(364)	–	(364)
Other administration costs	5	–	5	4	–	4
Defined benefit expense	72	57	129	87	54	141
Defined contribution expense	14	–	14	11	–	11
Total expense	86	57	143	98	54	152
Return on segregated securities	–	(4)	(4)	–	(3)	(3)
Component included in employee benefits expense	86	53	139	98	51	149
Remeasurement (gains) losses:						
Return on plan assets, excluding interest income on plan assets	293	–	293	65	–	65
Actuarial (gains) losses	(328)	(52)	(380)	(488)	(59)	(547)
Component included in other comprehensive income^{1,2}	(35)	(52)	(87)	(423)	(59)	(482)

1. Amounts presented in this table exclude income tax expense of \$21 million for Q2 2025 (Q2 2024 – tax expense of \$121 million).

2. The discount rates used to measure the Canada Post segment pension benefit plans and other benefit plans at Q2 2025 were 4.86% and 4.91%, compared to 4.72% and 4.76%, respectively, at Q1 2025 (5.03% and 5.04%, respectively, at Q2 2024, compared to 4.86% at Q1 2024).

(in millions)

	YTD 2025			YTD 2024		
	Pension benefit plans	Other benefit plans	Total	Pension benefit plans	Other benefit plans	Total
Current service cost	228	42	270	240	42	282
Interest cost	630	71	701	651	70	721
Interest income on plan assets	(727)	–	(727)	(729)	–	(729)
Other administration costs	9	–	9	9	–	9
Defined benefit expense	140	113	253	171	112	283
Defined contribution expense	27	–	27	24	–	24
Total expense	167	113	280	195	112	307
Return on segregated securities	–	(7)	(7)	–	(7)	(7)
Component included in employee benefits expense	167	106	273	195	105	300
Remeasurement (gains) losses:						
Return on plan assets, excluding interest income on plan assets	210	–	210	49	–	49
Actuarial (gains) losses	(363)	(57)	(420)	(1,292)	(137)	(1,429)
Component included in other comprehensive income^{1,2}	(153)	(57)	(210)	(1,243)	(137)	(1,380)

1. Amounts presented in this table exclude income tax expense of \$51 million for YTD 2025 (YTD 2024 – tax expense of \$345 million).

2. The discount rates used to measure the Canada Post segment pension benefit plans and other benefit plans at Q2 2025 were 4.86% and 4.91%, compared to 4.71% and 4.73%, respectively, at Q4 2024 (5.03% and 5.04%, respectively, at Q2 2024, compared to 4.64% at Q4 2023).

(c) Total cash payments and funding relief

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

(in millions)

	Q2 2025	Q2 2024	YTD 2025	YTD 2024
Cash payments for defined benefit plans	50	40	98	86
Contributions to defined contribution plans	14	11	27	24
Total cash payments	64	51	125	110

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

8. Income Taxes

The Corporation is a prescribed Crown corporation for tax purposes and, as such, is subject to federal income taxation under the *Income Tax Act*. The Corporation's subsidiaries are subject to federal and provincial income taxes.

The sources of the temporary differences giving rise to net deferred tax assets (liabilities), affecting net loss and other comprehensive income (loss), were unchanged from December 31, 2024.

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

	As at June 28, 2025	As at December 31, 2024
Deferred tax assets	–	–
Deferred tax liabilities	180	147
Net deferred tax liabilities	(180)	(147)

While the Corporation is in a net deferred tax liability position, recognition of deferred tax assets is based on management's assessment of all available evidence, such as the reversal of existing taxable temporary differences, which suggests that realizing deferred tax assets is probable. For Q2 2025, management concluded that there is insufficient evidence to support recognition of certain deferred tax assets due to insufficient taxable temporary differences expected to reverse in the same period as the expected reversal of the deductible temporary difference. A history of recurring financial losses was also considered. This assessment adjusted the total reduction of the deferred tax asset (netted with deferred tax liabilities) to \$226 million (December 31, 2024 – \$203 million), which represents management's best estimate of future results and the probability of future recoverability of the deferred tax assets. This does not result in an immediate cash outflow nor does it affect the Group of Companies' immediate liquidity position. The Corporation has not recognized a deferred tax asset relating to deductible temporary differences of \$904 million (December 31, 2024 – \$812 million).

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

	Q2 2025	Q2 2024	YTD 2025	YTD 2024
Current tax expense	29	8	45	53
Deferred tax recovery relating to origination and reversal of temporary differences	(118)	(92)	(153)	(116)
Deferred tax recovery relating to the reversal of the deferred tax asset write-down	45	(38)	23	(53)
Tax recovery	(44)	(122)	(85)	(116)

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

	Q2 2025	Q2 2024	YTD 2025	YTD 2024
Profit (loss) before tax	(325)	(135)	(427)	(29)
Federal tax at Corporation's statutory rate	(82)	(34)	(107)	(7)
Subsidiaries' provincial tax less federal tax abatement	1	1	(16)	6
Adjustments for prior years	4	–	4	–
Divestiture of subsidiaries	–	(2)	–	(45)
Deferred tax recovery relating to the reversal of the deferred tax asset write-down	45	(38)	23	(53)
Other	(12)	(49)	11	(17)
Tax recovery	(44)	(122)	(85)	(116)

9. Goodwill

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

	As at June 28, 2025	As at December 31, 2024
Balance, beginning of the year	161	161
Goodwill, acquired during the year (Note 5)	516	–
Balance, end of the year	677	161

Goodwill impairment testing

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

10. Lease Liabilities

(a) Lease liabilities

(in millions)

	As at June 28, 2025	As at December 31, 2024
Maturity analysis – contractual undiscounted cash flows^{1,2}		
Less than one year	189	155
One to five years	686	587
More than five years	1,521	1,619
Total undiscounted lease liabilities	2,396	2,361
Lease liabilities in the consolidated statement of financial position	1,709	1,667
Current lease liabilities	104	100
Non-current lease liabilities	1,605	1,567

1. Included in the above table are lease payments (undiscounted cash flows) to be made to related parties in the normal course of business, in the amount of \$33 million for premises used in postal operations (December 31, 2024 – \$35 million).

2. Leases that have not yet commenced, but which have been committed to (including conditional commitments) at June 28, 2025, have future cash outflows of \$18 million that are included in the above maturity analysis, but they are excluded from the measurement of lease liabilities (December 31, 2024 – \$73 million).

(b) Changes in liabilities arising from financing activities

(in millions)

	December 31, 2024	Payments	Acquired through business combinations (Note 5)	Interest	Net lease additions	June 28, 2025
Lease liabilities	1,667	(85)	16	29	82	1,709

11. Loans and Borrowings

(in millions)

	As at June 28, 2025		As at December 31, 2024	
	Fair value ¹	Carrying value	Fair value	Carrying value
Canada Post				
Series 2 bonds maturing July 2025, interest at 4.08%, payable semi-annually on January 16 and July 16 ²	500	500	503	500
Series 1 bonds maturing July 2040, interest at 4.36%, payable semi-annually on January 16 and July 16 ²	506	498	515	498
Total – Canada Post Segment	1,006	998	1,018	998
Purolator³				
Revolving credit facility, maturing in August 2025, fixed interest at 5.23%, payable at end of term ^{4,5}	150	150	–	–
Promissory notes	5	5	–	–
Term loan maturing in January 2029, interest at 5.23%, quarterly repayments ranging from 1.25% to 1.875% of the original balance ⁴	583	583	–	–
Total – Purolator Segment	738	738	–	–
Total loans and borrowings	1,744	1,736	1,018	998
Current	676	676	503	500
Non-current	1,068	1,060	515	498

1. The estimated fair values disclosed for loans and borrowing are categorized as level 2 in the fair value hierarchy and are applied on a recurring basis. There were no transfers between the levels of the fair value hierarchy.
2. The Corporation has a right of redemption prior to maturity at a premium to fair value. Bonds constitute direct, unconditional and unsecured obligations of the Corporation and direct, unconditional obligations of the Government of Canada. Fair value approximates carrying value.
3. The fair value of Purolator's loans and borrowings approximates their carrying value, as the interest rates reset quarterly to reflect current market conditions.
4. Facilities have financial covenants based on net total funded debt/EBITDA and debt service coverage ratios as defined in the credit agreement, as well as other financial reporting requirements. Purolator is in compliance with all covenants. Facilities are guaranteed by Purolator's material subsidiaries and secured by a first ranking lien against all of Purolator's assets and interest in all shares of capital stock, including those of all material subsidiaries.
5. Purolator remits customs duties and goods and services tax to government agencies on the customers' behalf. Purolator primarily utilizes available cash balances and the revolving term credit facility to fund these remittances. The revolving credit facility is typically repaid in full within the same month as the associated accounts receivable are collected. In addition, Purolator utilizes the revolving term credit facility to fund capital purchases and other cash flow requirements during the year, which included costs relating to the acquisition of Livingston International in Q1 2025. Purolator has access to one revolving credit facility (with two components) totalling \$550 million (\$400 million undrawn).

Additional information regarding the Group's externally imposed capital requirements and borrowing capacity is disclosed in Note 12.

12. Capital Management, Borrowing Facilities and Liquidity Risk

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

(a) Capital management

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

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

The equity of Canada was in a surplus position of \$4,819 million at June 28, 2025 (December 31, 2024 – \$5,009 million). The decrease was attributable to YTD operating losses, partially offset by remeasurement gains of defined benefit plans, which are recognized in other comprehensive income and included immediately in retained earnings.

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

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

These objectives and their related strategies are reviewed and approved each year by the Board of Directors through the annual Corporate Plan, which is then forwarded for Treasury Board approval. The first year of the Corporation's 2025-29 Corporate Plan was approved by the Treasury Board in November 2024. This Corporate Plan presented the significant challenges the Corporation is facing with recurring financial losses and a deteriorating liquidity position.

(b) Borrowing and credit facilities

Pursuant to the *Financial Administration Act*, Part X, the Corporation must indicate its intention to borrow money in the annual Corporate Plan, or in an amendment thereto, both of which are subject to the approval of the Corporation's Board of Directors and

the Treasury Board. In addition, the detailed terms and conditions of any specific borrowing transaction must be approved by the Minister of Finance.

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

Pursuant to subsection 127(3) of the *Financial Administration Act*, the Minister of Finance approved the aggregate principal outstanding amount for all short-term borrowings with a maturity of one year or less, which are not to exceed \$600 million for the period ending December 31, 2025. Short-term borrowings may consist of a line of credit or the issuance of promissory notes that is not to exceed \$100 million and additional short-term borrowing facilities for emergency cash management purposes that are not to exceed \$500 million. Additional facilities may consist of borrowing from the Crown or otherwise, if made available. Canada Post entered into credit agreements with financial institutions for short-term facilities totalling \$595 million (December 31, 2024 – \$47 million). At June 28, 2025, letters of credit of \$18 million (December 31, 2024 – \$19 million) were issued.

(c) Liquidity risk

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

As at June 28, 2025, the Canada Post segment had \$654 million of unrestricted liquid investments on hand (December 31, 2024 – \$818 million), for a net liquidity position of negative -\$344 million (December 31, 2024 – negative -\$180 million), after outstanding loans and borrowings of \$998 million (December 31, 2024 – \$998 million). The Corporation's cash resources have been depleted significantly since 2018 due to operating losses and significant costs associated with expanding capacity and maintaining the network. A debt of \$500 million that matured in July 2025 created significant cash flow pressure. Government funding is required to remain solvent. Refer to Note 3 (a) for additional information and management's conclusion on the Corporation's ability to continue as a going concern.

13. Disaggregation of Revenue

(a) Geographic area revenue

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

(in millions)

	Q2 2025	Q2 2024	YTD 2025	YTD 2024
Canada	2,337	2,187	4,722	4,493
United States	2	49	80	110
Rest of the world	24	31	70	68
Total revenue	2,363	2,267	4,872	4,671

(b) Products and services revenue

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

(in millions)

	Q2 2025			Q2 2024		
	Total revenue	Intersegment and consolidation	Revenue from external customers	Total revenue	Intersegment and consolidation	Revenue from external customers
Revenue attributed to products and services						
Parcels	1,206	(6)	1,200	1,431	(15)	1,416
Transaction Mail	590	–	590	424	–	424
Direct Marketing	234	–	234	255	–	255
Consumer products and services	65	(1)	64	18	–	18
Customs brokerage	90	(1)	89	–	–	–
Global forwarding and other	48	–	48	–	–	–
	2,233	(8)	2,225	2,128	(15)	2,113
Unattributed revenue						
Stamp postage	45	–	45	65	–	65
Meter postage	93	–	93	89	–	89
	138	–	138	154	–	154
IT services¹	–	–	–	51	(51)	–
Total	2,371	(8)	2,363	2,333	(66)	2,267

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

	YTD 2025			YTD 2024		
	Total revenue	Intersegment and consolidation	Revenue from external customers	Total revenue	Intersegment and consolidation	Revenue from external customers
Revenue attributed to products and services						
Parcels	2,463	(10)	2,453	2,911	(40)	2,871
Transaction Mail	1,289	–	1,289	919	–	919
Direct Marketing	490	–	490	502	–	502
Consumer products and services	112	(1)	111	71	–	71
Customs brokerage	143	(1)	142	–	–	–
Global forwarding and other	77	–	77	–	–	–
	4,574	(12)	4,562	4,403	(40)	4,363
Unattributed revenue						
Stamp postage	110	–	110	128	–	128
Meter postage	200	–	200	180	–	180
	310	–	310	308	–	308
IT services¹	–	–	–	135	(135)	–
Total	4,884	(12)	4,872	4,846	(175)	4,671

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

(c) Sales channel revenue

Sales channel revenue is reported for domestic revenue from commercial customers and for domestic retail from sales to consumers. International revenue includes revenue from the United States and the rest of the world as defined in Note 13 (a). Through April 15, 2024, the date of divestiture, revenue earned by Innovapost, the information technology (IT) business unit, was eliminated on consolidation:

(in millions)

	Q2 2025			Q2 2024		
	Total revenue	Intersegment and consolidation	Revenue from external customers	Total revenue	Intersegment and consolidation	Revenue from external customers
Domestic						
Commercial	1,760	(8)	1,752	1,632 ¹	(15)	1,617
Retail	586	–	586	570	–	570
	2,346	(8)	2,338	2,202	(15)	2,187
International	25	–	25	80	–	80
IT Services	–	–	–	51	(51)	–
Total	2,371	(8)	2,363	2,333	(66)	2,267

1. Foreign exchange gains of \$1 million were reclassified within sales channels from IT services (formerly “Other”) to commercial, to conform to current year presentation due to the divestiture of the IT business unit in 2024.

(in millions)

	YTD 2025			YTD 2024		
	Total revenue	Intersegment and consolidation	Revenue from external customers	Total revenue	Intersegment and consolidation	Revenue from external customers
Domestic						
Commercial	3,560	(12)	3,548	3,402 ¹	(40)	3,362
Retail	1,175	–	1,175	1,131	–	1,131
	4,735	(12)	4,723	4,533	(40)	4,493
International	149	–	149	178	–	178
IT Services	–	–	–	135	(135)	–
Total	4,884	(12)	4,872	4,846	(175)	4,671

1. Foreign exchange gains of \$1 million were reclassified within sales channels from IT services (formerly “Other”) to commercial, to conform to current year presentation due to the divestiture of the IT business unit in 2024.

14. Other Operating Costs

(in millions)

	Q2 2025	Q2 2024	YTD 2025	YTD 2024
Non-labour collection, processing and delivery	488	505	992	1,030
Property, facilities and maintenance	78	77	168	176
Selling, administrative and IT	200	136	398	282
Non-capital investment expense	55	58	89	114
Other operating costs	821	776	1,647	1,602

15. Investing and Financing Income (Expense)

(in millions)

	Q2 2025	Q2 2024	YTD 2025	YTD 2024
Gain on sale of disposal groups held for sale	–	61	–	348
Interest income	8	21	18	41
Other Income	3	–	4	3
Investment and other income	11	21	22	44
Interest expense	(38)	(22)	(70)	(44)
Other expense	(2)	(1)	(3)	(5)
Finance costs and other expense	(40)	(23)	(73)	(49)
Investing and financing income (expense), net	(29)	59	(51)	343

16. Other Comprehensive Income (Loss)

(in millions)

	Items that may subsequently be reclassified to net profit (loss)			Item never reclassified to net profit (loss)	Other comprehensive income (loss)
	Change in unrealized fair value of financial assets	Cumulative foreign currency adjustment	Accumulated other comprehensive income (loss)	Remeasurements of defined benefit plans	
Accumulated balance as at December 31, 2024	(1)	6	5		
Gains (losses) arising	(7)	5	(2)	210	208
Income taxes	2	–	2	(51)	(49)
Net	(5)	5	–	159	159
Accumulated balance as at June 28, 2025	(6)	11	5		

17. Related Party Transactions

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

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

(in millions)

	Q2 2025	Q2 2024	YTD 2025	YTD 2024
Related party revenue	147	86	250	176
Compensation payments for programs				
Government mail and mailing of materials for persons who are blind	5	–	11	6
Payments from related parties for premises leased from the Corporation	1	1	3	3
Related party expenditures	4	3	6	6

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

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

	As at June 28, 2025	As at December 31, 2024
Due to/from related parties		
Included in trade and other receivables	29	17
Included in trade and other payables	97	9
Deferred revenue from related parties	–	1

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

In the normal course of business, the Group of Companies may interact with companies whose financial and operating policies are solely or jointly governed by key management personnel (KMP) of the Group of Companies. The affected KMP are required to recuse themselves from all discussions and decisions relating to transactions between the companies. The only significant transactions for the YTD were between Purolator and a company controlled by one of the Group of Companies' KMP, who is a director and also a minority shareholder of Purolator. This company provided air services to Purolator in the amount of nil and \$3 million for the Q2 and YTD 2025 periods, respectively (2024 – \$4 million and \$7 million, respectively). These transactions had been made at prices and terms comparable to those given to other suppliers of Purolator.

(c) Transactions with the Corporation's pension plans

During Q2 and YTD 2025, the Corporation provided administration services to the Canada Post Corporation Registered Pension Plan in the amount of \$3 million and \$8 million, respectively (2024 – \$5 million and \$10 million, respectively). As at June 28, 2025, \$7 million (December 31, 2024 – \$7 million) relating to transactions with the Registered Pension Plan is outstanding and included in trade and other receivables. Cash payments, including contributions to the defined benefit plans and defined contribution plans for the Group of Companies, are disclosed in Note 7 (c).

18. Segmented Information

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

As at June 28, 2025, and for Q2 2025

(in millions)

	Canada Post	Purolator ¹	Consolidation entries and eliminations	Total
Revenue from external customers	1,502	861	–	2,363
Intersegment revenue	6	2	(8)	–
Revenue from operations	1,508	863	(8)	2,363
Labour and employee benefits	1,296	395	–	1,691
Other operating costs	518	311	(8)	821
Depreciation and amortization	90	57	–	147
Cost of operations	1,904	763	(8)	2,659
Profit (loss) from operations	(396)	100	–	(296)
Investment and other income	9	2	–	11
Finance costs and other expense	(20)	(20)	–	(40)
Profit (loss) before tax	(407)	82	–	(325)
Tax expense (recovery)	(57)	13	–	(44)
Net profit (loss)	(350)	69	–	(281)
Total assets	10,328	4,007	(246)	14,089
Total liabilities	6,714	2,479	(12)	9,181

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

As at June 29, 2024, and for Q2 2024

(in millions)

	Canada Post	Purolator	Consolidation entries and eliminations ^{1,2}	Total
Revenue from external customers	1,645	656	(34)	2,267
Intersegment revenue	8	7	(15)	–
Revenue from operations	1,653	663	(49)	2,267
Labour and employee benefits	1,258	296	6	1,560
Other operating costs	571	259	(54)	776
Depreciation and amortization	93	33	(1)	125
Cost of operations	1,922	588	(49)	2,461
Profit (loss) from operations	(269)	75	–	(194)
Investment and other income	333	11	(262)	82
Finance costs and other expense	(18)	(5)	–	(23)
Profit (loss) before tax	46	81	(262)	(135)
Tax expense (recovery)	(138)	16	–	(122)
Net profit (loss)	184	65	(262)	(13)
Total assets	11,243	2,309	(221)	13,331
Total liabilities	6,708	933	13	7,654

1. Results for Innovapost were consolidated through April 15, 2024, the date of divestiture when control was transferred to the acquirer.

2. Intercompany dividends are eliminated on consolidation.

As at June 28, 2025, and for YTD 2025

(in millions)

	Canada Post	Purolator ¹	Consolidation entries and eliminations ²	Total
Revenue from external customers	3,285	1,587	–	4,872
Intersegment revenue	12	–	(12)	–
Revenue from operations	3,297	1,587	(12)	4,872
Labour and employee benefits	2,560	752	–	3,312
Other operating costs	1,061	598	(12)	1,647
Depreciation and amortization	183	106	–	289
Cost of operations	3,804	1,456	(12)	5,248
Profit (loss) from operations	(507)	131	–	(376)
Investment and other income	98	4	(80)	22
Finance costs and other expense	(39)	(34)	–	(73)
Profit (loss) before tax	(448)	101	(80)	(427)
Tax expense (recovery)	(109)	24	–	(85)
Net profit (loss)	(339)	77	(80)	(342)
Total assets	10,328	4,007	(246)	14,089
Total liabilities	6,714	2,479	(12)	9,181

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

2. Intercompany dividends are eliminated on consolidation.

As at June 29, 2024, and for YTD 2024

(in millions)

	Canada Post	Purolator	SCI ¹	Consolidation entries and eliminations ^{2,3}	Total
Revenue from external customers	3,382	1,270	53	(34)	4,671
Intersegment revenue	18	16	6	(40)	–
Revenue from operations	3,400	1,286	59	(74)	4,671
Labour and employee benefits	2,522	603	27	39	3,191
Other operating costs	1,183	513	22	(116)	1,602
Depreciation and amortization	185	64	9	(8)	250
Cost of operations	3,890	1,180	58	(85)	5,043
Profit (loss) from operations	(490)	106	1	11	(372)
Investment and other income	499	23	–	(130)	392
Finance costs and other expense	(39)	(9)	(1)	–	(49)
Profit (loss) before tax	(30)	120	–	(119)	(29)
Tax expense (recovery)	(172)	28	–	28	(116)
Net profit (loss)	142	92	–	(147)	87
Total assets	11,243	2,309	–	(221)	13,331
Total liabilities	6,708	933	–	13	7,654

1. Results for SCI were consolidated through March 1, 2024, the date of divestiture when control was transferred to the acquirer.

2. Results for Innovapost were consolidated through April 15, 2024, the date of divestiture when control was transferred to the acquirer.

3. Intercompany dividends are eliminated on consolidation.

19. Events after the reporting period

Government funding

On June 30, 2025, and July 30, 2025, in accordance with section 31 of the *Canada Post Corporation Act* (Act), Canada Post received \$395 million and \$260 million, respectively, to enable it to meet its expected operating and income charges, which are not sufficiently covered by its expected available revenues. Amounts received shall be reimbursed to the Minister of Finance from the annual revenues of the Corporation in so far as such revenues are sufficient, pursuant to section 32(1) of the Act.

This government funding will be accounted for as a non-interest-bearing demand note payable to the Government of Canada. Upon receipt of the cash injection, the note payable will be classified as a current liability, given that Canada Post does not have the right to defer settlement for at least 12 months after the reporting period. Further details, including the material accounting policy information, critical accounting judgments and key sources of estimation uncertainty, will be provided in the interim condensed consolidated financial statements for the 13 weeks ended September 27, 2025. Refer to Note 3 (a) which presents how funding impacts the Corporation's going-concern assessment.

Bond maturity

The Corporation repaid the Series 2 bonds of \$500 million, prior to their July 16, 2025, maturity date. Repayment was enabled by the timely receipt of government funding.

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