2023
Canada Post Corporation

SECOND QUARTER FINANCIAL REPORT

For the period ended July 1, 2023

Financial Performance

CONTENTS

Unaudited Interim Condensed Consolidated Financial Statements

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 YTD [YTD]) ended July 1, 2023, for Canada Post Corporation (Corporation or Canada Post) and its subsidiaries – Purolator Holdings Ltd. (Purolator), SCI Group Inc. (SCI) and Innovapost Inc. (Innovapost). These companies are collectively referred to as the Canada Post Group of Companies, the Group of Companies, or the Group. Segments are based on the legal entities, Canada Post, Purolator, SCI and Innovapost.

Financial results reported in the MD&A were prepared using International Financial Reporting Standards (IFRSs) 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 the second quarter (Q2) and year to date (YTD) of 2023 compared to Q2 and YTD 2022. 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. Where these differences impacted financial results, they have been highlighted in this report. These days varied by reporting entity, as follows.

	Q2 2023		YTD 2023	
Company	**Business days**	**Paid days**	**Business days**	**Paid days**
Canada Post Group of Companies and Canada Post	+1	–	+1	–
Purolator	+1	–	+1	–
SCI	–	–	+1	+1

This discussion should be read in conjunction with the unaudited interim condensed consolidated financial statements (interim financial statements) for the second quarter of 2023, 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" of the IFRSs issued by the IASB. 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, 2022.

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 subsidiaries, 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 24, 2023.

Forward-looking statements

The interim financial statements and the MD&A contain forward-looking statements including future-looking financial information or outlooks that reflect management's expectations regarding the Groups' objectives, plans, strategies, future growth, results of operations, performance, and business prospects and opportunities. 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 24, 2023, 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 Canada Post Group of Companies and summary of Q2 2023 financial results.

The Group is one of Canada's major employers with over 83,600 people (full-time and part-time employees, including temporary, casual and term employees) and operates the largest retail network in Canada with nearly 5,900 retail post offices. Canada Post is the largest segment of the Group with revenue of $3.4 billion for the first two quarters in 2023. Canada Post is a federal Crown corporation reporting to the Minister of Public Services and Procurement. Under the *Canada Post Corporation Act*, Canada Post has a mandate to provide Canadians postal services that meet their needs in a financially self-sustaining manner. Canadians expect us to be social and environmental leaders, to continue investing in innovative products and services, and to create a safe and healthy workplace for our employees.

Canada Post's universal service obligation (USO) is set out in the *Canadian Postal Service Charter*, which states that we will maintain and provide a service for the collection, transmission and delivery of letters, parcels and publications. With more Canadians shifting to digital communications, we continue to experience a structural decline in traditional mail volumes. At the same time, significant growth in online shopping has resulted in increased competition in the ecommerce parcel delivery sector and has transformed the market over the past few years.

Financial and business highlights

Segment results – Profit (loss) before tax

(in millions of dollars)

	Q2 2023	Q2 2022	$ change	% change	**YTD 2023**	YTD 2022	$ change	% change
Canada Post	(254)	(160)	(94)	(58.8)%	(361)	(289)	(72)	(24.9)%
Purolator	87	91	(4)	(4.8)%	133	119	14	12.0%
SCI	–	4	(4)	(84.0)%	3	6	(3)	(47.0)%
Other	–	1	(1)	(83.3)%	–	–	–	(51.5)%
Canada Post Group of Companies	**(167)**	**(64)**	**(103)**	**(161.1)%**	**(225)**	**(164)**	**(61)**	**(37.3)%**

For both periods, the Canada Post segment's loss before tax was partially offset by profit before tax in the Purolator and SCI segments.

Canada Post segment

Financial self-sustainability

The Government of Canada has mandated Canada Post to fund its operations with revenue from the sale of products and services, rather than with taxpayer funding. To be able to conduct operations on a financially self-sustaining basis, it is increasingly important for us to address challenges related to the following topics:

- Core mail volume declines, financial commitments and capacity constraints are inherent risks to our traditional paper-based business operating model.

- Consumer expectations for ecommerce parcels are rising, putting pressure on price, performance, delivery speeds and other service options – including weekend delivery.
- Competitors are leveraging low-cost freelance labour to provide delivery options at a lower cost while increasing their delivery speeds.
- Attracting and retaining top talent has become increasingly difficult.
- Building and maintaining relationships with our bargaining agents is vital to building a framework for growth as we move into upcoming negotiations.

Our Parcels line of business makes up approximately half of our revenue, and our market share in the highly competitive delivery market has decreased over the last five years. Although economic uncertainty and the rising cost of living has negatively impacted our business over the last year, the ecommerce market is expected to more than double over the next decade. The company continues to invest to gain market share in this increasingly competitive market.

Canada Post has submitted to the Government a strategic plan that addresses our challenges, acknowledges the significance of recurring financial losses over the past five years and reinforces the importance of transformation to serve Canadians to remain competitive in the ecommerce parcel delivery market. It is critical that we execute this transformation plan to meet the needs of Canadians and Canadian businesses, in a financially self-sustainable manner.

Revenue and volume by line of business

(in millions of dollars)

	Revenue (in millions of dollars)				**Volume** (in millions of pieces)			
	Q2 2023	Q2 2022	$ change	% change	**Q2 2023**	Q2 2022	Change	% change
Parcels	791	837	(46)	(7.0)%	70	68	2	2.6%
Transaction Mail	566	588	(22)	(5.2)%	543	558	(15)	(4.3)%
Direct Marketing	237	242	(5)	(3.7)%	1,030	1,084	(54)	(6.6)%
Other	51	56	(5)	(10.5)%	–	–	–	–
Total	**1,645**	**1,723**	**(78)**	**(6.0)%**	**1,643**	**1,710**	**(67)**	**(5.5)%**

	Revenue (in millions of dollars)				**Volume** (in millions of pieces)			
	YTD 2023	YTD 2022	$ change	% change	**YTD 2023**	YTD 2022	Change	% change
Parcels	1,652	1,697	(45)	(3.4)%	140	143	(3)	(2.7)%
Transaction Mail	1,231	1,271	(40)	(2.4)%	1,176	1,214	(38)	(3.9)%
Direct Marketing	460	476	(16)	(4.1)%	1,908	2,014	(106)	(6.0)%
Other	105	114	(9)	(9.1)%	–	–	–	–
Total	**3,448**	**3,558**	**(110)**	**(3.3)%**	**3,224**	**3,371**	**(147)**	**(5.1)%**

Parcels revenue declined

In Q2 2023, the competitive environment continued to impact revenue, while changes in fuel surcharges tied to market rates accounted for a significant portion of the revenue decline compared to the same period in 2022. Domestic volumes experienced growth in the latter half of Q2 due to increased competitive offerings and focus with specific customer segments.

For the first half of 2023, competitive pressure and changes to fuel surcharges tied to market rates resulted in lower revenue. Domestic revenues declined as customers looked to reduce spending through rate shopping, while competitive commercial channels were increasingly used over Canada Post's network for inbound volumes.

Transaction Mail volume erosion continues

Transaction Mail revenue and volumes were down in Q2 and YTD of 2023 compared to 2022 as more consumers and mailers made the transition to digital alternatives. Maintaining regulated stamp prices at 2020 levels through Q2 2023 has not allowed the Corporation to mitigate the revenue impact of volume declines in this eroding line of business.

Direct Marketing affected by economic uncertainty

Direct Marketing revenues and volumes declined in Q2 and the YTD of 2023 compared to the same periods in 2022. Volumes were below pre-pandemic levels as our customers' marketing budgets were shifting to other channels and were negatively affected by general economic uncertainty.

Decline in employee benefit costs with increased non-capital investment

(in millions of dollars)

	Q2 2023	Q2 2022	$ change	% change	**YTD 2023**	YTD 2022	$ change	% change
Total labour and employee benefits	1,224	1,235	(11)	(0.9)%	2,428	2,508	(80)	(3.2)%
Total other operating costs	592	558	34	6.0%	1,219	1,153	66	5.7%
Depreciation and amortization	88	80	8	10.6%	172	161	11	6.9%
Total cost of operations	**1,904**	**1,873**	**31**	**1.7%**	**3,819**	**3,822**	**(3)**	**(0.1)%**

The cost of operations increased by $31 million (+1.7%) in Q2 2023, compared to Q2 2022, while the YTD costs decreased by $3 million (-0.1%). YTD declines were mainly due to lower employee benefits partly offset by higher labour and non-capital investment expenses as we are actively investing in our operations and technology.

Size and volatility of pension, other post-employment and other long-term benefits

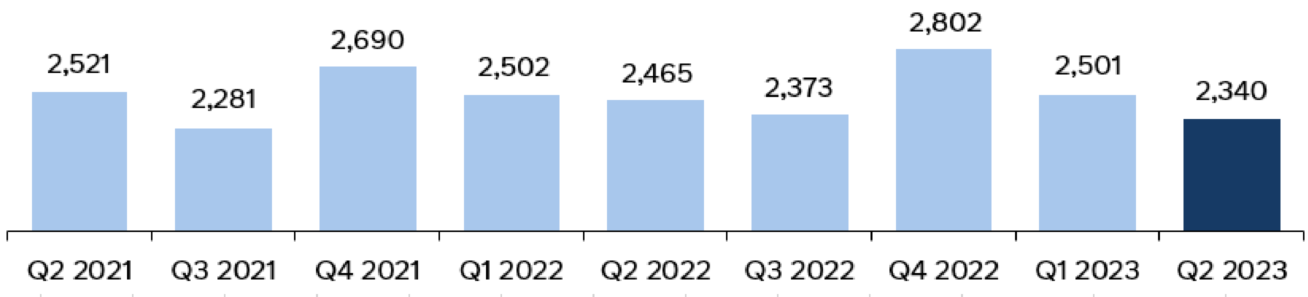
Remeasurement losses of $377 million and $482 million, net of tax, were recorded in other comprehensive income for Q2 2023 and YTD 2023, respectively, for the Canada Post segment defined benefit plans. The expense recorded in the statement of comprehensive income and regular payments were not affected by these remeasurements. The Q2 remeasurement losses were due to a decrease in discount rates, lower-than-expected asset returns for the quarter and experience adjustments. The YTD losses were due to a decrease in discount rates and experience adjustments, partially offset by higher-than-expected asset returns for the year. The solvency surplus (using market value of plan assets) improved to an estimated $2.3 billion from the December 31, 2022, valuation of $2.2 billion. As the December 31, 2022, going-concern ratio and solvency ratio (using market value of plan assets) exceeds legislative thresholds, Canada Post is not permitted to make employer current service contributions for 2023.

Canada Post Group of Companies – 2023

The charts below present selected consolidated financial results for the Groups' nine last quarters.

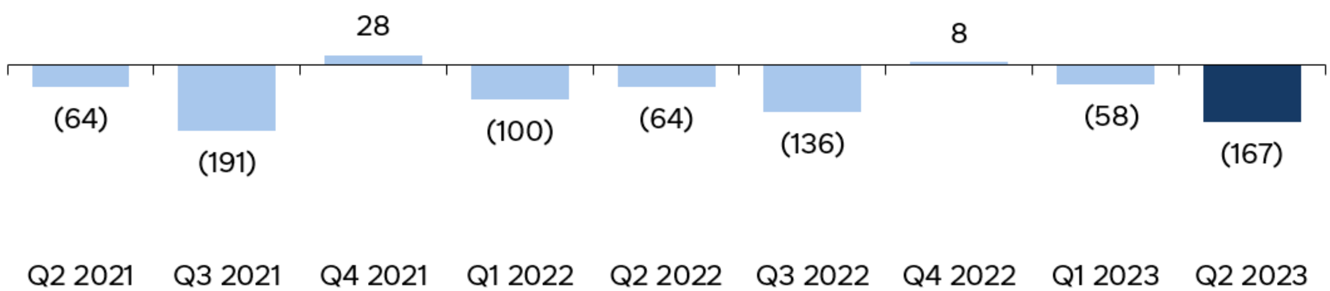
Revenue from operations

(in millions of dollars)



Profit (loss) before tax

(in millions of dollars)



The following table presents the Group's consolidated performance for the second quarter and the YTD of 2023, compared to the same periods in the prior year.

(in millions of dollars)

	Q2 2023	Q2 2022	$ change	% change	**YTD 2023**	YTD 2022	$ change	% change	Explanations
Consolidated statement of comprehensive income									
Revenue from operations	2,340	2,465	(125)	(6.6)%	4,841	4,967	(126)	(3.3)%	Declines across all lines of business in the Canada Post segment and in the Purolator segment.
Cost of operations	2,508	2,512	(4)	(0.1)%	5,068	5,094	(26)	(0.5)%	Lower employee benefits partly offset by higher labour costs in the Canada Post and SCI segment and increased non-capital investment expenses in the Canada Post segment.
Loss from operations	(168)	(47)	(121)	(262.3)%	(227)	(127)	(100)	(79.2)%	Declines in the Canada Post and SCI segments.
Investing and financing income (expense), net	1	(17)	18	106.7%	2	(37)	39	106.5%	Increase in interest income.
Loss before tax	(167)	(64)	(103)	(161.1)%	(225)	(164)	(61)	(37.3)%	
Tax recovery	(40)	(15)	(25)	(166.9)%	(53)	(38)	(15)	(38.2)%	Higher loss before tax in the Group.
Net loss	(127)	(49)	(78)	(159.3)%	(172)	(126)	(46)	(37.0)%	
Comprehensive income (loss)	(494)	724	(1,218)	(168.3)%	(635)	3,063	(3,698)	(120.7)%	Q2: Lower-than-expected asset returns. YTD: Remeasurement losses on pension and other post-employment plans from discount rate decreases and experience adjustments offset by higher-than-expected asset returns.
Consolidated statement of cash flows									
Cash provided by (used in) operating activities	3	43	(40)	(93.5)%	(31)	(66)	35	52.0%	Q2: Increase in net losses partially offset by timing of changes in working capital. YTD: Improvements in working capital partially offset by lower pension expense and payments.
Cash provided by (used in) investing activities	89	(22)	111	505.5%	76	(146)	222	151.9%	Increase in proceeds (net of acquisitions) of securities, partially offset by higher YTD payments for capital assets.
Cash used in financing activities	(32)	(31)	(1)	(6.0)%	(64)	(63)	(1)	(1.2)%	

2. Core Businesses and Strategy

The Government of Canada maintains the expectation that the Corporation operates in a manner that is financially self-sustaining. There were no significant changes to our core businesses or strategy during the first half of 2023. The Corporation submitted to the Government of Canada a strategic plan that acknowledges the magnitude and significance of recurring financial losses over the past five years, outlines the challenges faced by the organization and reinforces the importance of transforming to serve Canadians.

Canada Post continues work to fulfill its overarching purpose, A Stronger Canada – Delivered. Ecommerce will continue to grow with many competitors targeting Canada Post's market share. Our strategic transformation plan will help us compete in the parcel delivery sector and establish the path to financial self-sustainability by improving service, expanding capacity, embracing our environmental responsibility, leading on social issues and supporting our people.

Our progress on initiatives supporting this strategy is included in Section 4 Capabilities.

3. Key Performance Indicators

To monitor performance and track progress toward strategic priorities in its transformation, the Canada Post segment uses senior executive scorecards. Regular reporting provides management and the Board of Directors with a comprehensive view of the Canada Post segment's performance. The following is our progress and achievements against 2023 targets, reflecting our commitment to our people and to social and environmental leadership.

Key performance indicators		2023 target	YTD 2023 result	Status
Total injury frequency per 100 employees year-over-year improvement		10%	17%	A
Fleet with telematics installed (to date)[1]		5,000	1,865	B
Employee diversity[2]	Indigenous Peoples	3.1%	3.3%	A
	People with disabilities	6.9%	7.9%	A
Greenhouse gas emissions (GHGs)	Scopes 1 and 2 for fleet and buildings[3] (in kilotonnes of carbon dioxide equivalent emissions)	127.0	63.7[4]	A
Electric vehicle (EV) fleet	Number of EVs in our fleet	111	62	A
Digital accessibility	Percentage of digital accessibility across all active digital products	90.8%	88.6%	A
Indigenous procurement	Spending with Indigenous Peoples (percentage of eligible expenditure in Indigenous businesses)	3.5%[5]	3.5%	A
Enhanced postal services in Indigenous communities	Number of communities with improved expanded services	25-35[6]	1	B
	Number of engagement discussions (security)	120	62	A
Removal of illicit products from the mail stream in Indigenous communities	Number of pieces inspected and removed	3,050	1,037	A

A Achieved target within success parameters.

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

C Target not achieved (outside success parameters).

1. Telematics unit deployments are on track for the full year after some operational delays in Q2.
2. 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.
3. 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 spend, to set an SBT by 2025. Scope 3 emissions are reported in the annual Sustainability Report.
4. Subject to verification; results impacted by seasonality. The confirmed value for 2023 (full year) will be reported in the *2023 Sustainability Report*.
5. Target increased by 0.1% in Q2 2023 from what was previously disclosed.
6. Target for 2023 and 2024 combined. As of Q2, there are several Indigenous and Northern community enhancement projects where work is under way or discussions with community leaders have begun.

4. Capabilities

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

4.1 Doing right by our people

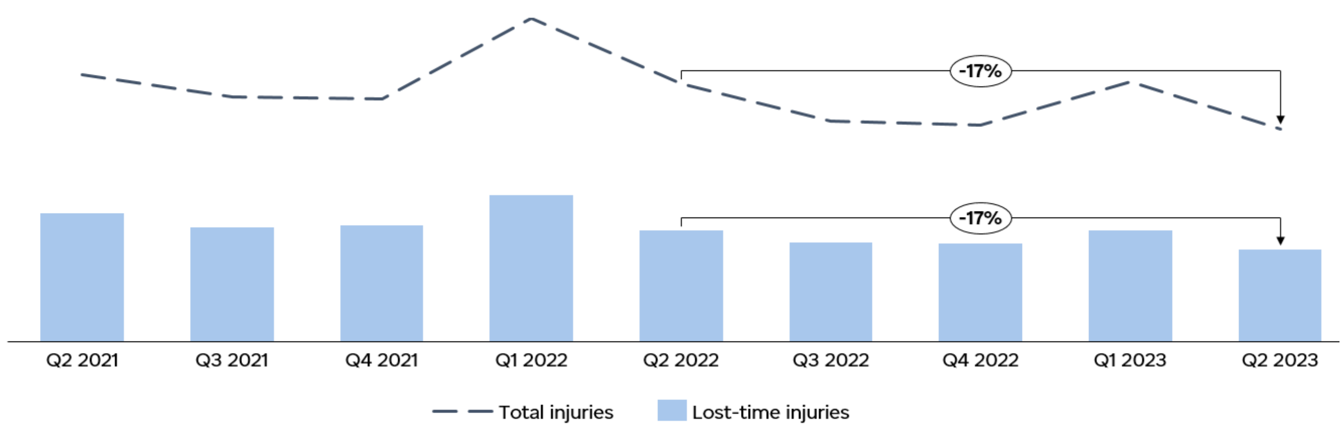
With our commitment to maintain the safety of our customers and employees as well as align our workforce and culture with Canadians' expectations for the Corporation, we strive to make progress toward our strategic imperatives.

Canada Post segment

Embedding health and safety in our culture

It is our priority and our responsibility to keep our employees, our customers and the communities we serve safe. We aim to be a leader in workplace health and safety. In the first two quarters of 2023, the total injury frequency rate decreased by 17% over the same period in 2022, and the lost-time injury frequency rate improved by 17%. Messaging to our employees that reinforce the importance of safety culture and initiatives discussed below have led to these improvements.

Injury frequency (% change for the YTD, year over year)



As part of our 10-year Health and Safety Strategy and our five-year Mental Health Strategy, we progressed on several initiatives in the second quarter of 2023:

- Deployed SnapComms, a new application enabling the broadcast of life safety alerts related to driving, plant and field operations. Alerts are relayed through pop-up messages on corporate computers and tablets, rather than through email. In a later phase, SnapComms will be deployed to corporate mobile phones.
- Planned for the launch of the Health and Safety Zone in Q3, a new platform to replace the current incident management system. This new platform has many new capabilities and will allow employees to focus their efforts on preventing incidents, rather than preparing time-consuming reports.
- Initiated the development of a five-year disability management strategy to support disabled employees at Canada Post.

Road safety

Following the five-year road safety strategy, the Corporation continued to initiate a number of activities to increase regulatory compliance and improve in driving behaviour. Among the accomplishments in the second quarter:

- In our *Health and Safety Newsletter*, highlighted Canada Road Safety Week, an initiative led by the Canadian Association of Chiefs of Police to increase public compliance with safe driving measures and reduce injuries on roads across Canada. The campaign is focused on behaviours that put drivers, passengers, pedestrians and other road users at risk. Our employees are recognized for safe driving practices through the Canada Post Driver Safety Recognition program.
- Launched an online collision avoidance training to over 10,600 employees. This training provides drivers with an understanding of how to respond to many types of road hazards and driving situations.

Creating a fair and respectful workplace

- Delivered a series of virtual manager development workshops for developing skills and abilities that complement our culture transformation and help our people grow.

Equity, diversity and inclusion

- Celebrated and honoured our employees and customers who identify with the 2SLGBTQIA+ community by launching our new Pride postmark. Featuring colours from the Progress Pride Flag, the postmark is a symbol of pride inclusivity and reflects the values of Canada Post to create a workplace that embraces and celebrates all people.
- Internally issued the Q2 *Diversity Newsletter*, which highlighted personal stories, commemorative days, holidays and observances that are significant and meaningful to many people at Canada Post.
- Recognized Red Dress Day to honour missing and murdered Indigenous women, girls, Two-Spirit, and gender diverse people in Canada. The head office was lit with red light, and a Red Dress art installation, curated by Indigenous women and 2S+ employees, was displayed.

Labour and employee relations

Building alignment

In Q2 2023, we continued to work with our bargaining agents and address issues that are important to Canadians:

- Presented the Canadian Union of Postal Workers (CUPW) with an overview of Canada Post's objectives of establishing an hourly pay model for rural and suburban mail carriers.
- Met with our various bargaining agents on our broader pay equity plan and continued discussions on financial services for the Corporation.
- Continued to work with our bargaining agents to resolve grievances in a number of significant areas and to proactively address issues with a view of reducing the total number of grievances filed.

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

The collective agreements with CUPW-RSMC and CUPW-UPO expire December 31, 2023, and January 31, 2024, respectively. The Corporation is continuing to prepare for this round of collective bargaining.

Canadian Postmasters and Assistants Association (CPAA)

The collective agreement with the CPAA expires December 31, 2023. The CPAA represents rural post office postmasters and assistants. The Corporation is continuing to prepare for this round of collective bargaining.

Purolator segment

The collective bargaining process for new agreements to replace those that expired December 31, 2022, between Purolator and the Public Service Alliance of Canada (PSAC), Unifor and the Canada Council of Teamsters (representing clerical and administrative employees), is progressing. In Q2 2023, three union locals ratified agreements, bringing the total renewed agreements to six out of the nine existing agreements while negotiations are ongoing in other locals. Tentative agreements have been reached in one local. Further updates are expected to be disclosed in the *Canada Post Corporation 2023 Third Quarter Financial Report*.

4.2 Our network and infrastructure

Canada Post segment

The Canada Post segment manages an extensive operational network that requires significant coordination between collection, processing, transportation, and delivery activities. Anticipating a projected doubling in the ecommerce market over the next decade, we are committed to investing in our operations and technology to enhance our ability to serve Canadians and manage this growth now and in the future.

Service and capacity

In the second quarter of 2023, we focused on the following achievements:

- Ramped up operations at the Albert Jackson Processing Centre, a net-zero facility, which will serve as a critical hub for our entire national network.
- Completed additional facility expansions, relocations and modifications in Ontario (Shelbourne, Petawawa), and Quebec (Sainte-Julienne, Cap-aux-Meules).
- Added approximately 500 indoor and outdoor parcel lockers in apartment buildings, condominiums and at existing delivery points.
- Installed new electric charging stations and infrastructure at six sites across the country to enable charging 100 corporate electric vehicles.
- Expanded an existing pilot program to select customers, allowing for next-day local delivery in several major cities across Canada.
- Began preparing for weekend deliveries in Montréal, scheduled to begin in summer 2023, enhancing our ability to meet business demands and meet consumer expectations.

Technology

In the pursuit of enhancing service quality, tracking capabilities, and overall customer experiences, we have made progress in our technology projects during the second quarter:

- Deployed approximately 5,500 personal data terminals to date in 2023, the final year of a national three-year program. The new units enhance cellular connectivity and provide carriers with maps and other pertinent information to improve delivery services.
- Transitioned into the execution phase for all major work streams under the Experience Transformation (XT) program and deployed a new period-end accounting solution within the Finance organization. In Q3 2023, the program will begin implementing Salesforce (a modern customer relationship management platform that uses process automation and simplification for improved customer and employee experiences) and My Care Connect (in the human rights case management system and Health and Safety Zone).

International end-to-end network

Facilitating the movement of international mail through the postal clearance process was enhanced in the second quarter as the Corporation:

- Added additional international airlines to enhance transportation timelines to countries such as China, Hong Kong and Australia to meet the needs of our global customers.
- Improved quality of outbound service metrics compared to pre-COVID delivery standard expectations, in collaboration and partnership with Kahala Posts Group and the International Post Corporation.

4.3 Our environmental, social and governance priorities

Canada Post segment

As one of Canada's largest employers, Canadians expect us to view our responsibility to the country through a wider lens – beyond the services we provide. We continue to build momentum by following through on our commitments like the electrification of our fleet, greening our energy sources, and making our workplaces more diverse and inclusive.

Climate action and net-zero roadmap

For the greener good, Canada Post is committed to being a leader in environmental sustainability. In Q2 2023, we supported our commitment to sustainability and climate leadership:

- Ranked 37th on the Best 50 Corporate Citizens list, up 10 spots since our 2021 ranking, with top-quartile scores on carbon productivity, diversity on the executive team and the Board of Directors, sustainable investment, and air pollution, among other key indicators. This public recognition of our efforts is so important as we deliver the kind of corporate leadership Canadians are looking for.
- Continued the roll out of our first 100 electric delivery vehicles with the conversion of our second fully electric depot in Joliette, Quebec.
- Completed nine greenhouse gas reduction projects at existing facilities, including replacing heating, ventilation and air-conditioning (HVAC) systems with more efficient electric systems, upgrading and replacing equipment, and installing solar panels on rooftops and grounds.

- Published our second report on our management of climate-related risks and opportunities in line with the recommendations of the Task Force on Climate-related Financial Disclosures.

Employee and community engagement

Achievement of our environment, social and governance (ESG) goals requires engagement by our employees and the communities we serve. Our Q2 2023 achievements:

- Published the 2022 annual Sustainability Report, which highlighted Canada Post's achievements in social and environmental leadership including actions to green our operations, promote equity, diversity and inclusion, foster recognition with Indigenous Peoples and support small businesses and the local economy.
- Launched the Canada Post Community Foundation campaign to raise money and awareness for children's charities, school programs and community organizations.
- Named as an Aboriginal Procurement Champion by the Canadian Council for Aboriginal Business for demonstrating leadership and commitment to Indigenous businesses.
- Through the work of the Sustainability Action Fund Selection Committee, approved 63 employee-led projects supporting environmental sustainability at Canada Post, including recycling initiatives, employee gardens, bike racks and initiatives to eliminate the use of plastic water bottles.

Governance

Canadians have an expectation for Canada Post to maintain high corporate governance standards that allow us to make sound business decisions and deliver sustainable value for all of our stakeholders. We accomplished the following in Q2:

- Mailed the Code of Conduct booklet to all employees, which provides important information on our organization's overall governance and ESG strategy.
- Continued preparing for the implementation of the Official Languages Regulations Re-Application Exercise, which will update the language designation of several post offices in our network to meet the language needs of our customers. Based on the most recent Census data, it is expected that the number of designated bilingual post offices will increase when the exercise is concluded.
- Worked to develop a new platform to engage with the minority language population and devise labour and language training strategies to meet requirements of the regulations.

Accessibility

Canada Post is committed to integrating accessibility enhancements throughout the organization for customers and employees. Progress on our Accessibility Strategy includes the following Q2 achievements:

- Began 12 accessibility construction projects and completed 10 accessibility audits and four accessibility construction projects.
- Commemorated National AccessAbility Week, by sharing our Accessibility Plan with customers on social media along with a slideshow that highlighted the actions we are taking to remove barriers. We also published a set of internal guidelines to help employees better understand how to make our communications, meetings and events more accessible.
- Recognized as an industry leader by the Rick Hansen Foundation on its website after conducting over 600 accessibility audits to date.

- Completed the IT design to include service animals in the *Find a post office* feature on the corporate website for all post office locations, to be launched in Q3.

4.4 Sales channels and product enhancement

Canada Post segment

Ecommerce product and service enhancements

As the ecommerce market anticipates a significant expansion, projected to more than double in size, Canada Post recognizes the need to improve customer experience and be competitive. To meet evolving demands from ecommerce merchants and consumers, the Corporation continues to invest in innovative products and services. In the second quarter we launched promotional shipping prices for lightweight packets, when using Expedited Parcel™ within Canada, to provide support to Canada Post Solutions for Small Business™ members.

Retail

For most Canadians, the retail experience serves as their primary interaction with Canada Post. Our extensive network comprising nearly 5,900 post offices nationwide plays a pivotal role in providing essential services, including parcel and mail pickups, as well as product returns for Canadians.

Indigenous, northern and rural communities

During the second quarter, Canada Post progressed in implementing the retail five-year roadmap outlined in its Indigenous and Northern Reconciliation Strategy. Other post office improvements have been made in Wemotaci, Quebec, Goodfish Lake, Alberta, and Shubenacadie, Nova Scotia. These developments improve postal services in underserved areas.

Online services

Canada Post is committed to staying up to date with its online services to better serve Canadians. In May 2023, we introduced MyMail, an enhanced feature within the Canada Post application for iOS users across Canada. This new feature provides users with advanced notifications regarding items in transit to their mailbox, and a comprehensive history of previously delivered items. With MyMail, Canadians can plan a trip to their mailbox around actual mail delivery.

5. Discussion of Operations

A detailed discussion of our financial performance.

5.1 Consolidated results from operations

Consolidated trends

The consolidated results of the Group over the past nine quarters are presented below, emphasizing the seasonal nature of its business. The highest demand for services is observed during the holiday or peak season in the fourth quarter. Subsequently, volumes generally decrease in the following quarters, with the lowest level reached in the third quarter. The Group of Companies' significant fixed costs do not vary in the short term.

(in millions of dollars)

	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021
Revenue from operations	2,340	2,501	2,802	2,373	2,465	2,502	2,690	2,281	2,521
Cost of operations	2,508	2,560	2,786	2,498	2,512	2,582	2,663	2,457	2,563
Profit (loss) from operations	**(168)**	**(59)**	**16**	**(125)**	**(47)**	**(80)**	**27**	**(176)**	**(42)**
Investing and financing income (expense), net	1	1	(8)	(11)	(17)	(20)	1	(15)	(22)
Profit (loss) before tax	**(167)**	**(58)**	**8**	**(136)**	**(64)**	**(100)**	**28**	**(191)**	**(64)**
Tax expense (recovery)	(40)	(13)	9	(35)	(15)	(23)	6	(46)	(15)
Net profit (loss)	**(127)**	**(45)**	**(1)**	**(101)**	**(49)**	**(77)**	**22**	**(145)**	**(49)**

Consolidated results for the second quarter and YTD

(in millions of dollars)

	Q2 2023	Q2 2022	$ change	% change	**YTD 2023**	YTD 2022	$ change	% change
Revenue from operations	2,340	2,465	(125)	(6.6)%	4,841	4,967	(126)	(3.3)%
Cost of operations	2,508	2,512	(4)	(0.1)%	5,068	5,094	(26)	(0.5)%
Loss from operations	**(168)**	**(47)**	**(121)**	**(262.3)%**	**(227)**	**(127)**	**(100)**	**(79.2)%**
Investing and financing income (expense), net	1	(17)	18	106.7%	2	(37)	39	106.5%
Loss before tax	**(167)**	**(64)**	**(103)**	**(161.1)%**	**(225)**	**(164)**	**(61)**	**(37.3)%**
Tax recovery	(40)	(15)	(25)	(166.9)%	(53)	(38)	(15)	(38.2)%
Net loss	**(127)**	**(49)**	**(78)**	**(159.3)%**	**(172)**	**(126)**	**(46)**	**(37.0)%**
Other comprehensive income (loss)	(367)	773	(1,140)	(147.5)%	(463)	3,189	(3,652)	(114.5)%
Comprehensive income (loss)	**(494)**	**724**	**(1,218)**	**(168.3)%**	**(635)**	**3,063**	**(3,698)**	**(120.7)%**

The Canada Post Group of Companies' Q2 2023 and YTD 2023 loss before tax of $167 million and $225 million, respectively, was $103 million and $61 million worse than for the same periods in 2022. A detailed discussion by segment is provided in sections 5.3 to 5.5.

Revenue from operations

Revenue from operations was $125 million lower in Q2 2023, compared to Q2 2022, and $126 million lower than the YTD in 2022, due to declines in all lines of business in the Canada Post segment, and in the Purolator segment.

Cost of operations

The cost of operations decreased by $4 million (-0.1%) in Q2 2023 compared to Q2 2022 and decreased by $26 million (-0.5%) YTD 2023 compared to the same period in 2022, due to lower employee benefits partly offset by higher labour costs in the Canada Post and SCI segments and increased non-capital investment expenses in the Canada Post segment.

Investing and financing income (expense), net

Net investing and financing income increased by $18 million and $39 million for Q2 and YTD 2023, respectively, compared to the same periods in 2022 mainly due to an increase in interest income.

Other comprehensive income (loss)

The consolidated other comprehensive loss of $367 million and $463 million, respectively, in the second quarter and YTD, was mainly due to remeasurement losses on pension and other post-employment plans, due to a decrease in discount rates and experience adjustments offset by higher-than-expected asset returns for the year. Lower-than-expected asset returns for the quarter contribute to the second quarter loss.

5.2 Operating results by segment

Segmented results – Profit (loss) before tax

(in millions of dollars)

	Q2 2023	Q2 2022	$ change	% change	**YTD 2023**	YTD 2022	$ change	% change
Canada Post	(254)	(160)	(94)	(58.8)%	(361)	(289)	(72)	(24.9)%
Purolator	87	91	(4)	(4.8)%	133	119	14	12.0%
SCI	–	4	(4)	(84.0)%	3	6	(3)	(47.0)%
Other	–	1	(1)	(83.3)%	–	–	–	(51.5)%
Canada Post Group of Companies	**(167)**	**(64)**	**(103)**	**(161.1)%**	**(225)**	**(164)**	**(61)**	**(37.3)%**

5.3 Canada Post segment

For Q2 and YTD 2023, the Canada Post segment's loss before tax was $94 million worse (-58.8%) and $72 million worse (-24.9%), than the losses in the same periods in 2022. Revenue declines, higher labour and non-capital investment costs were only partly offset by lower employee benefits.

Summary of results for the second quarter and YTD

(in millions of dollars)

	Q2 2023	Q2 2022	$ change	% change	**YTD 2023**	YTD 2022	$ change	% change
Revenue from operations	1,645	1,723	(78)	(6.0)%	3,448	3,558	(110)	(3.3)%
Cost of operations	1,904	1,873	31	1.7%	3,819	3,822	(3)	(0.1)%
Loss from operations	**(259)**	**(150)**	**(109)**	**(72.9)%**	**(371)**	**(264)**	**(107)**	**(40.7)%**
Investing and financing income (expense), net	5	(10)	15	137.4%	10	(25)	35	137.9%
Loss before tax	**(254)**	**(160)**	**(94)**	**(58.8)%**	**(361)**	**(289)**	**(72)**	**(24.9)%**

Revenue from operations

$ In Q2 and YTD 2023, total revenue declined (-6.0% and -3.3%, respectively) and volumes declined (-5.5% and -5.1%, respectively), over the same period in 2022. Growing competition in the ecommerce parcel delivery sector, combined with declining fuel rates and reduced consumer spending contributed to these results.

	Revenue (in millions of dollars)				**Volume** (in millions of pieces)			
	Q2 2023	Q2 2022	$ change	% change	**Q2 2023**	Q2 2022	Change	% change
Parcels								
Domestic Parcels	639	680	(41)	(7.6)%	56	53	3	4.8%
Outbound Parcels	66	71	(5)	(8.1)%	3	3	–	0.1%
Inbound Parcels	77	81	(4)	(7.3)%	11	12	(1)	(6.7)%
Other	9	5	4	92.9%	–	–	–	–
Total Parcels	**791**	**837**	**(46)**	**(7.0)%**	**70**	**68**	**2**	**2.6%**
Transaction Mail								
Domestic Lettermail	540	561	(21)	(5.2)%	524	539	(15)	(4.3)%
Outbound Letter-post	15	16	(1)	(8.9)%	7	7	–	(6.6)%
Inbound Letter-post	11	11	–	3.7%	12	12	–	(1.2)%
Total Transaction Mail	**566**	**588**	**(22)**	**(5.2)%**	**543**	**558**	**(15)**	**(4.3)%**
Direct Marketing								
Personalized Mail™	95	98	(3)	(5.3)%	161	171	(10)	(7.1)%
Neighbourhood Mail™	101	104	(3)	(4.4)%	821	867	(46)	(6.8)%
Total Smartmail Marketing™	**196**	**202**	**(6)**	**(4.9)%**	**982**	**1,038**	**(56)**	**(6.9)%**
Publications Mail™	33	32	1	2.1%	45	44	1	0.3%
Business Reply Mail and Other Mail	4	4	–	0.7%	3	2	1	(10.1)%
Other	4	4	–	2.5%	–	–	–	–
Total Direct Marketing	**237**	**242**	**(5)**	**(3.7)%**	**1,030**	**1,084**	**(54)**	**(6.6)%**
Other revenue	51	56	(5)	(10.5)%	–	–	–	–
Total	**1,645**	**1,723**	**(78)**	**(6.0)%**	**1,643**	**1,710**	**(67)**	**(5.5)%**

	Revenue (in millions of dollars)				Volume (in millions of pieces)			
	YTD 2023	YTD 2022	$ change	% change	**YTD 2023**	YTD 2022	Change	% change
Parcels								
Domestic Parcels	1,335	1,373	(38)	(3.6)%	113	112	1	0.7%
Outbound Parcels	143	148	(5)	(4.2)%	6	6	–	(2.4)%
Inbound Parcels	158	166	(8)	(5.7)%	21	25	(4)	(18.1)%
Other	16	10	6	77.7%	–	–	–	–
Total Parcels	**1,652**	**1,697**	**(45)**	**(3.4)%**	**140**	**143**	**(3)**	**(2.7)%**
Transaction Mail								
Domestic Lettermail	1,171	1,210	(39)	(2.5)%	1,135	1,171	(36)	(3.8)%
Outbound Letter-post	34	37	(3)	(7.9)%	16	17	(1)	(7.6)%
Inbound Letter-post	26	24	2	10.0%	25	26	(1)	(4.3)%
Total Transaction Mail	**1,231**	**1,271**	**(40)**	**(2.4)%**	**1,176**	**1,214**	**(38)**	**(3.9)%**
Direct Marketing								
Personalized Mail	201	209	(8)	(4.8)%	336	359	(23)	(6.9)%
Neighbourhood Mail	181	188	(7)	(4.2)%	1,481	1,563	(82)	(6.0)%
Total Smartmail Marketing	**382**	**397**	**(15)**	**(4.5)%**	**1,817**	**1,922**	**(105)**	**(6.1)%**
Publications Mail	62	63	(1)	(1.9)%	85	87	(2)	(3.6)%
Business Reply Mail and Other Mail	8	8	–	(1.0)%	6	5	1	(6.4)%
Other	8	8	–	(2.8)%	–	–	–	–
Total Direct Marketing	**460**	**476**	**(16)**	**(4.1)%**	**1,908**	**2,014**	**(106)**	**(6.0)%**
Other revenue	105	114	(9)	(9.1)%	–	–	–	–
Total	**3,448**	**3,558**	**(110)**	**(3.3)%**	**3,224**	**3,371**	**(147)**	**(5.1)%**

Revenue and volumes by line of business

Parcels

Parcels revenue in Q2 and YTD decreased by $46 million (-7.0%) and $45 million (-3.4%), respectively, compared to the same period in 2022. Details by product category were as follows:

- Domestic Parcels volume increased slightly in Q2 2023 and YTD 2023, compared to the same periods last year due to increased competitive offerings and focus with specific customer segments as the economy slowly begins to stabilize – as well as new ecommerce customers. A decline in fuel surcharges, which are tied to market variability, resulted in revenue decline year-over-year in both periods. Revenue was also negatively impacted by competition from market disruptors and customers reducing their spending through rate shopping. The ecommerce market in Canada is expected to more than double over the next decade and we are working to strengthen our value proposition to capture market share, through green initiatives such as the launch of carbon-neutral shipping, which was offered in the market starting in late March 2023. We are also building capacity in our network through automation and new processing centres. For example, the Albert Jackson Processing Centre in northeast Toronto is a critical hub and has already begun to provide much-needed capacity for our entire network.
- Outbound Parcels volumes were relatively flat in Q2 and YTD compared to the same periods in 2022. Revenue (postage revenue collected from domestic customers for parcels destined to

foreign postal administrations [posts]) decreased compared to the prior year in Q2 and YTD 2023 as Canadians sent fewer packages to the United States and internationally due to the continued gradual return of post-pandemic demand for travel.

- Inbound Parcels revenue (fees paid to Canada Post by other posts for delivering mail originating outside of Canada) and volume decreased in Q2 2023 and YTD 2023, compared to the prior year mainly due to fewer packages from posts, including the United States. Some of these volume declines are partially offset by migration from Inbound to Domestic, as commercial consolidators are being used increasingly compared to the traditional inbound postal network. The negative revenue impact of volume declines for the YTD period were positively offset by a change in product mix moving through this channel.
- Other Parcels revenue, which mostly comprises fees from the Customs Postal Inbound Program, increased due to higher volumes of inbound postal items requiring customs and duties collection for which we receive an administration fee per piece.

Transaction Mail

Transaction Mail revenue in Q2 and YTD 2023 decreased by $22 million (-5.2%) and by $40 million (-2.4%), respectively, compared to the same periods in 2022.

- Domestic Lettermail revenue and volumes declined in Q2 2023 and YTD 2023, as our traditional Lettermail™ service continues to be replaced by digital communications. Maintaining regulated stamp prices at 2020 levels has not allowed the Corporation to mitigate the revenue impact of volume declines in this eroding line of business.
- Outbound Letter-post revenue is collected from domestic customers for mail destined to other posts and Inbound Letter-post revenue is collected by other posts and shared with Canada Post for delivering mail in Canada. Both Inbound and Outbound Letter-post volumes declined in 2023 due to increased use of digital alternatives.

Direct Marketing

Direct Marketing revenue in Q2 2023 and for the first half of 2023 decreased by $5 million (-3.7%) and $16 million (-4.1%), respectively, compared to the same periods in 2022. Details by product category were as follows:

- Personalized Mail and Neighbourhood Mail revenue and volumes continue to face adverse effects due to economic uncertainty. With consumer spending on the decline, customer marketing campaign budgets are under pressure; however, the value proposition of our service offering remains strong.
- Publications Mail revenue and volumes remained relatively flat year-over-year in Q2 and YTD 2023, compared to the same periods in 2022. Digital publications continue to gain popularity over paper-based subscriptions and campaigns; however, the impact of these declines have been partially offset by some customers moving away from Smartmail Marketing products toward Publications.
- Business Reply Mail, Other Mail and Other products have shown relatively stable performance, with slight declines attributed to a slowdown in Direct Marketing mailings and reduced sales of data products.

Other revenue

Other revenue decreased by $5 million (-10.5%) in Q2 2023 and by $9 million (-9.1%) for the YTD 2023, compared to the same periods in 2022, mainly due to the reduced use of consumer products and services, such as mail forwarding, which is tied to declines in the Canadian real estate market.

Cost of operations

The Canada Post segment's cost of operations increased by $31 million (+1.7%) in Q2 and decreased by $3 million (-0.1%) for the YTD, compared to the same periods in 2022, mainly due to lower employee benefits, offset by higher labour and non-capital investment expense.

(in millions of dollars)

	Q2 2023	Q2 2022	$ change	% change	**YTD 2023**	YTD 2022	$ change	% change
Labour	984	904	80	8.8%	1,950	1,850	100	5.4%
Employee benefits	240	331	(91)	(27.2)%	478	658	(180)	(27.2)%
Total labour and employee benefits	**1,224**	**1,235**	**(11)**	**(0.9)%**	**2,428**	**2,508**	**(80)**	**(3.2)%**
Non-labour collection, processing and delivery	313	323	(10)	(3.1)%	659	672	(13)	(1.9)%
Property, facilities and maintenance	63	64	(1)	(2.2)%	136	137	(1)	(0.7)%
Selling, administrative and IT	138	126	12	9.7%	268	253	15	6.0%
Non-capital investment expense	78	45	33	71.1%	156	91	65	69.9%
Total other operating costs	**592**	**558**	**34**	**6.0%**	**1,219**	**1,153**	**66**	**5.7%**
Depreciation and amortization	88	80	8	10.6%	172	161	11	6.9%
Total cost of operations	**1,904**	**1,873**	**31**	**1.7%**	**3,819**	**3,822**	**(3)**	**(0.1)%**

Labour

Labour costs increased in the second quarter of 2023 by $80 million (+8.8%), and $100 million (+5.4%) for the YTD, compared to the same periods in 2022, mainly due to wage increases, new leave entitlements and cost of living adjustments, which more than offset labour savings due to Parcels volume decline to date in 2023.

Employee benefits

Employee benefits decreased in Q2 and YTD 2023 by $91 million (-27.2%) and $180 million (-27.2%), respectively, compared to Q2 and YTD 2022, primarily due to an increase in discount rates compared to the prior year, which decreased the non-cash pension and other post-employment expense. Declines were partially offset by higher health benefit claim costs and increased statutory taxes and deductions due to increased labour costs.

Other operating costs, depreciation and amortization

Changes in these costs in Q2 and YTD 2023 were as follows:

- Non-labour collection, processing and delivery costs decreased by $10 million (-3.1%) in Q2 2023, and $13 million (-1.9%) for the YTD, mainly due to lower transportation costs.
- Selling, administrative and IT expenses increased by $12 million (+9.7%) and $15 million (+6.0%) in Q2 and YTD 2023, mainly due to higher IT services and the return to business-essential travel.
- Non-capital investment expenses increased by $33 million (+71.1%) and $65 million (+69.9%) in Q2 and YTD 2023, mainly due to the upgrade and enhancement of our end-of-life enterprise resource planning (ERP) system through the Experience Transformation initiative.
- The depreciation and amortization expense increased by $8 million (+10.6%) in Q2 2023 and $11 million (+6.9%) for the first half of 2023, mainly due to capital asset investments made prior to 2023 for the new Albert Jackson Processing Centre.

5.4 Purolator segment

The Purolator segment's profit before tax decreased by $4 million (-4.8%) in Q2 2023 compared to Q2 2022 but increased by $14 million (+12.0%) in the first half of 2023, compared to 2022.

Summary of results

(in millions of dollars)

	Q2 2023	Q2 2022	$ change	% change	YTD 2023	YTD 2022	$ change	% change
Revenue from operations	649	709	(60)	(9.9)%	1,307	1,347	(40)	(3.7)%
Labour and employee benefits	280	286	(6)	(2.0)%	578	584	(6)	(1.1)%
Other operating costs	254	303	(49)	(16.1)%	538	590	(52)	(8.8)%
Depreciation and amortization	26	22	4	16.2%	52	44	8	18.1%
Cost of operations	560	611	(51)	(8.3)%	1,168	1,218	(50)	(4.1)%
Profit from operations	**89**	**98**	**(9)**	**(8.9)%**	**139**	**129**	**10**	**7.9%**
Investing and financing income (expense), net	(2)	(7)	5	69.4%	(6)	(10)	4	40.0%
Profit before tax	**87**	**91**	**(4)**	**(4.8)%**	**133**	**119**	**14**	**12.0%**

Revenue from operations decreased in Q2 and YTD of 2023, compared 2022 due to softness in ecommerce volumes attributed to general economic conditions such as higher inflation and increasing interest rates. Softening market demand and ecommerce volumes also led to a decline in labour, lower fuel expenses and air transportation costs.

5.5 SCI segment

We'll make you even better.

In the second quarter and first two quarters of 2023, SCI's profit before tax decreased by $4 million (-84.0%) and $3 million (-47.0%), respectively, compared to the same periods in the prior year.

Summary of results

(in millions of dollars)

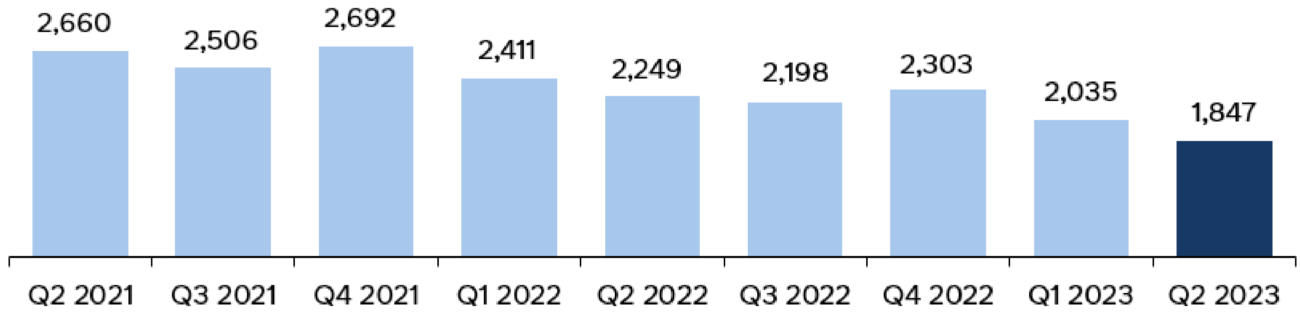
	Q2 2023	Q2 2022	$ change	% change	YTD 2023	YTD 2022	$ change	% change
Revenue from operations	84	82	2	0.9%	164	156	8	4.3%
Labour and employee benefits	38	34	4	8.0%	74	68	6	7.4%
Other operating costs	31	34	(3)	(6.0)%	62	62	–	0.3%
Depreciation and amortization	13	9	4	37.4%	23	18	5	24.8%
Cost of operations	82	77	5	5.5%	159	148	11	6.6%
Profit from operations	**2**	**5**	**(3)**	**(67.2)%**	**5**	**8**	**(3)**	**(39.1)%**
Investing and financing income (expense), net	(2)	(1)	(1)	(64.3)%	(2)	(2)	–	(0.4)%
Profit before tax	**–**	**4**	**(4)**	**(84.0)%**	**3**	**6**	**(3)**	**(47.0)%**

In Q2 2023 and YTD 2023, revenue from operations increased due to higher volumes from existing customers and new business, compared to the same periods in 2022. This growth was accompanied by higher labour and facility occupancy costs. Depreciation and amortization costs increased, due to higher lease rates on new and renewed right-of-use facility leases.

6. Liquidity and Capital Resources

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

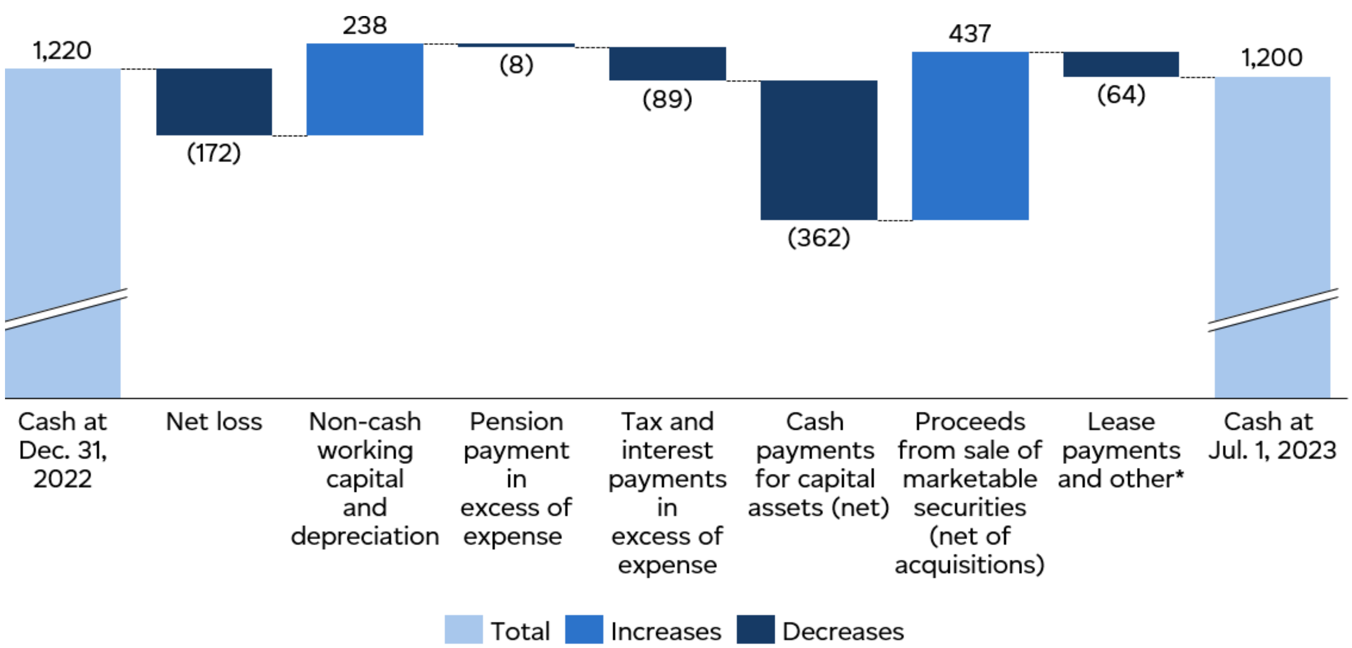
6.1 Cash, cash equivalents and marketable securities



The Group held cash, cash equivalents and marketable securities of $1,847 million as at July 1, 2023, compared to $2,303 million as at December 31, 2022. The decline of $456 million is due to operating losses in the Canadas Post segment and increased costs associated with expanding capacity and maintaining the network.

Change in cash and cash equivalents (excluding marketable securities) for the 26 weeks ended July 1, 2023.

(in millions of dollars)



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

The decrease of cash and cash equivalents of $20 million (-1.6%) is due to cash used in financing ($64 million) and operating ($31 million) activities partially offset by cash provided by investing ($76 million) activities, as shown below.

Consolidated statement of cash flows

(in millions of dollars)

	Q2 2023	Q2 2022	$ change	% change	YTD 2023	YTD 2022	$ change	% change	Explanation
Cash provided by (used in) operating activities	3	43	(40)	(93.5)%	(31)	(66)	35	52.0%	Q2: Increase in net loss partially offset by improvements in working capital. YTD: Improvements in working capital partially offset by lower pension expense and payments.
Cash provided by (used in) investing activities	89	(22)	111	505.5%	76	(146)	222	151.9%	Increase in proceeds (net of acquisitions) of securities partially offset by higher cash paid for capital assets.
Cash used in financing activities	(32)	(31)	(1)	(6.0)%	(64)	(63)	(1)	(1.2)%	

Capital expenditures

(in millions of dollars)*

	Q2 2023	Q2 2022	$ change	% change	YTD 2023	YTD 2022	$ change	% change
Canada Post	92	114	(22)	(19.3)%	181	208	(27)	(12.7)%
Purolator	43	52	(9)	(16.0)%	95	92	3	3.0%
SCI	6	2	4	122.7%	7	4	3	52.6%
Canada Post Group of Companies	**141**	**168**	**(27)**	**(16.3)%**	**283**	**304**	**(21)**	**(7.0)%**

* Capital expenditures include assets purchased but not yet paid for; they differ from the amount presented as cash payments for capital assets on the Consolidated Statement of Cash Flows.

Capital expenditures for the Group decreased by $27 million in Q2 2023 and by $21 million for the first half of 2023, compared to Q2 and YTD 2022, mainly due to decreased spending in the Canada Post segment.

Canada Post segment

(in millions of dollars)*

	Q2 2023	Q2 2022	$ change	% change	YTD 2023	YTD 2022	$ change	% change
Capital expenditures	92	114	(22)	(19.3)%	181	208	(27)	(12.7)%
Non-capital investment expense	78	45	33	71.1%	156	91	65	69.9%
Total investment	**170**	**159**	**11**	6.8%	**337**	**299**	**38**	12.7%

* Capital expenditures include assets purchased but not yet paid for; they differ from the amount presented as cash payments for capital assets on the Consolidated Statement of Cash Flows.

In the second quarter and YTD of 2023, Canada Post segment investments increased compared to 2022 by $11 million and $38 million, respectively, with increases in non-capital investments partially offset by declines in the capital portion. Capital purchases declined compared to 2022, which included spending on the now-operational Albert Jackson Processing Centre.

Guided by and aligned with the three pillars of our purpose, A Stronger Canada – Delivered, in the second quarter of 2023 we focused on the following:

- Upgraded our enterprise resource planning (ERP) system, bringing modernized technical platforms to various business processes.
- Improved the efficiency of our last-mile fleet by exploring clean energy alternatives, such as launching the first all-electric delivery fleet at our depot.
- Increased capacity by investing in delivery programs and sortation.
- Replenished outdated street furniture modules and installed parcel lockers.
- Modernized our applications, infrastructure and customer-facing platforms.

6.2 Canada Post Corporation Registered Pension Plan

Funding status and solvency relief

In April 2023, Canada Post filed the actuarial valuation of the Canada Post Corporation Registered Pension Plan (RPP) as at December 31, 2022, with the federal pension regulator, the Office of the Superintendent of Financial Institutions. The valuation disclosed a going-concern surplus of $6.5 billion (ratio of 127%) and a solvency surplus of $2.2 billion (using market value of plan assets; ratio of 108%). As these ratios exceed 125% and 105%, respectively, Canada Post is required to make mandatory use of the surplus and is not permitted to make further employer current service contributions for 2023. This position will be reassessed when the December 31, 2023, valuation is completed in 2024. The solvency deficit (using the three-year average solvency ratio basis) is $1.8 billion (solvency ratio of 94%) at December 31, 2022. However, under the *Canada Post Corporation Pension Plan Funding Regulations*, Canada Post has temporary relief from its solvency funding obligations until December 31, 2024. Without this relief, Canada Post would have been required to make special solvency payments of $354 million for 2023.

At the end of the quarter, the solvency surplus (using market value of plan assets) of the RPP was estimated at $2.3 billion, an improvement of almost $100 million compared to 2022 year-end.

Remeasurements

On an accounting basis, remeasurement losses for the RPP, net of tax, of $348 million and $412 million for the Q2 2023 and YTD 2023, respectively, were recorded in other comprehensive income. The Q2 2023 loss was due to a discount rate decrease, lower-than-expected asset returns for the quarter and experience adjustments. The YTD 2023 loss was due to a decrease in discount rate and experience adjustments, partially offset by higher-than-expected asset returns for the year.

Contributions

No current service contributions were required in Q2 2023 (Q2 2022 – $84 million) and $69 million for the YTD 2023 (YTD 2022 – $159 million).

6.3 Liquidity and capital resources

Liquidity

The Canada Post segment had $1,438 million of unrestricted liquid investments on hand as at July 1, 2023, for a net liquidity position of $440 million (2022 – $923 million), after outstanding loans and borrowings of $998 million (2022 – $998 million). The segment's net liquidity position decreased by $483 million due to operating losses and increased costs associated with expanding capacity and maintaining the network. The segment holds $100 million in lines of credit, which were established under a short-term borrowing authority approved by the Minister of Finance (all undrawn).

The Corporation's subsidiaries had a total of $409 million of unrestricted cash on hand and undrawn credit facilities of $155 million as at July 1, 2023, ensuring sufficient liquidity to support operations for at least the next 12 months.

Access to capital markets

With $998 million of borrowings as at July 1, 2023, the Canada Post segment had $1,502 million of its $2.5 billion external borrowing limit that had not been used. The Corporation funded itself primarily with cash on hand, funds generated from operations and the pension plan funding relief permitted by legislation.

7. Changes in Financial Position

A discussion of significant changes in our assets and liabilities between July 1, 2023, and December 31, 2022.

(in millions of dollars)

ASSETS	July 1, 2023	Dec. 31, 2022	$ change	% change	Explanation of significant variances
Cash and cash equivalents	1,200	1,220	(20)	(1.6)%	Refer to Section 6 Liquidity and Capital Resources.
Marketable securities	647	1,025	(378)	(36.9)%	Maturities and lower purchases of marketable securities due to business requirements.
Trade and other receivables and contract assets	924	1,053	(129)	(12.3)%	Lower receivables in all segments.
Income tax receivable	44	42	2	6.8%	Income tax receivable balance in the Purolator segment, compared to an income tax payable balance in 2022.
Other assets	142	139	3	2.0%	Increase in prepaid expenses in the Canada Post segment partially offset by a decrease in the Purolator segment.
Total current assets	**2,957**	**3,479**	**(522)**	**(15.0)%**	
Marketable securities	–	58	(58)	(100.0)%	Bonds maturing within the year.
Property, plant and equipment	3,868	3,779	89	2.4%	Acquisitions in excess of depreciation.
Intangible assets	214	196	18	9.0%	Increase in software under development.
Right-of-use assets	1,441	1,384	57	4.1%	New leases and lease renewals exceeding depreciation, mainly in the SCI segment.
Segregated securities	386	373	13	3.7%	Unrealized gains in the Canada Post segment recorded in other comprehensive income.
Pension benefit assets	4,444	4,933	(489)	(9.9)%	Remeasurement losses in the Canada Post Registered Pension Plan (RPP).
Deferred tax assets	4	3	1	29.7%	
Goodwill	130	130	–	–	
Other assets	55	52	3	6.1%	
Total non-current assets	**10,542**	**10,908**	**(366)**	**(3.4)%**	
Total assets	**13,499**	**14,387**	**(888)**	**(6.2)%**	

(in millions of dollars)

LIABILITIES	July 1, 2023	Dec. 31, 2022	$ change	% change	Explanation of significant variances
Trade and other payables	809	1,015	(206)	(20.3)%	Lower expenses and timing in all segments.
Salaries and benefits payable and related provisions	656	651	5	0.8%	Higher accrued salaries and benefits in the Canada Post segment.
Provisions	59	55	4	7.9%	Increased provisions in the Purolator and Canada Post segments.
Income tax payable	–	2	(2)	(100.0)%	Income tax receivable balance in the Purolator segment, compared to an income tax payable balance in 2022.
Deferred revenue	156	166	(10)	(6.2)%	Lower deferred revenue in the Canada Post segment.
Lease liabilities	134	129	5	3.9%	
Other long-term benefit liabilities	56	56	–	–	
Total current liabilities	**1,870**	**2,074**	**(204)**	**(9.8)%**	
Lease liabilities	1,514	1,454	60	4.2%	New leases and lease renewals net of lease payments, mainly in the SCI segment.
Loans and borrowings	998	998	–	0.0%	
Pension, other post-employment and other long-term benefit liabilities	2,975	2,847	128	4.5%	Remeasurement losses in other post-employment plans.
Deferred tax liabilities	295	536	(241)	(45.0)%	Remeasurement losses in pension and other post-employment plans, driven by a decrease in discount rates.
Other liabilities	50	46	4	7.6%	Higher employee share ownership plan liability in the Purolator segment.
Total non-current liabilities	**5,832**	**5,881**	**(49)**	**(0.8)%**	
Total liabilities	**7,702**	**7,955**	**(253)**	**(3.2)%**	
EQUITY					
Contributed capital	1,155	1,155	–	–	
Accumulated other comprehensive loss	(4)	(10)	6	60.6%	Unrealized gains on segregated securities for dental, term life, and death benefit plans in the Canada Post segment.
Retained earnings	4,565	5,214	(649)	(12.5)%	Pension and other post-employment remeasurement losses and operating losses.
Equity of Canada	**5,716**	**6,359**	**(643)**	**(10.1)%**	
Non-controlling interests	81	73	8	10.6%	
Total equity	**5,797**	**6,432**	**(635)**	**(9.9)%**	
Total liabilities and equity	**13,499**	**14,387**	**(888)**	**(6.2)%**	

8. Risks and Risk Management

A discussion of Canada Post's key risks and uncertainties inherent in our business and our approach to managing these risks.

In the 2022 annual MD&A, we provided a detailed review of the risks that could materially affect our business. Except for the removal of COVID-19 as an emerging risk, there were no new developments in our emerging or principal risks in the first half of 2023.

Management considers risks and opportunities at all levels of decision-making and has implemented a rigorous approach to enterprise risk management (ERM). Where appropriate, Canada Post has recorded provisions for claims, grievances and non-litigated disputes. Should the ultimate resolution of these actions differ from management's assessments and assumptions, this could result in a material future adjustment to the Corporation's financial position and results of operations.

9. Critical Accounting Policies and Estimates and Internal Controls

A review of critical accounting estimates and changes in accounting policies in 2023 and future years.

9.1 Critical accounting policies and estimates

Information on Canada Post's accounting policies are provided in notes 2 and 3 of the Unaudited Interim Condensed Consolidated Financial Statements for the second quarter of 2023.

The preparation of the Corporation's consolidated 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 consolidated financial statements and accompanying notes. Actual results could require a considerable change in reported amounts and disclosures in the consolidated financial statements of future periods. The estimates and underlying assumptions are reviewed on an ongoing basis. 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.

The Group's critical accounting estimates remain substantially unchanged from the prior year. For additional information, refer to our discussion of critical accounting estimates in the 2022 Annual MD&A and Note 4 Critical Accounting Estimates and Judgments of the 2022 consolidated financial statements in addition to Note 2 Basis of Presentation in this second quarter financial report.

9.2 Internal controls

During the first half of 2023, 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.

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 24, 2023

Chief Financial Officer

Interim Condensed Consolidated Statement of Financial Position

(Unaudited – in millions of Canadian dollars)

	As at July 1, 2023	As at December 31, 2022
Assets		
Current assets		
Cash and cash equivalents	**1,200**	1,220
Marketable securities	**647**	1,025
Trade, other receivables and contract assets	**924**	1,053
Income tax receivable	**44**	42
Other assets (Note 4)	**142**	139
Total current assets	**2,957**	3,479
Non-current assets		
Marketable securities	**–**	58
Property, plant and equipment (Note 5)	**3,868**	3,779
Intangible assets (Note 5)	**214**	196
Right-of-use assets (Note 5)	**1,441**	1,384
Segregated securities	**386**	373
Pension benefit assets (Note 6)	**4,444**	4,933
Deferred tax assets	**4**	3
Goodwill	**130**	130
Other assets (Note 4)	**55**	52
Total non-current assets	**10,542**	10,908
Total assets	**13,499**	14,387
Liabilities and equity		
Current liabilities		
Trade and other payables	**809**	1,015
Salaries and benefits payable and related provisions	**656**	651
Provisions	**59**	55
Income tax payable	**–**	2
Deferred revenue	**156**	166
Lease liabilities (Note 7)	**134**	129
Other long-term benefit liabilities (Note 6)	**56**	56
Total current liabilities	**1,870**	2,074
Non-current liabilities		
Lease liabilities (Note 7)	**1,514**	1,454
Loans and borrowings	**998**	998
Pension, other post-employment and other long-term benefit liabilities (Note 6)	**2,975**	2,847
Deferred tax liabilities	**295**	536
Other liabilities	**50**	46
Total non-current liabilities	**5,832**	5,881
Total liabilities	**7,702**	7,955
Equity		
Contributed capital	**1,155**	1,155
Accumulated other comprehensive loss (Note 11)	**(4)**	(10)
Retained earnings	**4,565**	5,214
Equity of Canada	**5,716**	6,359
Non-controlling interests	**81**	73
Total equity	**5,797**	6,432
Total liabilities and equity	**13,499**	14,387

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

Interim Condensed Consolidated Statement of Comprehensive Income

(Unaudited – in millions of Canadian dollars)

	For the 13 weeks ended		For the 26 weeks ended	
	July 1, 2023	July 2, 2022	**July 1, 2023**	July 2, 2022
Revenue from operations (Note 8)	**2,340**	2,465	**4,841**	4,967
Cost of operations				
Labour	**1,271**	1,190	**2,530**	2,420
Employee benefits	**302**	394	**611**	796
	1,573	1,584	**3,141**	3,216
Other operating costs (Note 9)	**808**	817	**1,679**	1,654
Depreciation and amortization (Note 5)	**127**	111	**248**	224
Total cost of operations	**2,508**	2,512	**5,068**	5,094
Loss from operations	**(168)**	(47)	**(227)**	(127)
Investing and financing income (expense)				
Investment and other income (Note 10)	**25**	7	**51**	12
Finance costs and other expense (Note 10)	**(24)**	(24)	**(49)**	(49)
Investing and financing income (expense), net	**1**	(17)	**2**	(37)
Loss before tax	**(167)**	(64)	**(225)**	(164)
Tax recovery	**(40)**	(15)	**(53)**	(38)
Net loss	**(127)**	(49)	**(172)**	(126)
Other comprehensive income (Note 11)				
Items that may subsequently be reclassified to net profit (loss)				
Change in unrealized fair value of financial assets	**(3)**	(30)	**7**	(70)
Unrealized losses on currency translation differences	**(1)**	–	**(1)**	–
Item never reclassified to net profit (loss)				
Remeasurements of defined benefit plans	**(363)**	803	**(469)**	3,259
Other comprehensive income (loss)	**(367)**	773	**(463)**	3,189
Comprehensive income (loss)	**(494)**	724	**(635)**	3,063
Net profit (loss) attributable to				
Government of Canada	**(131)**	(54)	**(179)**	(132)
Non-controlling interests	**4**	5	**7**	6
	(127)	(49)	**(172)**	(126)
Comprehensive income (loss) attributable to				
Government of Canada	**(499)**	718	**(643)**	3,051
Non-controlling interests	**5**	6	**8**	12
	(494)	724	**(635)**	3,063

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

Interim Condensed Consolidated Statement of Changes in Equity

(Unaudited – in millions of Canadian dollars)

For the 13 weeks ended July 1, 2023	Contributed capital	Accumulated other comprehensive loss	Retained earnings	Equity of Canada	Non-controlling interests	Total equity
Balance at April 1, 2023	**1,155**	**–**	**5,060**	**6,215**	**76**	**6,291**
Net profit (loss)	**–**	**–**	**(131)**	**(131)**	**4**	**(127)**
Other comprehensive income (loss) (Note 11)	**–**	**(4)**	**(364)**	**(368)**	**1**	**(367)**
Comprehensive income (loss)	**–**	**(4)**	**(495)**	**(499)**	**5**	**(494)**
Balance at July 1, 2023	**1,155**	**(4)**	**4,565**	**5,716**	**81**	**5,797**

For the 13 weeks ended July 2, 2022	Contributed capital	Accumulated other comprehensive income (loss)	Retained earnings	Equity of Canada	Non-controlling interests	Total equity
Balance at April 2, 2022	1,155	19	4,184	5,358	66	5,424
Net profit (loss)	–	–	(54)	(54)	5	(49)
Other comprehensive income (loss) (Note 11)	–	(30)	802	772	1	773
Comprehensive income (loss)	–	(30)	748	718	6	724
Balance at July 2, 2022	1,155	(11)	4,932	6,076	72	6,148

For the 26 weeks ended July 1, 2023	Contributed capital	Accumulated other comprehensive loss	Retained earnings	Equity of Canada	Non-controlling interests	Total equity
Balance at December 31, 2022	**1,155**	**(10)**	**5,214**	**6,359**	**73**	**6,432**
Net profit (loss)	**–**	**–**	**(179)**	**(179)**	**7**	**(172)**
Other comprehensive income (loss) (Note 11)	**–**	**6**	**(470)**	**(464)**	**1**	**(463)**
Comprehensive income (loss)	**–**	**6**	**(649)**	**(643)**	**8**	**(635)**
Balance at July 1, 2023	**1,155**	**(4)**	**4,565**	**5,716**	**81**	**5,797**

For the 26 weeks ended July 2, 2022	Contributed capital	Accumulated other comprehensive income (loss)	Retained earnings	Equity of Canada	Non-controlling interests	Total equity
Balance at December 31, 2021	1,155	59	1,811	3,025	60	3,085
Net profit (loss)	–	–	(132)	(132)	6	(126)
Other comprehensive income (loss) (Note 11)	–	(70)	3,253	3,183	6	3,189
Comprehensive income (loss)	–	(70)	3,121	3,051	12	3,063
Balance at July 2, 2022	1,155	(11)	4,932	6,076	72	6,148

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	
	July 1, 2023	July 2, 2022	**July 1, 2023**	July 2, 2022
Cash flows from operating activities				
Net loss	**(127)**	(49)	**(172)**	(126)
Adjustments to reconcile net profit to cash provided by operating activities:				
Depreciation and amortization (Note 5)	**127**	111	**248**	224
Pension, other post-employment and other long-term benefit expense (Note 6)	**98**	210	**197**	418
Pension, other post-employment and other long-term benefit payments (Note 6)	**(60)**	(169)	**(205)**	(325)
Loss on sale of capital assets (Note 10)	**–**	1	**–**	1
Tax recovery and other items affecting net income tax receivable	**(40)**	(15)	**(53)**	(38)
Net interest (income) expense (Note 10)	**(1)**	14	**(4)**	29
Change in non-cash operating working capital:				
Decrease (increase) in trade and other receivables	**59**	(58)	**130**	16
(Decrease) increase in trade and other payables	**(81)**	56	**(127)**	(22)
Increase (decrease) in salaries and benefits payable and related provisions	**76**	(8)	**6**	(112)
Increase (decrease) in provisions	**–**	(4)	**3**	(6)
Net increase in other non-cash operating working capital	**(32)**	(26)	**(14)**	(43)
Other (income) expense not affecting cash, net	**(6)**	(4)	**(8)**	2
Cash provided by operating activities before interest and tax	**13**	59	**1**	18
Interest received	**30**	13	**52**	18
Interest paid	**(12)**	(10)	**(44)**	(41)
Tax paid	**(28)**	(19)	**(40)**	(61)
Cash provided by (used in) operating activities	**3**	43	**(31)**	(66)
Cash flows from investing activities				
Acquisition of securities	**(116)**	(46)	**(305)**	(316)
Proceeds from sale of securities	**356**	188	**742**	470
Cash payments for capital assets	**(152)**	(168)	**(362)**	(304)
Proceeds from sale of capital assets and assets held for sale	**–**	2	**–**	2
Other investing activities, net	**1**	2	**1**	2
Cash provided by (used in) investing activities	**89**	(22)	**76**	(146)
Cash flows from financing activities				
Payments of lease liabilities	**(32)**	(31)	**(64)**	(63)
Cash used in financing activities	**(32)**	(31)	**(64)**	(63)
Net increase (decrease) in cash and cash equivalents	**60**	(10)	**(19)**	(275)
Cash and cash equivalents, beginning of period	**1,141**	1,066	**1,220**	1,331
Effects of exchange rate changes on cash and cash equivalents	**(1)**	1	**(1)**	1
Cash and cash equivalents, end of period	**1,200**	1,057	**1,200**	1,057

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 July 1, 2023

1. Incorporation, Business Activities and Directives

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, 2022. 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 International Financial Reporting Standards (IFRSs), 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, 2022. They were approved and authorized for issue by the Board of Directors August 24, 2023.

Basis of presentation • These interim financial statements have been prepared on a historical cost basis, except as permitted by IFRSs 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. 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.

Significant accounting policies • Significant accounting policies 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, 2022. 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, Purolator Holdings Ltd. (Purolator), SCI Group Inc. (SCI) and Innovapost Inc. (Innovapost). The Corporation, Purolator, SCI and Innovapost are collectively referred to as the Canada Post Group of Companies or the Group of Companies.

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 both 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, 2022. There are no significant changes to these judgments or sources of estimation uncertainty in the 26 weeks ending July 1, 2023.

3. Application of New and Revised International Financial Reporting Standards

(a) New standards, amendments and interpretations effective January 1, 2023

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

(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, 2022, in May 2023, the IASB issued amendments to the following standards, which are effective for annual periods beginning on or after January 1, 2024, with early application permitted. The Group is assessing the impact of these amendments.

Standard	Subject matter and significance
IAS 12, Income Taxes – "International tax reform Pillar Two model rules"	Amendments introduce a temporary exception to the accounting for deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules. There are also new disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.
IAS 7, Statement of Cash Flows and IFRS 7, Financial Instruments: Disclosures – "Supplier finance arrangements"	Amendments introduce new disclosure requirements for entities to provide qualitative and quantitative information about supplier finance arrangements. The new disclosures will include the terms and conditions of the arrangements, the carrying amounts of the financial liabilities and the range of payment due dates at the beginning and end of the reporting period, and the type and effect of non-cash changes in the carrying amounts of the arrangement financial liabilities.

4. Other Assets

(in millions)

	As at July 1, 2023	As at December 31, 2022
Prepaid expenses	**155**	147
Assets held for sale	**1**	1
Other receivables	**41**	43
Total other assets	**197**	191
Current other assets	**142**	139
Non-current other assets	**55**	52

5. 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, 2022	482	2,520	397	1,413	820	340	1,292	409	7,673
Additions	–	54	5	21	79	7	53	21	240
Reclassified as held for sale	–	(1)	–	–	–	–	–	–	(1)
Retirements	–	–	(1)	(22)	(5)	(23)	(1)	–	(52)
Transfers	–	90	20	121	–	1	–	(232)	–
July 1, 2023	**482**	**2,663**	**421**	**1,533**	**894**	**325**	**1,344**	**198**	**7,860**
Accumulated depreciation									
December 31, 2022	–	1,355	292	897	480	269	601	–	3,894
Depreciation	–	31	9	42	30	9	30	–	151
Reclassified as held for sale	–	(1)	–	–	–	–	–	–	(1)
Retirements	–	–	(1)	(22)	(5)	(23)	(1)	–	(52)
July 1, 2023	**–**	**1,385**	**300**	**917**	**505**	**255**	**630**	**–**	**3,992**
Carrying amounts									
December 31, 2022	482	1,165	105	516	340	71	691	409	3,779
July 1, 2023	**482**	**1,278**	**121**	**616**	**389**	**70**	**714**	**198**	**3,868**

(b) Intangible assets

(in millions)

	Software	Software under development	Customer contracts and relationships	Total
Cost				
December 31, 2022	979	92	22	1,093
Additions	2	41	–	43
Transfers	33	(33)	–	–
July 1, 2023	**1,014**	**100**	**22**	**1,136**
Accumulated amortization				
December 31, 2022	875	–	22	897
Amortization	25	–	–	25
July 1, 2023	**900**	**–**	**22**	**922**
Carrying amounts				
December 31, 2022	104	92	–	196
July 1, 2023	**114**	**100**	**–**	**214**

(c) Right-of-use assets

(in millions)

	Land	Buildings – gross	Buildings – net	Vehicles	Plant equipment	Total
Carrying amounts						
December 31, 2022	113	316	945	8	2	1,384
Additions	–	12	122	–	–	134
Terminations	(4)	–	(1)	–	–	(5)
Depreciation	(2)	(15)	(53)	(2)	–	(72)
July 1, 2023	**107**	**313**	**1,013**	**6**	**2**	**1,441**

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

(a) Net defined benefit asset/liability

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

(in millions)

	As at July 1, 2023	As at December 31, 2022
Pension benefit assets	**4,444**	4,933
Pension benefit liabilities	4	3
Other post-employment and other long-term benefit liabilities	3,027	2,900
Total pension, other post-employment and other long-term benefit liabilities	3,031	2,903
Current other long-term benefit liabilities	**56**	56
Non-current pension, other post-employment and other long-term benefit liabilities	**2,975**	2,847

(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)

	For the 13 weeks ended July 1, 2023			For the 13 weeks ended July 2, 2022		
	Pension benefit plans	**Other benefit plans**	**Total**	Pension benefit plans	Other benefit plans	Total
Current service cost	94	19	113	161	30	191
Interest cost	335	36	371	227	29	256
Interest income on plan assets	(400)	–	(400)	(239)	–	(239)
Other administration costs	4	–	4	4	–	4
Actuarial gains[1]	–	–	–	–	(11)	(11)
Defined benefit expense	33	55	88	153	48	201
Defined contribution expense	10	–	10	9	–	9
Total expense	43	55	98	162	48	210
Return on segregated securities	–	(4)	(4)	–	(4)	(4)
Component included in employee benefits expense	**43**	**51**	**94**	162	44	206
Remeasurement (gains) losses:						
Return on plan assets, excluding interest income on plan assets	146	–	146	2,646	–	2,646
Actuarial (gains) losses	308	30	338	(3,277)	(441)	(3,718)
Component included in other comprehensive income[2,3]	**454**	**30**	**484**	(631)	(441)	(1,072)

1. Remeasurements for other long-term benefit plans are recognized in net profit (or loss) in the period in which they arise. Due to the immaterial change in the discount rate from December 31, 2022 (5.23%), the Canada Post segment other long-term benefit plans were not remeasured at July 1, 2023 (5.13% at July 2, 2022, compared to 4.05% at April 2, 2022).
2. Amounts presented in this table exclude income tax recovery of $121 million for the 13 weeks ended July 1, 2023 (July 2, 2022 – expense of $269 million).
3. The discount rates used to measure the Canada Post segment pension benefit plans and other benefit plans at July 1, 2023, were 4.98% and 4.97% compared to 5.04% and 5.06%, respectively, at April 1, 2023 (5.31% and 5.34%, respectively, at July 2, 2022, compared to 4.30% and 4.33%, respectively, at April 2, 2022).

(in millions)

	For the 26 weeks ended July 1, 2023			For the 26 weeks ended July 2, 2022		
	Pension benefit plans	**Other benefit plans**	**Total**	Pension benefit plans	Other benefit plans	Total
Current service cost	187	39	226	322	60	382
Interest cost	669	73	742	454	58	512
Interest income on plan assets	(800)	–	(800)	(478)	–	(478)
Other administration costs	8	–	8	8	–	8
Actuarial gains[1]	–	–	–	–	(25)	(25)
Defined benefit expense	64	112	176	306	93	399
Defined contribution expense	21	–	21	19	–	19
Total expense	85	112	197	325	93	418
Return on segregated securities	–	(8)	(8)	–	(8)	(8)
Component included in employee benefits expense	**85**	**104**	**189**	325	85	410
Remeasurement (gains) losses:						
Return on plan assets, excluding interest income on plan assets	(591)	–	(591)	4,453	–	4,453
Actuarial (gains) losses	1,115	101	1,216	(7,761)	(1,039)	(8,800)
Component included in other comprehensive income[2,3]	**524**	**101**	**625**	(3,308)	(1,039)	(4,347)

1. Remeasurement for other long-term benefits plans are recognized in net profit (or loss) in the period in which they arise. Due to the immaterial change in the discount rate from December 31, 2022 (5.23%), the Canada Post segment other long-term benefit plans were not remeasured at July 1, 2023 (5.13% at July 2, 2022, compared to 2.86% at December 31, 2021).
2. Amounts presented in this table exclude income tax recovery of $156 million for the 26 weeks ended July 1, 2023 (July 2, 2022 – expense of $1,088 million).
3. The discount rates used to measure the Canada Post segment pension benefit plans and other benefit plans at July 1, 2023, were 4.98% and 4.97% compared to 5.27% and 5.28%, respectively, at December 31, 2022 (5.31% and 5.34%, respectively, at July 2, 2022, compared to 3.22% and 3.26%, respectively, at December 31, 2021).

(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)

	For the 13 weeks ended		For the 26 weeks ended	
	July 1, 2023	July 2, 2022	**July 1, 2023**	July 2, 2022
Benefits paid directly to beneficiaries for other benefit plans	43	39	86	77
Employer regular contributions to pension benefit plans	6	103	92	196
Employer special contributions to pension benefit plans	1	18	6	33
Cash payments for defined benefit plans	50	160	184	306
Contributions to defined contribution plans	10	9	21	19
Total cash payments	**60**	169	**205**	325

In April 2023, Canada Post filed the actuarial valuation of the Canada Post Corporation Registered Pension Plan (RPP) as at December 31, 2022, with the federal pension regulator, the Office of the Superintendent of Financial Institutions. The valuation disclosed a going-concern surplus of $6.5 billion (ratio of 127%) and a solvency surplus of $2.2 billion (using market value of plan assets; ratio of 108%). As these ratios exceed 125% and 105%, respectively, Canada Post is required to make mandatory use of the surplus and is not permitted to make further employer current service contributions. This position will be reassessed when the December 31, 2023, valuation is completed in 2024.

Under the *Canada Post Corporation Pension Plan Funding Regulations*, Canada Post has temporary relief from its solvency funding obligations until December 31, 2024. Without this relief, Canada Post would have been required to make special solvency payments of $354 million for 2023.

7. Lease Liabilities

(a) Lease liabilities

(in millions)

	As at July 1, 2023	As at December 31, 2022
Maturity analysis – contractual undiscounted cash flows[1,2]		
Less than one year	**169**	149
One to five years	**649**	632
More than five years	**1,350**	1,320
Total undiscounted lease liabilities	**2,168**	2,101
Lease liabilities in the consolidated statement of financial position	**1,648**	1,583
Current lease liabilities	**134**	129
Non-current lease liabilities	**1,514**	1,454

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 $22 million for premises used in postal operations (December 31, 2022 – $27 million).
2. Leases that have not yet commenced, but which have been committed to as at July 1, 2023, have future cash outflows of $55 million that are included in the above maturity analysis, but they are excluded from the measurement of lease liabilities (December 31, 2022 – $71 million).

(b) Changes in liabilities arising from financing activities

(in millions)

	December 31, 2022	Payments	Interest	Net lease additions	**July 1, 2023**
Lease liabilities	1,583	(86)	22	129	**1,648**

8. Disaggregation of Revenue

(a) Geographic area revenue

Revenue reported for geographical areas outside of Canada is, for the Corporation, based on the location of the foreign postal administration hiring the service, and based on the location of the customer hiring the service for the other segments and the business unit. Individual foreign countries that are sources of material revenue are reported separately. The Group of Companies has no significant assets located outside of Canada. All intersegment revenue is domestic; therefore, revenue for geographic areas is reported net of intersegment revenue.

(in millions)

	For the 13 weeks ended		**For the 26 weeks ended**	
	July 1, 2023	July 2, 2022	**July 1, 2023**	July 2, 2022
Canada	2,241	2,361	4,634	4,755
United States	59	69	124	138
Rest of the world	40	35	83	74
Total revenue	**2,340**	2,465	**4,841**	4,967

(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)

	For the 13 weeks ended July 1, 2023			For the 13 weeks ended July 2, 2022		
	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	1,518	(37)	1,481	1,614	(47)	1,567
Transaction Mail	430	(1)	429	453	(1)	452
Direct Marketing	237	–	237	242	(1)	241
Other revenue	141	(94)	47	135	(80)	55
	2,326	(132)	2,194	2,444	(129)	2,315
Unattributed revenue						
Stamp postage	57	–	57	59	–	59
Meter postage	89	–	89	91	–	91
	146	–	146	150	–	150
Total	**2,472**	**(132)**	**2,340**	2,594	(129)	2,465

(in millions)

	For the 26 weeks ended July 1, 2023			For the 26 weeks ended July 2, 2022		
	Total revenue	**Intersegment and consolidation**	**Revenue from external customers**	Total revenue	Intersegment and consolidation	Revenue from external customers
Revenue attributed to products and services						
Parcels	3,113	(77)	3,036	3,170	(92)	3,078
Transaction Mail	936	(1)	935	979	(1)	978
Direct Marketing	460	–	460	476	(1)	475
Other revenue	280	(181)	99	263	(154)	109
	4,789	(259)	4,530	4,888	(248)	4,640
Unattributed revenue						
Stamp postage	122	–	122	132	–	132
Meter postage	189	–	189	195	–	195
	311	–	311	327	–	327
Total	**5,100**	**(259)**	**4,841**	5,215	(248)	4,967

(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 8 (a). Revenue earned by Innovapost, the information technology (IT) business unit, is eliminated on consolidation. Foreign exchange gains (losses) are presented as "Other".

(in millions)

	For the 13 weeks ended July 1, 2023			For the 13 weeks ended July 2, 2022		
	Total revenue	**Intersegment and consolidation**	**Revenue from external customers**	Total revenue	Intersegment and consolidation	Revenue from external customers
Domestic						
Commercial	1,720	(38)	1,682	1,763	(49)	1,714
Retail	563	–	563	644	–	644
	2,283	(38)	2,245	2,407	(49)	2,358
International	100	–	100	104	–	104
Other	89	(94)	(5)	83	(80)	3
Total	**2,472**	**(132)**	**2,340**	2,594	(129)	2,465

(in millions)

	For the 26 weeks ended July 1, 2023			For the 26 weeks ended July 2, 2022		
	Total revenue	**Intersegment and consolidation**	**Revenue from external customers**	Total revenue	Intersegment and consolidation	Revenue from external customers
Domestic						
Commercial	3,549	(78)	3,471	3,544	(94)	3,450
Retail	1,167	–	1,167	1,302	–	1,302
	4,716	(78)	4,638	4,846	(94)	4,752
International	206	–	206	212	–	212
Other	178	(181)	(3)	157	(154)	3
Total	**5,100**	**(259)**	**4,841**	5,215	(248)	4,967

9. Other Operating Costs

(in millions)

	For the 13 weeks ended		For the 26 weeks ended	
	July 1, 2023	July 2, 2022	**July 1, 2023**	July 2, 2022
Non-labour collection, processing and delivery	486	537	1,026	1,087
Property, facilities and maintenance	84	85	182	179
Selling, administrative and IT	160	149	315	296
Non-capital investment expense	78	46	156	92
Other operating costs	**808**	817	**1,679**	1,654

10. Investing and Financing Income (Expense)

(in millions)

	For the 13 weeks ended		For the 26 weeks ended	
	July 1, 2023	July 2, 2022	**July 1, 2023**	July 2, 2022
Interest income	24	8	49	13
Loss on sale of capital assets and assets held for sale	–	(1)	–	(1)
Other Income	1	–	2	–
Investment and other income	**25**	7	**51**	12
Interest expense	(23)	(22)	(45)	(42)
Other expense	(1)	(2)	(4)	(7)
Finance costs and other expense	**(24)**	(24)	**(49)**	(49)
Investing and financing income (expense), net	**1**	(17)	**2**	(37)

11. Other Comprehensive Income

(in millions)

	Items that may subsequently be reclassified to net profit (loss)			Item never reclassified to net profit (loss)	
	Change in unrealized fair value of financial assets	Cumulative foreign currency translation adjustment	Accumulated other comprehensive income (loss)	Remeasurements of defined benefit plans	Other comprehensive income (loss)
Accumulated balance as at December 31, 2022	(14)	4	(10)		
Gains (losses) arising	9	(1)	8	(625)	(617)
Income taxes	(2)	–	(2)	156	154
Net	**7**	**(1)**	**6**	**(469)**	**(463)**
Accumulated balance as at July 1, 2023	**(7)**	**3**	**(4)**		

12. 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)

	For the 13 weeks ended		For the 26 weeks ended	
	July 1, 2023	July 2, 2022	**July 1, 2023**	July 2, 2022
Related party revenue	**77**	55	**165**	123
Compensation payments for programs				
Government mail and mailing of materials for persons who are blind	**5**	5	**11**	11
Payments from related parties for premises leased from the Corporation	**–**	1	**2**	3
Related party expenditures	**2**	2	**5**	8

Most 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 7 (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 July 1, 2023	As at December 31, 2022
Due to/from related parties		
Included in trade and other receivables	**28**	20
Included in trade and other payables	**21**	14
Deferred revenue from related parties	**2**	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 26 weeks ended July 1, 2023, were between Purolator and a company controlled by one of the Group of Companies' KMP, who is a director and also a minority shareholder of Purolator. This company provided air services to Purolator in the amount of $4 million and $8 million for the 13 and 26 weeks ended July 1, 2023, respectively (July 2, 2022 – $4 million and $8 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 the 13 and 26 weeks ended July 1, 2023, the Corporation provided administration services to the Canada Post Corporation Registered Pension Plan in the amount of $3 million and $7 million, respectively (July 2, 2022 – $4 million and $7 million). As at July 1, 2023, $10 million (December 31, 2022 – $12 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 6 (c).

13. 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. Innovapost, the information technology (IT) business unit, delivers shared services within the Group of Companies on a cost-recovery basis. On a consolidated basis, no external customer's purchases account for more than 10% of total revenue.

As at and for the 13 weeks ended July 1, 2023

(in millions)

	Canada Post	Purolator	SCI	Other	Total
Revenue from external customers	1,624	640	76	–	2,340
Intersegment revenue	21	9	8	(38)	–
Revenue from operations	1,645	649	84	(38)	2,340
Labour and employee benefits	1,224	280	38	31	1,573
Other operating costs	592	254	31	(69)	808
Depreciation and amortization	88	26	13	–	127
Cost of operations	1,904	560	82	(38)	2,508
Profit (loss) from operations	(259)	89	2	–	(168)
Investment and other income	20	4	1	–	25
Finance costs and other expense	(15)	(6)	(3)	–	(24)
Profit (loss) before tax	(254)	87	–	–	(167)
Tax expense (recovery)	(63)	24	(1)	–	(40)
Net profit (loss)	(191)	63	1	–	(127)
Total assets	11,219	2,204	388	(312)	13,499
Total liabilities	6,582	896	245	(21)	7,702

As at and for the 13 weeks ended July 2, 2022

(in millions)

	Canada Post	Purolator	SCI	Other	Total
Revenue from external customers	1,697	700	68	–	2,465
Intersegment revenue	26	9	14	(49)	–
Revenue from operations	1,723	709	82	(49)	2,465
Labour and employee benefits	1,235	286	34	29	1,584
Other operating costs	558	303	34	(78)	817
Depreciation and amortization	80	22	9	–	111
Cost of operations	1,873	611	77	(49)	2,512
Profit (loss) from operations	(150)	98	5	–	(47)
Investment and other income	7	–	–	–	7
Finance costs and other expense	(17)	(7)	(1)	1	(24)
Profit (loss) before tax	(160)	91	4	1	(64)
Tax expense (recovery)	(40)	24	–	1	(15)
Net profit (loss)	(120)	67	4	–	(49)
Total assets	11,881	1,993	299	(331)	13,842
Total liabilities	6,744	830	158	(38)	7,694

As at and for the 26 weeks ended July 1, 2023

(in millions)

	Canada Post	Purolator	SCI	Other	Total
Revenue from external customers	3,405	1,288	148	–	4,841
Intersegment revenue	43	19	16	(78)	–
Revenue from operations	3,448	1,307	164	(78)	4,841
Labour and employee benefits	2,428	578	74	61	3,141
Other operating costs	1,219	538	62	(140)	1,679
Depreciation and amortization	172	52	23	1	248
Cost of operations	3,819	1,168	159	(78)	5,068
Profit (loss) from operations	(371)	139	5	–	(227)
Investment and other income	42	7	2	–	51
Finance costs and other expense	(32)	(13)	(4)	–	(49)
Profit (loss) before tax	(361)	133	3	–	(225)
Tax expense (recovery)	(90)	37	–	–	(53)
Net profit (loss)	(271)	96	3	–	(172)
Total assets	11,219	2,204	388	(312)	13,499
Total liabilities	6,582	896	245	(21)	7,702

As at and for the 26 weeks ended July 2, 2022

(in millions)

	Canada Post	Purolator	SCI	Other	Total
Revenue from external customers	3,507	1,330	130	–	4,967
Intersegment revenue	51	17	26	(94)	–
Revenue from operations	3,558	1,347	156	(94)	4,967
Labour and employee benefits	2,508	584	68	56	3,216
Other operating costs	1,153	590	62	(151)	1,654
Depreciation and amortization	161	44	18	1	224
Cost of operations	3,822	1,218	148	(94)	5,094
Profit (loss) from operations	(264)	129	8	–	(127)
Investment and other income	11	1	–	–	12
Finance costs and other expense	(36)	(11)	(2)	–	(49)
Profit (loss) before tax	(289)	119	6	–	(164)
Tax expense (recovery)	(72)	33	1	–	(38)
Net profit (loss)	(217)	86	5	–	(126)
Total assets	11,881	1,993	299	(331)	13,842
Total liabilities	6,744	830	158	(38)	7,694

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