

Unclassified

2025 Annual Report

Canadian Air Transport Security Authority (CATSA)

PROTECT • INNOVATE • ELEVATE • PROTÉGER • INNOVER • REHAUSSER



Table of Contents

Land Acknowledgement..... 1

CATSA at a Glance 2

Corporate Profile and Mandated Activities 3

Key Achievements 5

Message from the Chairperson..... 6

Message from the President and Chief Executive Officer 8

Overview of Activities 10

Supporting Government of Canada Priorities..... 13

Risk Profile..... 14

Corporate Performance..... 16

Corporate Governance 20

Taskforce on Climate-Related Financial Disclosures 26

Enhanced Expenditure Reporting for Crown Corporations 32

Management’s Discussion and Analysis..... 35

Financial Statements..... 46

Land Acknowledgement

CATSA recognizes and affirms the sacred connection that Indigenous Peoples have to the lands that all Canadians call home.

CATSA renews its commitment to improving relationships nation-to-nation and to growing its own understanding of Indigenous Peoples and their cultures.

CATSA acknowledges the traditional, ancestral and unceded territory of all the First Nations, Métis, and Inuit that call this land home.

Doing so leads CATSA to recognize how the organization can contribute to the process of reconciliation.

CATSA at a Glance

- Security screening service was provided to 68.9 million air passengers in 2024/25
 - 97% of passengers waited less than 15 minutes
 - 91.9% of passengers reported a positive experience
- 89 designated airports (80 active) across the country
- 113 pre-board screening checkpoints
- 300 pre-board screening lines, including:
 - 21 lines with computed tomography (CT) X-ray units
 - 21 family and special needs lines
 - 13 verified traveller lines
- 130 hold baggage screening checkpoints and 112 non-passenger screening checkpoints
- Over 9,000 screening personnel, including 176 bilingual facilitator positions to assist travellers, including those with various accessibility-related needs
- 539 CATSA employees supported program delivery, oversight, training and technology development and deployment

Corporate Profile and Mandated Activities

Established on April 1, 2002, CATSA is an agent Crown corporation accountable to Parliament through the Minister of Transport and Internal Trade.

Mandate

CATSA delivers the mandate of security screening at 89 designated airports across the country through a third-party screening contractor model. Playing a pivotal role in Canada's aviation system, CATSA is responsible for the delivery of the following four mandated activities:

Pre-board screening (PBS)

The screening of all passengers, their carry-on baggage and their belongings prior to their entry to the secure area of an air terminal building.

Hold baggage screening (HBS)

The screening of all passengers' checked ("hold") baggage for prohibited items such as explosives, prior to being loaded onto an aircraft.

Non-passenger screening (NPS)

The screening of non-passengers such as flight personnel, ground crew and service providers, and their belongings (including vehicles and their contents) entering restricted areas at the highest-risk airports.

Restricted area identity card (RAIC)

The management of the system that uses iris and fingerprint biometric identifiers to allow authorized non-passengers access to the restricted areas of airports. The final authority that determines access to the restricted areas of an airport is the airport authority.

Cargo

In addition to its mandated activities, CATSA has an agreement with Transport Canada to conduct screening of a limited amount of cargo at smaller airports where screening capacity exists, using existing resources, technology, and procedures.

Cost-recovery and Other Designated Airports

Additionally, CATSA may provide screening services on a cost-recovery basis to both designated and non-designated airports upon the approval of the Minister of Transport and Internal Trade. CATSA continues to work with the Montreal Metropolitan Airport to support the launch of commercial operations as part of the cost recovery framework established in the *CATSA Act*, subject to the approval of Transport Canada.

Mission

CATSA protects the travelling public by providing the highest level of aviation security screening.

Vision

The travelling public and our partners benefit from the most secure aviation security screening service and the best client experience through our leadership.

Core Values

- **Integrity:** We are driven by a strong conviction in our mandate and mission. We are stewards of public funds, and we act ethically and transparently to foster accountability and public trust.
- **Innovation:** We are steadfast in our commitment to implementing forward-thinking, creative solutions to evolving and emerging challenges.
- **Collaboration:** We believe that collaboration is fundamental within the organization, across the aviation industry, and with our partners. We leverage our collective strengths and experience for the benefit of all.
- **Inclusivity:** In all aspects of our business, respect and inclusivity are central to our approach. We are leaders in the implementation of meaningful actions, dedicated to creating a barrier-free experience for our clients, screening officers, and workforce.

Core Responsibility

As per the *Treasury Board Policy on Results*, Crown corporations are expected to comply with the requirement to identify Core Responsibilities to support the publication of the Main Estimates, Supplementary Estimates and Public Accounts. CATSA has one Core Responsibility: to deliver effective, efficient, and consistent security at designated airports.

Legislative and Regulatory Frameworks

CATSA is regulated by Transport Canada and is subject to domestic legislation and international standards. As the regulator, Transport Canada is responsible for developing aviation security regulations (*Canadian Aviation Security Regulations, 2012*) and security measures that govern the screening technologies and procedures that may be used. Technologies are informed by standards adopted by international partners including the United States Transportation Security Administration and the European Civil Aviation Conference. The organization is also subject to a number of other legislative and regulatory instruments. For example, CATSA adheres to, and is compliant with the requirements of the:

- *Financial Administration Act (FAA), Part X;*
- *Crown Corporation General Regulations, 1995;*
- *Crown Corporation Corporate Plan, Budget, and Summaries Regulations;*
- *Treasury Board of Canada Directives;*
- *Canada Transportation Act;*
- *Transportation Information Regulations;*
- *Official Languages Act, Part IV;*
- *Access to Information Act and the Privacy Act;*
- *Accessible Canada Act and associated regulations;*
- *Canadian Multiculturalism Act and associated regulations;* and
- *Employment Equity Act and associated regulations.*

Key Achievements

CATSA further strengthened security screening, improved screening operations and elevated the client experience while supporting the Government of Canada's economic, social, and environmental priorities.

- An **enhanced wait time service level target** was introduced where 95% of passengers wait less than 15 minutes to be screened. CATSA exceeded this target in 2024/25, whereby 97% of passengers waited less than 15 minutes; while 93.4% of passengers waited less than 15 minutes during peak periods, exceeding the peak period wait time service level target of 85%. Additionally, 92.3% of Verified Travellers waited less than five minutes to be screened in 2024/25; in contrast, 75.8% of passengers that used regular screening lines at the same airports waited less than five minutes.
- **21 CT X-ray units** were installed at pre-board screening checkpoints across six airports, improving security effectiveness while streamlining the screening process by allowing passengers to keep certain items in their carry-on baggage.
- More **efficient and compact full body scanner units** were deployed and integrated into CATSA's operations. The units include a new detection algorithm resulting in fewer false alarms and contributed to improved security effectiveness and alarm resolution.
- An **Innovation Roadmap** was established, outlining initiatives for the next five years that will strengthen security effectiveness and deliver an inclusive screening experience. A new **passenger-centric Service Strategy** was also put in place, providing a framework to instill the principles of inclusive and respectful client interactions externally and internally.
- A **Screening Technology Plan** was developed to chart the next 10 years in technological advancements in security screening aimed at enhancing security effectiveness, elevating the screening experience and achieving operational efficiencies.
- As part of the **commitment to accessibility, diversity and official languages**, 176 bilingual facilitators have been assigned to support operations at 16 airports to elevate the client experience and ensure that screening procedures uphold the dignity of all travellers, including those with accessibility needs.
- The **Modular CATSA Plus** concept was launched through a trial at Quebec City Jean Lesage International Airport in February 2025. By allowing customization of the divesting section of a screening checkpoint, these lines could fit more seamlessly into smaller checkpoints that would be unable to accommodate a traditional CATSA Plus line.
- **11,831 lost items were returned to passengers**, including: laptops, wallets, phones, jewelry, and passports.
- CATSA launched a new **five-year Strategic Plan** in fall 2024, reflecting its commitment to fulfilling its security mandate, advancing a new mission and vision, and upholding its core values, while focusing on initiatives that support its four strategic pillars.

Message from the Chairperson

On behalf of the Board of Directors, I am very proud to present CATSA's 2024/25 Annual Report. This year again, CATSA protected the public by providing effective and efficient security screening to over 68 million passengers.

In 2024/25, 97% of passengers waited less than 15 minutes to be screened at the eight busiest airports. As part of CATSA's commitment to continuously enhancing security screening and the passenger experience, the much-anticipated CT X-Ray technology was deployed at pre-board screening checkpoints in six airports across the country. This new technology offers more efficient screening and a better passenger experience while continuing to provide the highest level of security screening. Additionally, 176 bilingual facilitators dedicated to assisting passengers through the screening process are now working at 16 airports nationwide.

This year again, CATSA has adopted new technologies and has continued to test artificial intelligence (AI) to consistently improve our service to air travellers. Recognizing the benefits but also the risks of AI, the Board approved an AI Policy to explore responsible use cases for internal functions and screening operations. We will continue to work closely with Transport Canada as we evaluate opportunities to harness AI capabilities in our operations. To address the evolving landscape of security threats and technological advancements, the Board proactively engaged with leading experts in AI and cybersecurity. Insights gained further strengthen CATSA's work with partners on trials and initiatives that will allow the industry to successfully navigate the challenges and opportunities inherent in a rapidly changing security environment.

All of this was achieved in line with CATSA's new five-year Strategic Plan. Through extensive discussions and collaborative efforts within CATSA, and with stakeholders, as well as careful consideration of industry trends, CATSA has established a strong framework for future success. Under the theme *Charting Our Future*, this Plan provides a comprehensive roadmap focused on four essential pillars that will guide the organization's future direction as we continue to provide secure air travel: Promote an Integrated Aviation Ecosystem; Elevate the Client Experience; Drive Innovation; and Invest in Our People for Tomorrow.

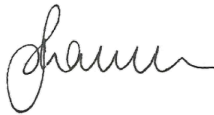
This year also saw the completion of a special examination by the Office of the Auditor General of Canada (OAG). As required under the *Financial Administration Act*, CATSA, like other Crown corporations, undergoes a special examination at least once every ten years to assess its systems and practices. I am very pleased that the Special Examination Report issued by the OAG found no significant deficiencies in the corporate management practices or in the management of operations of the corporation. We thank the OAG for the report and have accepted all their recommendations, with every management response implemented as of April 2025.

Since the publication of our last annual report, there have been some changes to the membership of the Board. I would like to thank Jean-Philippe Brunet and Penny Westman, whose contributions have been instrumental in guiding the organization. We have also welcomed four new Board members: Ken Chan, Andrew Loschmann, Michael Maxwell and Theresa Redburn. They bring invaluable expertise and experience that will support our strategic goals, enhance corporate governance, and help safeguard the long-term interests of CATSA.

Additionally, I extend our deepest gratitude to our retiring President and CEO, Nada Semaan, for her significant contributions to the organization and wish her all the best in her future endeavours.

On behalf of all Board members, I would also like to acknowledge CATSA's senior management team and staff, Transport Canada officials, and the screening contractors and screening officers for their unwavering commitment to CATSA's mandate. To our partners in the air travel industry, I offer our sincere gratitude for your continued collaboration, as we work together to achieve our shared goals.

Looking forward, the Board remains focused on ensuring that CATSA delivers its security screening mandate effectively and efficiently to air travellers, supports Canada's economic growth through the safe and efficient movement of people, and contributes to government priorities.

A handwritten signature in black ink, appearing to read 'Thao Pham', written in a cursive style.

Thao Pham
Chairperson of the Board of Directors

Message from the President and Chief Executive Officer

As the interim President and CEO, I have the honour of highlighting CATSA's achievements over the past year. It is a period that can be defined by operational excellence, outstanding productivity, valuable industry support, and notable success across the country, resulting in advancements in aviation security and enhancements to the passenger experience.

The 2024/25 fiscal year began with a major milestone as our new airport screening services contracts came into effect. Following a seamless transition to the new contracts, we focused on building on past successes and enhancing our approach to managing security screening services. I'm proud to share that this included the introduction of a new facilitator role in July 2024. Today, 176 bilingual facilitators are lending a hand at 16 airports nationwide assisting passengers through the security screening process, ensuring they have accessible service in the official language of their choice.

Building on these enhancements, CATSA launched its 2024-2029 Strategic Plan in October 2024, following a comprehensive strategic planning exercise to identify and refine the organization's key priorities. This plan represents a collaborative achievement; under the guidance of the Board of Directors, we brought together the invaluable knowledge and expertise of our workforce, partners, and Transport Canada to create a robust roadmap that will focus our activities over the next five years.

Under the plan, our strategic direction is guided by four essential pillars that are already producing tangible results. The pillar, *Promoting an Integrated Aviation Ecosystem*, highlights the critical role of collaboration across the aviation industry. In 2024, CATSA strengthened its partnerships through enhanced data sharing and strategic alliances, understanding that our success depends on seamless coordination with all partners. Furthermore, we actively contributed to a range of industry and Government of Canada-led initiatives and worked closely with international partners to share best practices. Collectively, these efforts are aimed at improving the end-to-end passenger journey, while ensuring the most effective and efficient security screening services.

Elevating the Client Experience is a pillar centered on enhancing the passenger experience throughout the security screening process. A prime example is CATSA's ambitious goal to improve its wait time service levels so that 95% of passengers wait less than 15 minutes to be screened at Class 1 airports annually. Through the dedication of CATSA employees, screening contractors and screening officers, CATSA successfully maintained a wait time service level of 97%, throughout the 2024/25 year, achieving and surpassing its new goal.

Our pillar, *Driving Innovation*, focuses on enhancing security effectiveness and operational efficiency through innovative technologies and processes. This commitment to innovation is exemplified by the deployment of CT X-ray technology at many pre-board security checkpoints across Canada. The introduction of CT X-rays enhances security effectiveness while streamlining the screening process for passengers by allowing them to keep laptops, medical devices and permitted liquids, aerosols and gels in their carry-on baggage. The CT platforms unlock opportunities for leveraging more artificial intelligence in the detection of threats.

Finally, in alignment with the pillar, *Investing in our People for Tomorrow*, CATSA modernized its three-year Employment Equity Plan, embedding progressive hiring practices that address

systemic barriers faced by the four designated minority groups, including women, Indigenous Peoples, members of visible minorities, and persons with disabilities.

Thank you to our CATSA staff, our Senior Management Committee, our Board of Directors, our industry partners, community groups, the screening contractors, and all screening officers who put forth their best effort every day to safeguard Canada's air transportation system.

On behalf of all CATSA employees, I would also like to thank our outgoing President and CEO, Nada Semaan, for her leadership over the past two years. We wish her all the best in her retirement.

As we move forward, CATSA remains steadfast in its mission to protect the travelling public by providing the highest level of aviation security screening while offering the best possible passenger experience. I am proud of all we have accomplished over the past year and look forward to building on these successes in the year ahead to meet the evolving needs of the aviation industry.



Neil Parry
Interim President and Chief Executive Officer

Overview of Activities

This section provides an overview of the activities that occurred in 2024/25 in alignment with our core mandate and the four strategic pillars of CATSA's Strategic Plan. These activities further contribute to the strengthening of Canada's aviation system and reflect the organization's primary focus to screen all passengers in an effective, efficient and respectful manner.

Protecting the Air Travelling Public

CATSA plays a pivotal role in Canada's aviation system by providing effective and efficient security screening to air travellers. The organization ensures that its screening technologies and procedures contribute to a secure aviation environment and support a seamless end-to-end passenger journey.

As well, collaborative relationships with all industry and government partners are effectively leveraged by sharing information concerning matters of security, wait times, screening innovations, and training. The organization also closely monitors and tests technological advancements to identify opportunities for innovation, including emerging technologies and new screening equipment. This enables CATSA to support the Government of Canada's priority to build a strong economy through its security screening operations that facilitate a secure and efficient movement of people and goods.

Promote an Integrated Aviation Ecosystem

Collaboration is a key component of our ability to deliver the best service to our clients. Through collaboration and information sharing, we will implement process improvements and realize opportunities for alignment across the aviation system.

Passenger Traffic and Screening Operations

CATSA's screening operations were supported by over 9,000 screening officers, who screened 68.9 million passengers in 2024/25, reflecting approximately a 4% increase from the 66.3 million passengers screened in 2023/24. Canada's projected passenger growth rate since the COVID-19 pandemic has been slightly below the global average, standing at approximately 7%, consistent with the United States. The global average growth rate has been 12% year-over-year. Asia Pacific has had the highest projected growth rate, at 17% year-over-year.¹ CATSA expects to screen 74.4 million passengers in 2025/26, reflecting an approximate 8.0% increase from the 68.9 million passengers screened in 2024/25.

Impact of International Standards on Non-passenger Screening

CATSA has worked closely with airport authorities to prepare for Transport Canada's new enhanced requirements for non-passenger screening. The new requirements will strengthen aviation security and enable CATSA to align its non-passenger screening program with international standards and best practices that have been established by the International Civil Aviation Organization. CATSA is planning to start implementing the enhanced requirements in spring 2025.

Harmonization and Collaboration with International Partners

CATSA has further collaborated with partners, including airlines and airport authorities, to improve the passenger experience. One such engagement was Aviation Day Canada where CATSA's President and CEO participated in a panel discussion on the passenger journey and

¹ Based on the International Air Transport Association's updated [June 2024 Global Outlook](#).

emphasized the importance of collaboration across the aviation sector to elevate the passenger experience. Efforts to advance harmonization with international partners to ensure Canada's screening operations provide a comparable level of security effectiveness and a common passenger experience remain a priority. In fall 2024, CATSA officials travelled to Germany to meet with German counterparts; CATSA discussed leveraging screening technologies to enhance security effectiveness and other measures to improve accessibility from a client service perspective.

Elevate the Client Experience

Engagement with the public and subject matter experts allows us to conduct our operations with a deeper understanding of the needs of the clients we serve. We recognize the intrinsic value of fostering positive relationships and creating a security screening experience built on a foundation of public trust. We will create a reliable, consistent, respectful, and barrier-free screening experience for all of our clients at designated airports across the country and are committed to learning from our clients to elevate the end-to-end experience.

New Airport Screening Services Agreements

The new Airport Screening Services Agreements (ASSAs) effective April 1, 2024, introduced improvements for travellers, including the creation of the bilingual facilitator role focused on providing dedicated support to those requiring additional assistance. CATSA has worked with its screening contractors to enhance training capabilities, ensuring ongoing development opportunities for new and existing screening officers. The updated ASSAs also enable increased oversight of the provision of services in both official languages. Furthermore, screening contractor recruitment has been strengthened through targeted campaigns and partnerships, leading to a larger pool of qualified bilingual candidates.

Full Body Scanner Lifecycle Management

Improved security effectiveness and more efficient alarm resolution were achieved in 2024/25, as a result of operating full body scanner units with a new gender-neutral algorithm. Passengers experienced improved transit times through screening checkpoints, enabling expeditious movement to airline gates. The new algorithm also resulted in fewer false alarms and fewer passengers being physically searched. This successful initiative aligns with CATSA's Innovation Roadmap, advancing CATSA's efforts to strengthen security effectiveness and deliver an inclusive screening experience.

Furthermore, CATSA completed the lifecycle replacement of its fleet of full body scanner units with a newer model in 2024/25. The new full body scanner units have faster processing capabilities and a more compact footprint, allowing for the efficient use of physical space at security screening checkpoints.

Verified Traveller Program

As of March 31, 2025, the Verified Traveller program included 13 lines across nine domestic and international checkpoints that enable passengers who have undergone security background checks, such as those with NEXUS memberships, to benefit from expedited security screening. In addition, CATSA engaged Vancouver International Airport to evaluate the use of digital signature validation as an additional layer of security to confirm the identity of eligible travellers at verified traveller lines that serve transborder checkpoints to the United States. This trial supports ongoing harmonization efforts between Transport Canada and the United States Transportation Security Administration.

Drive Innovation

We believe in a culture of innovation, where idea-generation is essential to addressing emerging challenges and improving upon the status quo. We will embrace innovation through a problem-solving mindset, agility, new processes and technology. With a renewed commitment to sharing our success both internally and externally, we will create an environment where innovation, curiosity, and outside-the-box thinking is not only valued, but celebrated.

Artificial Intelligence Policy

CATSA's new AI Policy is a key initiative under the Innovation Roadmap, aimed at elevating data analytics capabilities and advancing AI and machine learning. To support this, CATSA created an AI Committee to develop processes for evaluating AI tools and solutions, with a focus on ethics, privacy, and bias. A preliminary project includes exploring the use of AI to improve oversight activities for security screening at non-passenger screening at primary terminal checkpoints, while maintaining the highest security and accountability standards.

CATSA Plus

CATSA Plus has transformed the customer experience by introducing tangible innovations to the screening process while enhancing security effectiveness. Improvements include upgraded X-ray processing capabilities, reduced touchpoints between screening officers and passengers through self-service features, and remote screening, minimizing interactions with travellers who do not trigger alarms during the screening process. As of 2024/25, 91 CATSA Plus lines have been deployed across the 17 largest airports in Canada, enabling more than 60.7% of the travelling public to be screened using CATSA Plus technology. The organization continues to work with airport authorities to identify opportunities to expand CATSA Plus deployment, including the new Modular CATSA Plus concept.

Boarding Pass Security System (BPSS) Biometrics

The BPSS Biometrics trial supports industry and Transport Canada in their efforts to streamline passenger screening processes and facilitate a more seamless end-to-end passenger experience. In collaboration with key partners, Transport Canada and CATSA have been working to conduct this trial of facial recognition biometrics where passengers present their faces at the checkpoint for a biometric scan instead of boarding passes.

Invest in Our People for Tomorrow

Continuous investment in our people is an investment in our future. A key element of our strategy is ensuring that our workforce, as well as third-party screening officers across the country, have the tools and resources to contribute to our collective success.

Improvements to Digital Tools and Cybersecurity

Employees have the resources to more effectively generate customized and automated data reports, strengthening CATSA's ability to monitor and improve front-line operations. This capability stems from CATSA integration of machine learning and artificial intelligence (AI) into its data analytics. Employees also completed new training modules to enhance cybersecurity practices and respond to evolving cyber threats.

Supporting Employees and Screening Personnel

CATSA invested in training opportunities to empower employees and screening officers to excel in their roles and grow professionally, while enhancing service delivery. CATSA continued to equip screening officers with resources to deliver services to diverse communities, including

training to support the deployment of new technologies, such as CT X-ray units, that will strengthen both security effectiveness and the passenger experience.

In addition, CATSA has been implementing measures that address organizational capacity, including recruitment and retention efforts for positions that train and oversee screening personnel. To better support such critical measures, the organization realigned the reporting structures and responsibilities for the human resources and communications directorates. This realignment has also helped strengthen the implementation of the Employment Equity Plan, launched in January 2025, which aims to improve hiring practices and reduce barriers for women, Indigenous Peoples, visible minorities, and persons with disabilities.

Supporting Government of Canada Priorities

Culture of Diversity, Equity, and Inclusion

CATSA is committed to screening all travellers in an effective, efficient, and respectful manner. In addition, there is a strong commitment to workplace policies and practices that ensure employees have reasonable accommodation of their values and traditions. For example, CATSA's Diversity and Inclusion Network supports the identification of barriers to employment equity, in addition to providing diversity and inclusion initiatives and training. As well, progress towards creating a secure and inclusive environment is measured against CATSA's Gender Based Analysis Plus Action Plan, 90% of which has been completed. In addition, all new policies and programs are developed with an intersectional lens to ensure that CATSA strengthens its security screening operations in an inclusive manner for the betterment of the diverse travelling public.

Contributing to an Accessible Air Travel Experience

In December 2024, CATSA published its Accessibility Plan Progress Report, an annual update on its three-year Accessibility Plan. The progress report highlights various initiatives, including the new facilitator position, which enhances support for passengers requiring assistance as well as CATSA's efforts to expand accessible employment opportunities, by prioritizing inclusive hiring practices and workplace accommodations. Furthermore, the organization participates in multiple forums to enhance the passenger experience for persons with disabilities and is hosting a series of engagement sessions to inform the development of its next Accessibility Plan. Additionally, there is a working group to measure progress on action items and federal requirements to mitigate barriers for passengers, non-passengers, screening officers and CATSA personnel with disabilities. Moreover, CATSA supports government efforts to reduce barriers to mobility and has completed a study that informs the development of accessible enhancements to security screening and improve the experience for persons with disabilities.

Indigenous Relations and Reconciliation

CATSA continued its Indigenous Cultural Awareness learning program, led by Indigenous facilitators, which provides context for screening Indigenous Peoples and their belongings, and instruction on respectful and sensitive screening practices. These efforts were in response to the Truth and Reconciliation Commission's Call to Action 57, which calls upon the Government of Canada to educate employees on the history and experiences of Indigenous Peoples. This learning program has informed changes to screening procedures for sacred and spiritual items and resulted in increased Indigenous cultural awareness for screening officers and CATSA personnel.

Official Languages

CATSA is required to provide screening services in both official languages at airports with one million or more passengers annually, and at airports with significant demand in the minority language. To enhance operations and to guide compliance, CATSA has established and maintains an Official Languages Action Plan. The Action Plan conveys measures to strengthen the coordination and representation of official languages across the organization, including the enhanced official languages course for screening officers that provides new tools like the guide to the bilingual active offer process, and new coaching for screening officers to better prepare them to offer bilingual services and to underscore their role in upholding official language commitments. CATSA also regularly surveys passengers to verify if they were served in their preferred language. In 2024/25, 96.1% of respondents indicated they were served in the official language of their choice.

Office of the Auditor General of Canada – Special Examination Results

Under the *Financial Administration Act*, CATSA is subject to a Special Examination every 10 years. The audit provides reasonable assurance that CATSA's assets are safeguarded and controlled, its resources are managed economically and efficiently, and its operations are carried out effectively. The Office of the Auditor General (OAG) of Canada 2025 Special Examination report found no significant deficiencies in the corporate management practices or in the management of operations of CATSA. The OAG's 10 recommendations reflect areas for growth, and as at the end of April 2025, all recommendations were addressed by CATSA. The 2025 Special Examination Report can be found on CATSA's and the OAG's website.

Risk Profile

Risk management is embedded into strategic decision-making and resource allocation within CATSA, thereby allowing the organization to make informed decisions at the corporate and operational levels.

CATSA manages its corporate risks through an Enterprise Risk Management (ERM) framework, and maintains a comprehensive overview of its risk profile, including descriptions of key operational and financial risks, risk ratings as measured by likelihood and impact of risk occurrence, and risk mitigation strategies.

CATSA's overall risk attitude is conservative and flexible.

Conservative: CATSA generally focuses effort more heavily on the active management of medium, medium-high, and high risk, and the acceptance of low risk.

Flexible: CATSA's environment is highly dynamic, and influenced by two key partners, namely Transport Canada and the Government of Canada more broadly. From a risk management perspective, the unique nature of CATSA's environment requires flexibility and discretion in the application of risk attitude.

CATSA actively evaluates, manages and mitigates the following corporate risks.

Mandated Services Risk

Detection capabilities and maintaining care and control of screening checkpoints

Due to the evolving, unpredictable nature of the aviation security threat environment, there is a risk that CATSA may not have the technology, threat and risk information, processes or human factor capability to detect all high-risk threat items or new and emerging threats and prevent screening circumventions at operating screening checkpoints. This may result in substantial consequences to the public and the aviation system. CATSA is continuously adapting its risk mitigation strategies and efforts, as a means to address the evolving aviation security risks and their potential impacts to mandated operations.

CATSA uses the latest available screening tools to elevate its threat detection capabilities, including the deployment of CT X-ray technology at pre-board screening checkpoints, as well as the ongoing upgrade of detection algorithms on existing equipment.

Capacity Risk

Adequacy of government funding

There is a risk that CATSA's funding envelope may be insufficient due to cost increases, new requirements and/or government cost reduction initiatives.

Human resource availability

There is a risk that resources may be insufficient or unavailable to achieve organizational goals while supporting a healthy work environment.

Service Delivery Through Third Parties Risk

Legal and illegal labour disruption

Given CATSA's third party service provider model, there is a risk that CATSA may have limited influence to prevent a legal labour disruption event, or to maintain service levels during an illegal labour disruption event initiated by the unionized screening officer workforce. Labour disruptions may result in longer wait times, increased complaints and harm to CATSA's reputation.

Dependence on outsourced screening services, equipment maintenance services or major suppliers

As a result of a contractor no longer being able or willing to provide the agreed upon contracted services or goods, there is a risk that CATSA's dependence on outsourced screening services, equipment maintenance services, or major suppliers may result in negative service delivery impacts.

Partner Relations Risk

Reputational risk

There is a risk that CATSA may encounter events that it is not able to effectively manage, which may cause damage to its reputation with passengers and/or its partners, resulting in loss of public trust in CATSA and/or confidence in air transportation security.

IT Risk

Cyber attacks on IT infrastructure

Due to the evolving nature of the cyber threat environment, there is a risk that cyber threats and/or attacks may negatively impact CATSA's IT infrastructure and/or compromise sensitive or secret information resulting in a loss of public confidence and potential damage to CATSA's reputation.

Corporate Performance

Results for the Implementation of CATSA's mandate

The following key performance indicators (KPIs) are reported to the Senior Management Committee and the Board of Directors on a quarterly basis for oversight and management of CATSA's performance. The KPIs are categorized according to the Strategic Plan's four pillars.

Pillar: Promote an Integrated Aviation Ecosystem

Performance measure	Comments
Security effectiveness	Given the sensitivity of this performance category and its associated results, this data cannot be included in a public document.

Performance measure	Target	2024/25	Comments
Partner satisfaction	95.0%	91.7%	In 2024/25, nearly 92% of partners expressed satisfaction with CATSA; surveyed partners highlighted key strengths, including effective communication channels, and responsiveness to partner needs. The organization will strive to further enhance the integration of CATSA's systems with partners' systems, increase collaboration, and elevate information sharing to better serve the travelling public.

Definition: The measure of partner satisfaction relating to integration, collaboration and information sharing through an annual survey.

Pillar: Elevate the Client Experience

Performance measure	Target	2024/25	Comments
Overall experience	90.0%	91.9%	In 2024/25, almost 92% of surveyed passengers reported a positive screening experience. This represents a 1% increase from 2023/24.

Definition: The percentage of passengers who encountered an overall positive screening experience, based on passenger intercept surveys conducted at Class 1 airports.

Performance measure	Target	2024/25	Comments
Customer satisfaction Index	90.0%	92.4%	This KPI is above target.

Definition: The percentage of passengers who provide a positive rating to their interactions with screening officers at PBS checkpoints at Class 1 airports.

Performance measure	Target	2024/25	Comments
Confidence in security screening	85.0%	90.6%	This KPI is above target.

Definition: The percentage of passengers surveyed who express confidence in the overall PBS process at airports and its role in making air travel more secure.

Performance measure	Target	2024/25	Comments
Satisfaction with speed of screening	90.0%	90.9%	This KPI is above target.

Definition: The percentage of passengers at Class 1 airports who provide a positive rating for the speed of security screening at PBS checkpoints.

Performance measure	Target	2024/25	Comments
Satisfaction specific to passengers who used the family and special needs line	90.0%	94.7%	In 2024/25, nearly 95% passengers who used the family and special needs lines were satisfied with their overall service.

Definition: The percentage of passengers at Class 1 airports who were satisfied with the screening experience at a family and special needs line.

Performance measure	Target	2024/25	Comments
Satisfaction with service in the official language of choice	90.0%	96.1%	The vast majority of passengers reported being served in their official language of choice.

Definition: The percentage of passengers at Class 1 airports who report being served in their preferred official language throughout the screening process.

Pillar: Drive Innovation

Performance measure	Target	2024/25	Comments
Wait Time Service Level (WTSL) (All Periods)	95.0%	97.0%	In 2024/25, 97% of passengers waited less than 15 minutes to be screened at Class 1 airports.
Passengers Screened	68.9 million		

Definition: WTSL (All Periods) is the percentage of passengers who waited less than 15 minutes to be screened at Class 1 airports, on an annual basis.

Performance measure	Target	2024/25	Comments
Wait Time Service Level (WTSL) (At Peak)	85.0%	93.4%	In 2024/25, 93.4% of passengers waited less than 15 minutes to be screened at Class 1 airports at peak periods.

Definition: WTSL (At Peak) is the percentage of passengers who waited less than 15 minutes to be screened during peak periods at Class 1 airports. Peak periods are considered times when checkpoints experience very high traffic volumes.

Performance measure	Target	2024/25	Comments
Innovation Culture	85.0%	78.1%	Almost 80% of surveyed employees agree that CATSA fosters an open culture of innovation and creativity. The organization will continue to prioritize initiatives that will strengthen the pro-innovation workplace culture.

Definition: The percentage of employees who agree that CATSA has a culture of innovation, based on results of an employee survey regarding innovation, openness to new ideas, initiative and creativity.

Performance measure	Target	2024/25	Comments
Consistency – Security Screening Procedures	95.0%	94.8%	In 2024/25, CATSA achieved a 94.8% compliance rate. This represents a slight decrease of 0.2% from 2023/24. CATSA works with screening contractors to sustain, and improve upon, its strong operational performance.

Definition: The evaluation by performance officers of screening officer performance according to Standard Operating Procedures and regulations at Class 1 airports.

Pillar: Invest in Our People for Tomorrow

Performance measure	Target	2024/25	Comments
Employee Satisfaction	85.0%	85.0%	In 2024/25, 85% of employees who completed the Employee Satisfaction Survey indicated they are satisfied with CATSA as their employer.

Definition: The percentage of employees who are satisfied with CATSA as their employer.

Performance measure	Target	2024/25	Comments
Employees who meet the official language requirements of their positions	75.0%	69.2%	In 2024/25, this KPI increased by 2.8%, driven by CATSA's ongoing efforts to hire bilingual candidates, as well as employees successfully completing their second language training.

Definition: The percentage of employees who meet the language requirements in positions designated as bilingual.

Performance measure	Target	2024/25	Comments
Workforce Demographics	Women: 49.0%	Women: 45.1%	Workforce demographics increased in all four designated groups compared to 2023/24. This conveys positive results from 2024/25 recruitment efforts, which include improvements to CATSA's online career page. Additionally, partnerships with diversity, equity, and inclusion advocacy organizations, including the Indigenous recruitment organization Grand River Employment and Training, support CATSA's efforts to enhance designated group representation in its workforce.
	Indigenous Peoples: 2.6%	Indigenous Peoples: 3.3%	
	Members of visible minorities: 30.9%	Members of visible minorities: 29.1%	
	Persons with disabilities: 12.7%	Persons with disabilities: 4.6%	

Definition: The percentage of a designated group (Women, Indigenous Peoples, Members of Visible Minorities, and Persons with Disabilities) among employees.

Performance measure	Target	2024/25	Comments
Annual Attrition	Less than 8.0%	5.5%	CATSA's attrition rate remained better than the 2024/25 target despite a slight increase from 4.9% in 2023/24.

Definition: The percentage of employees who left the organization voluntarily.

Performance measure	Target	2024/25	Comments
Employees who would recommend CATSA as an employer	85.0%	79.0%	The results for this KPI are from the most recent Employee Satisfaction Survey. CATSA will continue to prioritize the wellbeing and development of its employees.

Definition: The percentage of employees who would recommend CATSA as an employer.

Performance measure	Target	2024/25	Comments
Screening Officer Demographics	N/A	Women: 45.3% Indigenous Peoples: 1.1% Members of visible minorities: 27.3% Persons with disabilities: 0.9%	As of March 31, 2025, CATSA's screening contractors provided the demographic data for the first time. The screening contractors are subject to the Government of Canada's legislated demographic targets for their federally regulated workforces and must report their progress to the Government of Canada. CATSA will continue to engage and collaborate with its screening contractors to encourage diversity and inclusion.

Definition: The percentage of a designated group (Women, Indigenous Peoples, Members of Visible Minorities, and Persons with Disabilities) among the screening officer workforce.

Performance measure	Target	2024/25	Comments
National screening officer attrition rate	Less than 28.0%	17.4%	The overall national attrition rate declined by 8.5% compared to 2023/24. Among full-time screening officers, attrition improved with a 5.3% decrease while part-time screening officer attrition decreased by 11.8%.

Definition: The percentage of screening officers who have departed for the following reasons: resignation, death, or termination.

Performance measure	Target	2024/25	Comments
National Training and Certification Program success rate	90.0%	92.3%	In 2024/25, the national training and certification success rates across all regions were above target, resulting in the highest national performance rate to date. This represents an increase of 2.7% since 2023/24.

Definition: The percentage of screening officer candidates that passed the National Training and Certification Program.

Corporate Governance

Board of Directors

CATSA is governed by an 11-member Board of Directors, appointed by the Governor in Council on the recommendation of the Minister of Transport and Internal Trade. The airline industry and the airport industry nominate two directors each. The Board of Directors and its committees meet on a quarterly basis to oversee the corporation's business and strategic direction, and their responsibilities include:

- Establishing and approving CATSA's strategic direction through various means, including its strategic plan and annual corporate plan;
- Safeguarding the resources of the corporation by approving annual reports, quarterly financial reports as well as capital and operating budgets;
- Ensuring the fulfillment of the corporation's mandate;
- Monitoring corporate performance;
- Ensuring the principal organizational risks are identified and that appropriate systems/mitigations to manage these risks have been implemented;
- Approving the President and Chief Executive Officer's (CEO) objectives for the year and evaluating their performance;
- Drafting, amending, or repealing corporate by-laws; and
- Reviewing and approving the succession plan for senior management.

Board of Directors Remuneration and Meeting Attendance

Directors and the Chairperson are paid an annual retainer and per diem set by the Governor in Council and pursuant to the *Financial Administration Act*. The retainer for the Chairperson is \$10,800; for Directors, it is \$5,400. The Chairperson is paid a per diem rate of \$420 and Directors are paid a per diem rate of \$390 for time spent preparing for and attending meetings, as well as events such as conferences. Members of the Board of Directors are reimbursed for expenses related to travel, accommodation and meals while performing their duties; such expenses are disclosed each quarter. Attendance is based on the number of meetings attended out of the total number of meetings that occurred while a director was a member of the Board of Directors and/or committee. In 2024/25, the Board committees met 14 times and the Board of Directors in its entirety met a total of 10 times.

Committees of the Board of Directors

The *Audit Committee* assists the Board of Directors in fulfilling its oversight responsibilities concerning financial reporting, financial risk management, climate disclosure, cybersecurity, internal controls, internal and external audits, budgets, and any other matter assigned by the Board of Directors. The *Governance, Human Resources and Pension Committee* (GHRP) assists in fulfilling oversight responsibilities with respect to governance matters, human resources and compensation, management succession plans, ethics and business conduct policies, annual objectives for the President and CEO, management and administration of the employee pension plans, and any other matter assigned to it by the Board of Directors.

In 2024/25, CATSA's Board of Directors included:

Board Member	Appointment	Retainer Earned	Per Diem	Travel or Training Reimbursement	Value of any other taxable benefit	Total	Board meetings (of 10)	Attendance Committee Meetings		Training or Recruitment Days
								Audit (of 7)	GHRP (of 7)	
Brunet, Jean-Philippe	Appointment: 2018/02/21 Term ended: December 2024 Mandate expiry date: 2022/02/21*	\$3,825.00	\$5,070.00	\$1,627.12	\$0.00	\$10,522.12	6	N/A	5	0
Capparelli, Rosemary	Appointment: 2022/10/28 Mandate expiry date: 2026/10/28	\$5,400.00	\$8,580.00	\$2,794.35	\$0.00	\$16,774.35	9	6	N/A	1
Chan, Kenneth	Appointment: 2024/12/17 Mandate expiry term: 2029/12/17	\$1,575.00	\$3,315.00	\$1,257.48	\$0.00	\$6,147.48	3	2	1	1
Coulson, Melissa	Original appointment: 2014/01/30 Reappointment: 2018/02/21 Reappointment amended: 2022/12/16 Resignation: June 2024 Mandate expiry date: 2023/02/21*	\$1,215.00	\$2,730.00	\$1,138.27	\$0.00	\$5,083.27	3	1	2	0

Board Member	Appointment	Retainer Earned	Per Diem	Travel or Training Reimbursement	Value of any other taxable benefit	Total	Board meetings (of 10)	Attendance Committee Meetings		Training or Recruitment days
								Audit (of 7)	GHRP (of 7)	
Duggan, Sharon (GHRP Chair)	Original appointment: 2018/02/21 Reappointment: 2024/06/05 Mandate expiry date: 2028/06/05	\$5,400.00	\$13,455.00	\$8,904.17	\$0.00	\$27,759.17	10	7	7	2
Kennedy, Patricia	Original appointment: 2015/03/26 Reappointment: 2018/06/25 Mandate expiry date: 2021/06/24*	\$5,400.00	\$11,895.00	\$5,319.15	\$0.00	\$22,614.15	10	7	7	3
Lalonde, Gilles	Original appointment: 2018/02/21 Reappointment: 2021/05/21 Mandate expiry date: 2025/05/21*	\$5,400.00	\$8,970.00	\$1,802.77	\$0.00	\$16,172.77	10	7	N/A	1
Loschmann, Andrew	Appointment: 2024/12/17 Mandate expiry term: 2028/12/17	\$1,575.00	\$2,340.00	\$87.94	\$0.00	\$4,002.94	3	2	0	1
Maxwell, Michael	Appointment: 2024/12/17 Mandate expiry term: 2028/12/17	\$1,035.00	\$3,315.00	\$1,571.08	\$0.00	\$5,921.08	3	2	1	1

Board Member	Appointment	Retainer Earned	Per Diem	Travel or Training Reimbursement	Value of any other taxable benefit	Total	Board meetings (of 10)	Attendance Committee Meetings		Training or Recruitment days
								Audit (of 7)	GHRP (of 7)	
Pham, Thao (Chairperson of the Board of Directors)	<i>Appointment: 2023/03/14 Mandate expiry date: 2028/03/13</i>	\$10,800.00	\$21,630.00	\$33,963.66	\$0.00	\$66,393.66	10	7	7	5
Redburn, Theresa	<i>Appointment: 2025/02/17 Mandate expiry term: 2030/02/17</i>	\$675.00	\$2,730.00	\$1,497.36	\$0.00	\$4,902.36	1	1	1	1
Sullivan, Jennifer	<i>Appointment: 2022/10/28 Mandate expiry date: 2026/10/28</i>	\$5,400.00	\$7,605.00	\$2,532.97	\$0.00	\$15,537.97	9	N/A	7	0
Trenn, Diane (Audit Chair)	<i>Original: 2018/06/14 Reappointment: 2022/10/28 Mandate expiry date: 2026/10/28</i>	\$5,400.00	\$13,455.00	\$5,581.77	\$0.00	\$24,436.77	10	7	7	1
Westman, Penny	<i>Appointment: 2019/03/22 Term ended: February 2025 Mandate expiry date: 2023/03/22*</i>	\$2,475.00	\$3,705.00	\$1,199.38	\$0.00	\$7,379.38	3	N/A	2	0
TOTAL		\$55,575.00	\$108,795.00	\$69,277.47	\$0.00	\$233,647.47	10	7	7	17

*Per the Financial Administration Act, any Director (other than the Chairperson) whose term has expired, may continue in office until a successor is appointed.

Board of Directors Strategic Retreat

In June 2024, the Board of Directors held a strategic retreat with the objective of developing a shared understanding of the key drivers that are expected to shape the business of CATSA in the future. The Board of Directors also set priorities for the year ahead, including oversight of continuous improvement initiatives aligned with the Minister of Transport and Internal Trade's direction and CATSA's strategic objectives. Transport Canada participated in discussions to shape CATSA's vision and Strategic Plan.

CATSA Senior Management Team

On April 3, 2023, Nada Semaan was appointed as President and CEO for a five-year term by Order in Council.² Effective March 28, 2025, Neil Parry, Senior Vice-President of Operations, began serving in the role of interim President and CEO until a permanent appointment has been made; while Neil Parry is interim President and CEO, Kelsey MacTavish will serve as Acting Senior Vice-President, Operations. The President and CEO is supported by a senior management team, including:

Kelsey MacTavish	Acting Senior Vice-President, Operations
Nancy Fitchett	Vice-President, Corporate Affairs and Chief Financial Officer
Vacant	Vice-President and Chief Technology Officer
Lisa Hamilton	Vice-President, Corporate Services, General Counsel and Corporate Secretary
Donna Achimov	Vice-President, People, Culture and Experience ³

CATSA's Executive Compensation Structure

Maintaining a competitive compensation package is key to CATSA's ability to attract and retain a diverse and qualified workforce; the compensation program consists of a base salary, as well as performance incentives, group benefits and pension plan. CATSA's Board of Directors, through the Governance, Human Resources and Pension Committee, reviews the compensation package regularly to ensure that it is reasonable and is competitive with similar public sector entities.

Pursuant to subsection 20(2) of the *Canadian Air Transport Security Authority Act*, the rate of any remuneration paid to the President and CEO is fixed by the Governor in Council by Order in Council (2023-875), wherein the base salary is within the range of \$265,700 - \$312,500 per annum. In 2024/25, the base salary range for Senior/Vice-Presidents was \$212,968 to \$383,344. CATSA's Senior/Vice-Presidents are also eligible to receive incentive pay in the range of 0-26%, depending on their performance.

Annual Public Meeting

CATSA held its Annual Public Meeting by means of an audio-visual presentation, which was posted on its website on August 15, 2024.

² Nada Semaan retired from CATSA effective June 19, 2025.

³ Donna Achimov, Vice-President, People, Culture, and Experience, joined CATSA on September 30, 2024. This new 18 month fixed-term position reflects the organizational commitment to supporting and enhancing the employee and client experience.

Taskforce on Climate-Related Financial Disclosures

In Budget 2021, the federal government announced that all Crown corporations would be required to demonstrate climate leadership by adopting the Taskforce on Climate-Related Financial Disclosures (TCFD) framework, which includes 11 recommended disclosures across four pillars: governance; strategy; risk management; and metrics and targets. These disclosures include an assessment of climate-related risks and opportunities as well as greenhouse gas (GHG) emissions.

Governance

CATSA recognizes the complex nature of climate change and the importance of considering and integrating Climate-Related Risk and Opportunity management within business strategies. To this end, roles and responsibilities have been assigned as it relates to oversight and management of climate-related risks and opportunities in the Audit Committee's Terms of Reference, and in the Climate Disclosure Policy.

Board Oversight of Climate-Related Risks and Opportunities

CATSA's Board of Directors, through the Audit Committee, is accountable for assessing the adherence to climate-related disclosure requirements, including the TCFD, as well as overseeing climate-related risk management activities through the Enterprise Risk Management (ERM) Profile when a climate-related risk surpasses CATSA's risk appetite. As detailed within the Climate Disclosure Policy, the Board of Directors stays apprised of climate-related issues, including progress towards targets and the adoption of climate-related disclosures, through quarterly and annual reporting from management. Any substantive amendments to the Climate Disclosure Policy must be approved by the Board of Directors.

Management's Role in Assessing and Managing Climate-Related Risks and Opportunities

The Senior Management Committee (SMC) is the highest-level of management with direct responsibility for climate-related issues. To ensure appropriate management of climate-related issues and execution of CATSA's climate strategy, SMC reviews the results of the Climate-Related Risk and Opportunity Assessment (CROA) and evaluates how the results fit within CATSA's business strategies, climate strategy and targets, and supports climate-related disclosures and data collection.

An overview of all climate-related accountabilities relevant to CATSA's governance structure can be found below.

Role	Climate-related accountabilities
Climate-Related Risk and Opportunity Owners	Responsible for identifying and managing climate-related risks and opportunities within their authority, implementing mitigation plans, and executing assigned climate priorities and targets.
Vice-President, Corporate Affairs and Chief Financial Officer	Accountable for interpreting and applying the climate disclosure policy, leading climate-related risk and opportunity assessments, monitoring disclosure practices, providing guidance and tools, and reporting CATSA's climate strategy and progress to SMC and the Board of Directors.
Senior Management Committee	Responsible for reviewing climate-related risk and opportunity assessments, embedding climate opportunities and risk mitigation in business strategies, approving CATSA's climate strategy and targets, and supporting climate-related disclosures and data collection.
Board of Directors	Accountable, through the Audit Committee, for overseeing CATSA's climate strategy and risk management, ensuring adherence to disclosure requirements, and managing climate-related risks that exceed the company's risk appetite through the ERM Framework.

Strategy

CATSA developed a climate strategy which serves as a framework of priorities and targets around CATSA's climate-related risks and opportunities. These risks and opportunities are identified through the CROA, which considers the likelihood and impact criteria from CATSA's ERM Policy and is conducted every three years. It also considers other criteria unique to climate-related risks such as longevity, as climate-related risks are to be assessed over a future horizon (5-10 years). CATSA's most recent CROA was conducted in 2023. The CROA provides an understanding of how climate-related risks may impact CATSA's operations. Any climate-related risk exceeding CATSA's risk appetite may be managed as part of the ERM process on an ongoing basis.

Identification of Climate-Related Risks and Opportunities

Below are CATSA's priority climate-related risks and opportunities based on our most recent CROA.

Risk Type	Risk and Potential Impacts
Physical Risks⁴	
Acute	Supply Chain Disruption Increase in frequency and severity of extreme weather events may result in supply chain disruption or price volatility affecting the procurement of key items (e.g. IT equipment, spare parts for screening equipment, consumables used by screening officers).
Chronic	Disruption of Operations Increase in frequency and severity of extreme weather events may compromise CATSA's ability to deliver on its mandate and present financial liabilities (e.g. restrict airport access to screening officers, interference with preventive maintenance procedures).
Acute	Damage to Equipment Increase in frequency and severity of extreme weather events may result in direct or indirect damage to CATSA's equipment (e.g. from power surges and/or flooding) and corresponding cost of repair.
Transition Risks⁵	
Policy and Legal	More Stringent Climate-Related Disclosure Requirements Regulatory climate disclosure expectations are rapidly evolving and may create a compliance burden.
Reputation	Employee Retention and Recruitment Impact of failure to address climate expectations on the ability to attract or retain employees.

Opportunity Type	Opportunity
Energy Source	Energy Efficiency Use climate change mitigation as a catalyst to promote energy efficient operations and drive energy consumption (and associated costs) down.
Resilience	Corporate Reputation and Relationships Use climate change mitigation as a catalyst to enhance CATSA's corporate reputation, deepen relationships with key partners, and create potential synergies to deliver on its mandate more efficiently.

⁴ Climate change driven events that may cause sea level rise or persistent heat waves, including acute - extreme events, such as hurricanes or floods; and chronic - sustained higher temperatures.

⁵ Transitioning to a low-carbon economy may entail extensive policy, legal, technology, and market changes to mitigate and adapt to climate-related changes. Depending on the severity of these changes, transition risks may pose varying levels of financial and reputational risk.

CATSA plans to address these risks and opportunities through the climate strategy, presented below.

Resilience

CATSA conducted a comprehensive scenario analysis to gain insights into how climate-related risks and opportunities identified in the CROA may affect its business under diverse possible futures.

The analysis was carried out across three time-horizons: short (by 2030); medium (by 2050); and long term (by 2090). Further, the analysis took into consideration two climate scenarios: a low global warming scenario (SSP1-RCP 2.6) and a high global warming scenario (SSP5-RCP 8.5).⁶ In terms of physical risk, the analysis considered seven natural hazards at the location-level for all airports (89) and CATSA operations (head office and test lab). The most recent scenario analysis was conducted in 2023/24 and revealed that the physical and transition impact of the climate scenarios would persist over the short, medium and long term, other than the risk related to disclosure requirements, which should only impact CATSA over the short and medium term. Overall, it was concluded that CATSA’s climate-related risks remain manageable.

Climate Strategy

The climate strategy was developed based on the results obtained from the climate-related risks and opportunities identified in the CROA and scenario analysis, the nature of CATSA’s GHG emissions profile, input of key internal partners and the federal Greening Government Strategy. CATSA’s climate strategy, including updates, are approved by SMC.

CATSA’s climate strategy is built on three pillars, as summarized below:

Emissions Reduction and Management	Resilience	Communication & Engagement
<i>Priorities</i>		
<p>Contribute to the transition to a low carbon economy by:</p> <ul style="list-style-type: none"> Seeking opportunities to reduce GHG emissions from CATSA’s commercial operations and value chain. Enhancing data accuracy within CATSA’s GHG inventory. 	<p>Ensure that CATSA’s operations are resilient to extreme weather events by:</p> <ul style="list-style-type: none"> Keeping apprised of CATSA’s climate risk exposure. Managing the exposure of the screening equipment (e.g. from power surges and/or flooding). Managing the exposure of CATSA’s people (e.g. access to respective workplace and key infrastructure) by developing procedures and contingency plans for extreme weather events. 	<p>Enhance climate transparency and advocacy by:</p> <ul style="list-style-type: none"> Keeping apprised and acting upon evolving climate disclosure requirements. Promoting employee climate awareness and participation across CATSA.

⁶ In this climate scenario analysis, a low global warming scenario is SSP1-RCP 2.6, and a high global warming scenario is SSP5-RCP 8.5, based on the Intergovernmental Panel of Climate Change’s (IPCC) Sixth Assessment Report, used to obtain future projections of global surface temperature changes and greenhouse gas emissions.

CATSA's climate strategy is intended to contribute to maintaining resilience over time. As such, several of the priorities above translate to metrics and targets that are presented below.

Risk Management

Processes for Identifying and Assessing Climate-Related Risks

CATSA's CROA consists of two steps:

- (i) Risk identification: identify a list of physical and transition risks, recognizing CATSA's operations, corporate mandate, physical footprint and assumed trends.
- (ii) Risk rating and prioritization: validate the list of physical and transition risks with key internal partners and assign a likelihood and impact rating for each risk, using the criteria from CATSA's ERM Policy. Also considered are additional criteria unique to climate-related risks such as longevity (as climate-related risks are to be assessed over a future horizon).

Based on this assessment, CATSA identifies a short-list of priority risks that are presented in the Strategy section. As climate-related risks and opportunities are dynamic, and CATSA's exposure to these risks and opportunities may change over time due to both internal and external factors, the CROA is updated every three years, while any climate-related risk that could exceed CATSA's risk appetite is continuously monitored and managed within the ERM program.

Processes for Integration of Climate-Related Risks into Corporate Risk Management

Short-listed climate-related risks identified through the CROA are assessed as to the appropriateness of existing mitigations and controls and incrementally built on as necessary. Separately, climate-related risk found to exceed CATSA's risk appetite are monitored as part of the ERM process on an ongoing basis.

The CROA's higher-rated risks included the potential of disruption to operations, equipment damage, and increased/more stringent climate-related reporting requirements. None of the risks identified in the CROA surpassed CATSA's risk tolerance and, therefore, in accordance with our Climate Disclosure Policy, did not require tracking as part of CATSA's ERM Profile.

Metrics and Targets

Metrics Used to Assess Climate-Related Risks and Opportunities

CATSA's GHG emissions (tCO₂e), representative of the baseline year of 2022/23, and aligned with the Greenhouse Gas Protocol's standards for corporate accounting and reporting, are tracked to measure the progress against the targets set within CATSA's climate pillars.

GHG Emissions

CATSA's GHG emissions inventory includes direct emissions (Scope 1)⁷ and indirect emissions (Scope 2)⁸. CATSA recognizes that GHG emissions extend beyond CATSA's direct operations. Accordingly, CATSA has begun engagement with the screening contractors (expected to be the largest portion to CATSA's Scope 3 emissions) and with other key partners, to map indirect

⁷ Scope 1 emissions are direct GHG emissions generated from sources that are owned or controlled by CATSA (e.g. natural gas consumption at CATSA's headquarters and other leased offices).

⁸ Scope 2 emissions are indirect GHG emissions from consumption of purchased energy (electricity, heat or steam), by CATSA (e.g. energy consumption at CATSA's headquarters and other leased offices).

emissions (Scope 3)⁹ within the value chain and obtain access to credible data. CATSA has a plan to integrate material Scope 3 emissions into the GHG inventory in 2025/26.

CATSA’s GHG Emissions Profile (tCO₂e)

GHG emissions	2022/23	2023/24	2024/25
Scope 1	37.1	37.1	36.4
Scope 2	25.7	23.5	24.9
Total	62.8	60.6	61.3

Targets for Managing Climate-Related Risks and Opportunities

To bolster the climate pillars that CATSA has established, targets for two of the three pillars have been assigned, respectively, to ensure that progress is intentional and measurable. CATSA’s Scope 1 and 2 emissions reduction climate-related targets have been developed in alignment with reaching net-zero by 2050.

CATSA’s Climate Targets

Climate Pillars	Metric	Target
Emissions Reduction and Management	Scope 1 and 2 emissions (tCO ₂ e).	Reduce absolute Scope 1 and 2 GHG emissions by 55% by 2033/34 from 2022/23 levels.
Communication & Engagement	% of employees who agree that CATSA promotes environmental initiatives in the workplace.	Increase the proportion of employees who agree that CATSA promotes environmental initiatives in the workplace from 54% to 60% in the 2025/26 employee survey.
	% of employees who participated in sustainability & climate learning session.	Deliver sustainability & climate learning session to CATSA employees by 2025/26 (target is 80% attendance).

In 2024/25, CATSA created an employee-led ‘Green’ Working Group to promote sustainability across the organization and to support continued progress towards meeting its climate strategy priorities and targets.

Looking Ahead

These inaugural TCFD disclosures mark an important milestone in CATSA’s sustainability journey. CATSA is actively working towards deeper partner engagement and advancing its understanding of climate-related risks and opportunities across its supply chain and business operations. Looking ahead, CATSA is committed to its climate strategy, which includes enhancing reporting of CATSA’s GHG inventory by incorporating supply chain based indirect (Scope 3) emissions.

⁹ Scope 3 emissions are indirect emissions not covered in Scope 2 that occur in CATSA’s value chain. They include emissions from the purchase of screening services from screening contractors, maintenance services, screening equipment and consumables, CATSA space at airports, employee business travel and commute, and waste disposal at CATSA’s facilities.

Enhanced Expenditure Reporting for Crown Corporations

The Government of Canada encourages Crown Corporations to voluntarily disclose certain expenditure information in a manner similar to federal departments and agencies, aligned with the Public Accounts of Canada (PA) Vol. III. Below are CATSA's relevant¹⁰ expenditures, by category, for 2024/25.

Professional and special services

The following table outlines the total expenditures in 2024/25 for each main classification of professional and special services. It includes a listing of payments of \$100,000 or more made to individuals or organizations, along with the payee's name, location, and total amount paid. Additionally, it provides the total amount and number of payees for expenses under \$100,000 within each service classification.

¹⁰ CATSA did not incur expenditures within other categories such as debts, obligations, and claims written off and forgiven, acquisition of land or buildings, transfer payments, and public debt charges.

Category (in thousands of Canadian dollars)	Total Spending 2024/25:	Aggregate Spending
Business services	\$ 816,386	
GardaWorld Security Screening Inc, Montreal, Quebec ¹¹		455,650
Paladin Airport Security Services Ltd, Burnaby, British Columbia ¹¹		357,473
Deloitte LLP/Management Services LP, Toronto, Ontario		844
The Canadian Corps of Commissionaires, Ottawa, Ontario		382
Mercer (Canada) Limited, Montreal, Quebec		360
PricewaterhouseCoopers LLP, Oakville, Ontario		328
Bell Canada DBA BCE, Ottawa, Ontario		269
Altis Recruitment & Technology Inc, Ottawa, Ontario		140
Service payments under \$100,000 (94 payees)		940
Training and educational services	\$ 12,807	
GardaWorld Security Screening Inc, Montreal, Quebec ¹¹		6,576
Paladin Airport Security Services Ltd, Burnaby, British Columbia ¹¹		3,654
K'(Prime)Technologies Inc, Calgary, Alberta		1,513
First Peoples Group, Ottawa, Ontario		295
École De Langues La Cite, Ottawa, Ontario		150
Telfer School of Management, Ottawa, Ontario		120
Service payments under \$100,000 (131 payees)		499
Informatics services	\$ 688	
Leverage Technology Resources Inc, Ottawa, Ontario		471
Compugen Inc, Toronto, Ontario		217
Legal Services	\$ 465	
Borden Ladner Gervais, Ottawa, Ontario		225
Conlin Bedard LLP, Ottawa, Ontario		154
Service payments under \$100,000 (7 payees)		86
Management consulting services	\$ 327	
Intervistas Consulting, Vancouver, British Columbia		205
Service payments under \$100,000 (4 payees)		122
Other services	\$ 121	
Employment and Social Development Canada, Matane, Quebec		121
Interpretation and translation services	\$ 90	
Service payments under \$100,000 (5 payees)		90
Special fees and services	\$ 68	
Service payments under \$100,000 (36 payees)		68
Total	\$ 830,952	\$ 830,952

¹¹ CATSA delivers the mandate of security screening at 89 designated airports across the country through a third-party screening contractor model.

Acquisition of machinery and equipment

The following statement presents the total expenditures in 2024/25 for each main category of machinery and equipment:

Category (in thousands of Canadian dollars)	Amount
Acquisition of machinery and machinery parts	\$ 70,121
Acquisition of informatics equipment and parts	2,591
Total	\$ 72,712

Payments of claims against the Crown, ex gratia payments, and court awards

The following statement presents passenger claims (ex gratia payments) and court awards paid in 2024/25. An ex gratia payment is a discretionary payment, made as an act of benevolence in the public interest, free of any legal obligation, whether or not any value or service has been received.

Category (in thousands of Canadian dollars)	Amount
Passenger claims over \$1,000 (40 payments)	94
Passenger claims under \$1,000 (585 payments)	96
Payments of claims against the Crown (5 payees)	25
Total	\$ 215

Management's Discussion and Analysis

For the year ended March 31, 2025

Management's Discussion and Analysis (MD&A) outlines CATSA's financial results and operational changes for the year ended March 31, 2025. This MD&A should be read in conjunction with CATSA's audited annual financial statements and accompanying notes for the year ended March 31, 2025, which have been prepared in accordance with International Financial Reporting Standards (IFRS). The information in this report is expressed in thousands of Canadian dollars and is current to June 18, 2025, unless otherwise stated.

Forward-looking statements

Readers are cautioned that this report includes certain forward-looking information and statements. These forward-looking statements contain information that is generally stated to be anticipated, expected or projected by CATSA. They involve known and unknown risks, uncertainties and other factors which may cause the actual results and performance of the organization to be materially different from any future results and performance expressed or implied by such forward-looking information.

Materiality

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

Operating Environment

CATSA, as an agent Crown corporation, is funded by parliamentary appropriations and accountable to the Parliament of Canada through the Minister of Transport and Internal Trade. Consequently, CATSA's financial plan is prepared in accordance with the resources it is assigned by the Government of Canada and as approved by Parliament.

Budget 2023 included incremental funding of \$1,746 million (net) over three years to continue to protect the public by securing critical elements of the air transportation system. This funding supports implementing changes to the non-passenger screening program and delivering a target wait time service level in 2024/25 and 2025/26. In addition, it allows for CATSA to plan for the longer-term and enables CATSA to conduct focused and intentional engagement with industry, the community and government partners, as well as invest in innovation. Prior to Budget 2023, CATSA has historically relied on annual supplemental funding from the Government of Canada to carry out its mandated activities. With this three-year incremental funding coming to an end after 2025/26, CATSA will again seek sustainable long-term funding to deliver its essential security mandate and strategic objectives.

Budget 2023 also announced initiatives aimed at reducing government spending. CATSA has identified reductions in professional services and travel budgets, as well as overall operating expenses. CATSA is implementing these reductions, while recognizing the nature of the organization's air travel security screening service mandate.

Statistics from CATSA's Boarding Pass Security System, and other data sources, indicate that in 2024/25, CATSA screened 68.9 million passengers, representing an increase of 3.9% compared

to 2023/24. CATSA works closely with its screening contractors, Transport Canada and external partners to support the aviation industry.

Screening Services

In previous years, CATSA provided screening services on a cost recovery basis to certain designated and non-designated airports. During 2024/25, CATSA continued to work with Montreal Metropolitan Airport to support the upcoming launch of commercial operations as part of the cost recovery framework established in the CATSA Act, subject to the approval of Transport Canada.

Internal Controls

Management is responsible for establishing and maintaining a system of internal controls over financial reporting. An integral part of this responsibility is CATSA's internal controls certification program, which involves a periodic assessment of the design and effectiveness of key internal controls over financial reporting. The program is based on the Committee of Sponsoring Organizations of the Treadway Commission framework, and Treasury Board of Canada Secretariat's (TBS) *Certification and Internal Control Regime for Crown Corporations*.

The assessment provides management with regular feedback regarding the state of internal controls. Following the assessment, management develops action plans for all opportunities for improvement which are presented to CATSA's Audit Committee.

Analysis of Financial Results

Statement of Comprehensive Income (Loss)

The following section provides information on key variances within the Statement of Comprehensive Income (Loss) for 2024/25 compared to 2023/24.

Key Financial Highlights - Statement of Comprehensive Income (Loss)				
(Thousands of Canadian dollars)	2024/25	2023/24	\$ Variance	% Variance
Expenses¹				
Screening services and other related costs	\$ 843,810	\$ 782,363	\$ 61,447	7.9%
Equipment operating and maintenance	54,175	49,962	4,213	8.4%
Program support and corporate services	110,743	102,637	8,106	7.9%
Depreciation and amortization	50,610	45,285	5,325	11.8%
Total expenses	1,059,338	980,247	79,091	8.1%
Other (income) expenses	(102)	1,150	(1,252)	(108.9%)
Financial performance before revenue and government funding	1,059,236	981,397	77,839	7.9%
Revenue	3,512	3,079	433	14.1%
Government funding				
Parliamentary appropriations for operating expenses	1,002,116	932,092	70,024	7.5%
Amortization of deferred government funding related to capital expenditures	48,201	42,984	5,217	12.1%
Parliamentary appropriations for lease payments	3,242	2,058	1,184	57.5%
Total government funding	1,053,559	977,134	76,425	7.8%
Financial performance	\$ (2,165)	\$ (1,184)	\$ (981)	(82.9%)
Other comprehensive income	6,521	2,956	3,565	120.6%
Total comprehensive income (loss)	\$ 4,356	\$ 1,772	\$ 2,584	146%

¹ The Statement of Comprehensive Income (Loss) presents operating expenses by program activity, whereas operating expenses above are presented by major expense type, as disclosed in note 11 of the audited annual financial statements for the year ended March 31, 2025.

Screening Services and Other Related Costs

Screening services and other related costs consist of payments to screening contractors, uniforms and other screening-related costs, and trace and consumables.

Payments to screening contractors (as disclosed in note 11 of CATSA's audited annual financial statements) represent the most significant expenditure for CATSA at approximately 81.9% of total expenses (excluding depreciation and amortization) in 2024/25. These expenses consist of payments to screening contractors to deliver security screening services provided by certified screening personnel and non-screening personnel, including training and recurrent learning requirements. Key variables impacting these costs include the number of screening hours purchased and billing rates.

The number of screening hours purchased is mainly driven by passenger volumes and traffic patterns. New directives to CATSA, or new or modified security regulations arising from evolving threats and security incidents or alignment with other jurisdictions, can also drive screening hours.

Billing rates are based on all-inclusive rates paid to screening contractors as set forth under the terms of CATSA's Airport Screening Services Agreements. These agreements also include a performance program that remunerates screening contractors for contractual compliance and achievement of specified performance targets.

Screening services and other related costs increased by \$61.4M (7.9%) in 2024/25. The increase is primarily attributable to sustained post-pandemic growth in passenger volumes, and higher staffing to improve passenger wait times, which resulted in the purchase of additional screening hours totaling \$38.4M. The higher staffing has positioned CATSA to achieve its 2024/25 objectives of improved passenger wait times and improved passenger facilitation. The increase is also attributable to billing rate increases totaling \$18.6M, as well as increases in other screening related costs totaling \$4.4M.

Equipment Operating and Maintenance

Equipment operating and maintenance consist of costs associated with maintenance and support services for CATSA's equipment and systems, including the usage and warehousing of Explosives Detection System (EDS) spare parts. It also includes the cost of biometric security cards and costs associated with the training and certification of CATSA's equipment maintenance service provider for new technology deployed at airports across Canada.

Equipment operating and maintenance costs increased by \$4.2M (8.4%) in 2024/25. The increase is mainly attributable to costs associated with CATSA's transition to a new maintenance service provider and other equipment related spending.

Program Support and Corporate Services

Program support and corporate services represent the costs to support the delivery of CATSA's mandated activities and its corporate infrastructure. These costs consist mainly of employee salaries and benefits, office and computer costs, lease related costs at corporate headquarters and in the regions that are not capitalized under IFRS 16, and professional services.

Program support and corporate services costs increased by \$8.1M (7.9%) in 2024/25. The increase primarily attributable to higher employee-related costs, which include an increase in the organization's workforce.

Depreciation and Amortization

Depreciation of property and equipment, as well as amortization of intangible assets, is recognized on a straight-line basis over the estimated useful lives of the assets. Depreciation of right-of-use assets is recognized on a straight-line basis over the related lease term.

Depreciation and amortization increased by \$5.3M (11.8%) in 2024/25. The increase is primarily attributable to new equipment deployments and the change in estimated useful lives of some of CATSA's screening equipment. The increase is partially offset by equipment becoming fully depreciated or retired.

Other (Income) Expenses

Other (income) expenses consist of foreign exchange gain or loss, finance costs, gain or loss on disposal of property and equipment, write-off of property and equipment and intangible assets, and net gain or loss on fair value of derivative financial instruments.

Other (income) expenses decreased by \$1.3M (108.9%) in 2024/25. The change from an expense position in 2023/24 to an income position in 2024/25 is primarily due to net gains on the fair value of derivative financial instruments partially offset by a net foreign exchange loss.

Government Funding

The Government of Canada collects the Air Travellers Security Charge and funds CATSA through appropriations from the federal Consolidated Revenue Fund for operating expenses and capital expenditures. Payments for CATSA's leases that are capitalized under IFRS 16 are funded through capital appropriations.

Parliamentary Appropriations for Operating Expenses

Operating expenditures are funded on a near-cash accrual basis. Certain expenditures, including employee benefits, inventories and prepaid expenses, are funded when a cash outflow is required, as opposed to when the expense is recognized under IFRS.

Parliamentary appropriations for operating expenses increased by \$70.0M (7.5%) in 2024/25. The increase is primarily attributable to increased spending for screening services and other related costs, as discussed above.

Amortization of Deferred Government Funding Related to Capital Expenditures

Capital expenditures are funded when assets are purchased. The appropriations are recorded as deferred government funding related to capital expenditures and are amortized on the same basis and over the same period as the related assets.

Amortization of deferred government funding related to capital expenditures increased by \$5.2M (12.1%) in 2024/25. The increase is primarily attributable to higher depreciation and amortization expenses.

Parliamentary appropriations for lease payments

CATSA's lease payments are typically made in the same month that the appropriations are received, therefore there is no deferred funding associated with these appropriations.

Parliamentary appropriations for lease payments increased by \$1.2M (57.5%) in 2024/25 as CATSA's rent free period for its headquarters office space ended in late fiscal 2023/24.

Other Comprehensive Income (Loss)

Other comprehensive income consists of the net actuarial gains and losses associated with CATSA's defined benefit plans.

In 2024/25, the net gain of \$6.5M is primarily attributable to an actuarial gain of \$12.9M resulting from a higher actual rate of return on plan assets than the rate used in CATSA's assumptions and a net gain of \$3.5M arising from experience adjustments. This is offset by a net loss of \$10.3M related to changes in demographic assumptions.

In 2023/24, the net gain of \$3.0M was primarily attributable to an actuarial gain of \$5.5M resulting from a higher actual rate of return on plan assets than the rate used in CATSA's assumptions. This was offset by a net loss of \$1.3M related to changes in financial assumptions and a net loss of \$1.2M due to experience adjustments.

For further details, please refer to the Employee Benefits section.

Liquidity and Capital Resources

Liquidity

CATSA's financial management framework relies on parliamentary appropriations to finance operating and capital requirements, and to settle financial obligations as they become due. In determining the amount of cash reserves to carry for operating requirements, the organization considers its short-term funding requirements in accordance with relevant Treasury Board of Canada Secretariat (TBS) directives.

The following table represents CATSA's liquidity:

Liquidity	March 31, 2025	March 31, 2024	\$ Variance
(Thousands of Canadian dollars)			
Cash	\$ 102,215	\$ 9,955	\$ 92,260
Trade and other receivables	80,371	130,036	(49,665)
Trade and other payables	(182,949)	(140,214)	(42,735)
Current holdbacks	(35)	(142)	107
Current lease liabilities	(3,263)	(2,389)	(874)

- Cash increased by \$92.3M primarily due to the timing of funds received from the Government of Canada;
- Trade and other receivables decreased by \$49.7M due to a decrease in parliamentary appropriations receivable, offset by an increase in taxes receivable and screening services receivables - other; and
- Trade and other payables increased by \$42.7M as a result of the timing of disbursements associated with obligations outstanding with suppliers.

Capital Resources

CATSA's capital plan is comprised of Explosives Detection System (EDS) and non-EDS expenditures and a portion of lease payments.

EDS capital expenditures consist of the acquisition of screening equipment and the associated installation and integration costs for Pre-board Screening (PBS), Hold Baggage Screening (HBS) and Non-passenger Screening (NPS). Non-EDS capital expenditures consist of the acquisition of equipment and systems to support screening operations, the Restricted Area Identity Card (RAIC) program, and CATSA's network infrastructure and corporate management systems. Lease payments relate to leases capitalized under IFRS 16.

Property and equipment, intangible assets and right-of-use assets (refer to the Statement of Financial Position) represent 59.9% of total assets as at March 31, 2025. The section below provides a breakdown of the capital expenditures for EDS, non-EDS and lease payments.

Capital Expenditures				
(Thousands of Canadian dollars)	2024/25	2023/24	\$Variance	
EDS	\$ 65,644	\$ 25,068	\$ 40,576	
Non-EDS	7,799	7,805	(6)	
Lease payments	3,242	2,058	1,184	
Total capital expenditures	\$ 76,685	\$ 34,931	\$ 41,754	

An overview of the key capital projects undertaken over the course of the fiscal year is as follows:

EDS

- Deployment of Computed Tomography (CT) X-rays at PBS at Class 1 airports;
- Life cycle management of HBS Oversize X-rays at Class 1 airports;
- HBS capacity expansion at Montréal-Trudeau International Airport; and
- Life cycle management of Full Body Scanners at PBS.

Non-EDS

- Life cycle management of CATSA's Information Technology (IT) network infrastructure;
- Life cycle management of RAIC biometric readers; and
- Life cycle management of closed-circuit television (CCTV) cameras.

Employee Benefits

CATSA maintains two funded pension plans to provide retirement benefits to its employees. The first is a registered pension plan (RPP), which includes two components: a defined benefit component for employees hired before July 1, 2013, and a defined contribution component for employees hired on or after July 1, 2013. The second is a supplementary retirement plan (SRP), which supplements the defined benefit component of the RPP for benefits limited by the *Income Tax Act* (Canada). CATSA also sponsors an unfunded post-employment benefits plan, the other defined benefits plan (ODBP), which includes life insurance and eligible health and dental benefits. The employee benefits financial position is summarized below:

Employee Benefits				
(Thousands of Canadian dollars)	March 31, 2025	March 31, 2024	\$ Variance	
Employee benefits asset	\$ 64,809	\$ 57,088	\$ 7,721	
Employee benefits liability	(22,445)	(18,484)	(3,961)	
Net employee benefits asset	\$ 42,364	\$ 38,604	\$ 3,760	

CATSA's independent actuary determines each plan's net position as at March 31 of each year. The net position fluctuates annually due to a combination of variables, including the discount rate, inflation rate, number of plan members and their demographics, expected average rate of salary increases, expected average remaining service lifetime of active employees, and returns on plan assets and contributions. Note 8 of the annual audited financial statements provides further details regarding the underlying assumptions used in determining the net position.

As at March 31, 2025, the employee benefits asset represents the net position of CATSA's RPP and SRP. The employee benefits liability consists of the present value of the defined benefit liability of the ODBP.

The increase in the employee benefits asset is primarily attributable to a remeasurement gain of \$12.9M resulting from a higher actual rate of return on plan assets than the rate used in CATSA's assumptions. The increase is also due to a net remeasurement gain of \$6.1M on the defined benefit obligation of the RPP and SRP arising from changes to financial assumptions and experience adjustments. The increases are partially offset by a net remeasurement loss of \$9.7M on the defined benefit obligation of the RPP and SRP arising from changes to demographic assumptions and the non-cash defined benefit costs exceeding the required contributions made by CATSA by \$1.6M for these plans.

The increase in the employee benefits liability is primarily attributable to a remeasurement loss of \$2.8M on the defined benefit obligation of the ODBP arising from changes to demographic and financial assumptions. The increase is also due to the non-cash defined benefit costs exceeding CATSA's required contributions by \$1.2M for the ODBP.

Financial Performance Against Corporate Plan

CATSA's operations are funded by parliamentary appropriations from the Government of Canada and are reflected in CATSA's *Summary of the 2024/25 to 2028/29 Corporate Plan*. Actual operating and capital appropriations used are lower than the amounts reflected in the Corporate Plan.

Parliamentary Appropriations Used

Appropriations used are reported on a near-cash accrual basis of accounting.

Operating Expenses

The table below serves to reconcile financial performance before government funding reported under IFRS and operating appropriations used:

Reconciliation of Financial Performance to Operating Appropriations Used			
(Thousands of Canadian dollars)	2024/25	2023/24	\$ Variance
Financial performance before revenue and government funding	\$ 1,059,236	\$ 981,397	\$ 77,839
Revenue	(3,512)	(3,079)	(433)
Financial performance before government funding	1,055,724	978,318	77,406
Non-cash items			
Depreciation and amortization	(50,610)	(45,285)	(5,325)
Employee benefits expense ¹	(2,761)	88	(2,849)
Non-cash finance costs related to leases	(674)	(505)	(169)
Spare parts expense funded from capital	(360)	-	(360)
Write-off of property and equipment and intangible assets	(81)	(510)	429
Non-cash (loss) gain on foreign exchange recognized in financial performance	(70)	155	(225)
Change in fair value of financial instruments at fair value through profit and loss	948	(104)	1,052
Loss on disposal of property and equipment	-	(65)	65
Appropriations used for operating expenses	\$ 1,002,116	\$ 932,092	\$ 70,024
Other items affecting funding			
Net change in prepaids and inventories ²	4,411	3,715	696
Total operating appropriations used	\$ 1,006,527	\$ 935,807	\$ 70,720

¹ Employee benefits expense is accounted for in the Statement of Comprehensive Income (Loss) in accordance with IFRS. The reconciling item above represents the difference between cash payments for employee benefits and the accounting expense under IFRS.

² Prepaids and inventories funded through operating appropriations are expensed as the benefit is derived from the asset by CATSA. They are funded by appropriations when purchased, creating a reconciling item.

The table below provides a reconciliation between financial performance before government funding reported under IFRS and operating appropriations used in 2024/25, presented by major expense category. The table also provides a comparison between operating appropriations used in 2024/25 and the operating budget as reported in CATSA's *Summary of the 2024/25 to 2028/29 Corporate Plan*.

Operating Appropriations Used Compared to Corporate Plan

(Thousands of Canadian dollars)	IFRS		Operating Approp. Used	Corporate Plan Budget	Variance	
	2024/25	Non-cash	2024/25	2024/25	\$	%
Screening services and other related costs ¹	\$ 843,810	\$ 1,662	\$ 845,472	\$ 938,740	\$ (93,268)	(9.9%)
Equipment operating and maintenance	54,175	1,958	56,133	56,780	(647)	(1.1%)
Program support and corporate services	110,743	(2,611)	108,132	101,954	6,178	6.1%
Depreciation and amortization	50,610	(50,610)	-	-	-	-
Other expenses	(102)	404	302	-	302	-
Revenue	(3,512)	-	(3,512)	-	(3,512)	-
Total	\$ 1,055,724	\$ (49,197)	\$ 1,006,527	\$ 1,097,474	\$ (90,947)	(8.3%)

¹ CATSA's operating Corporate Plan Budget for 2024/25 includes an additional \$2.1M, approved by Government, compared to CATSA's *Summary of the 2024/25 to 2028/29 Corporate Plan*.

Operating appropriations used were \$90.9M (8.3%) lower than the Corporate Plan budget. This is primarily due to delays in the introduction of Transport Canada's amendments to security measures relating to CATSA's non-passenger screening program.

Capital Expenditures

The table below serves to reconcile capital expenditures reported under IFRS and capital appropriations used.

Reconciliation of Capital Expenditures to Capital Appropriations Used

(Thousands of Canadian dollars)	2024/25	2023/24	\$ Variance
EDS	\$ 65,644	\$ 25,068	\$ 40,576
Non-EDS	7,799	7,805	(6)
Lease payments	3,242	2,058	1,184
Total capital expenditures	\$ 76,685	\$ 34,931	\$ 41,754
Non Cash Items			
Adjustment on foreign exchange	(52)	(75)	23
Adjustment on deferred revenue	(4,494)	-	(4,494)
Total capital appropriations used	\$ 72,139	\$ 34,856	\$ 37,283

The table below provides a comparison between capital appropriations used in 2024/25, and the capital budget as reported in CATSA's *Summary of the 2024/25 to 2028/29 Corporate Plan* after the adjustments resulting from the capital reprofile in progress:

Capital Appropriations Used Compared to Corporate Plan							
	Capital Approp. Used 2024/25	Corporate Plan Budget 2024/25	Capital Reprofile in Progress	Revised Corporate Plan Budget 2024/25	Variance		
(Thousands of Canadian dollars)					\$		%
PBS	\$ 38,009	\$ 51,046	\$ (7,807)	\$ 43,239	\$ (5,230)		(12.1%)
HBS	26,518	44,438	(23,374)	21,064	5,454		25.9%
NPS	1,117	3,657	(2,539)	1,118	(1)		(0.1%)
Total EDS	\$ 65,644	\$ 99,141	\$ (33,720)	\$ 65,421	\$ 223		0.3%
Non-EDS¹	11,041	14,220	-	14,220	(3,179)		(22.4%)
Total capital asset acquisitions²	\$ 76,685	\$ 113,361	\$ (33,720)	\$ 79,641	\$ (2,956)		(3.7%)
Non-Cash Items							
Adjustment on foreign exchange	(52)	-	-	-	(52)		-
Adjustment on deferred revenue	(4,494)	-	-	-	(4,494)		-
Total	72,139	113,361	(33,720)	79,641	(7,502)		(9.4%)

¹ CATSA's *Summary of the 2024/25 to 2028/29 Corporate Plan* budget includes \$3,713 of lease payments in appropriations for Non-EDS.

² CATSA's capital Corporate Plan Budget for 2024/25 includes an additional \$16.5M, approved by Government, compared to CATSA's *Summary of the 2024/25 to 2028/29 Corporate Plan*.

Capital appropriations used were \$3.0M (3.7%) lower than the corporate plan budget due to lower spending across various capital projects. CATSA will work with Finance Canada to obtain approval for the capital re-profile of \$33.7M.

Financial Statements of

Canadian Air Transport Security Authority

Year ended March 31, 2025

Management's Responsibility Statement

Year ended March 31, 2025

The financial statements contained in this annual report have been prepared by management in accordance with International Financial Reporting Standards (IFRS). The integrity and objectivity of the data in these financial statements are management's responsibility. Some of the information in the financial statements is based on management's best estimates and judgments and gives due consideration to materiality. Management is also responsible for all other information in the annual report and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.

Management maintains a system of financial management and internal control designed to provide reasonable assurance that the financial information is reliable, assets are safeguarded, and transactions are in accordance with Part X of the *Financial Administration Act* and the *Canadian Air Transport Security Authority Act*, executed in accordance with prescribed regulations within parliamentary authorities, and properly recorded to maintain accountability of government funds. The Canadian Air Transport Security Authority's (CATSA's) Internal Auditor has the responsibility for assessing its network of risk management, control and governance processes.

The Board of Directors is responsible for overseeing our business and activities. In particular, the Board provides oversight to ensure that management fulfills its responsibilities for financial reporting and internal control, and exercises this responsibility through the Audit Committee, which is composed of directors who are not employees of CATSA. The Audit Committee meets regularly with management, the Internal Auditor and with the Office of the Auditor General of Canada (OAG). The OAG has full and unrestricted access to the Audit Committee to discuss their findings. The Board of Directors, upon recommendation of the Audit Committee, reviews and approves the financial statements.

The Auditor General of Canada conducts an independent audit, in accordance with Canadian generally accepted auditing standards, and expresses an opinion on the financial statements. The Independent Auditor's Report is presented on the following pages.



Neil Parry
Interim President and Chief Executive Officer



Nancy Fitchett, CPA, CA
Vice-President, Corporate Affairs and Chief
Financial Officer

June 18, 2025



INDEPENDENT AUDITOR'S REPORT

To the Minister of Transport and Internal Trade

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Canadian Air Transport Security Authority (CATSA), which comprise the statement of financial position as at 31 March 2025, and the statement of comprehensive income (loss), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of CATSA as at 31 March 2025, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of CATSA in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the IASB, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing CATSA's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate CATSA or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing CATSA's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of CATSA's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on CATSA's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our

conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause CATSA to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Compliance with Specified Authorities

Opinion

In conjunction with the audit of the financial statements, we have audited transactions of the Canadian Air Transport Security Authority coming to our notice for compliance with specified authorities. The specified authorities against which compliance was audited are Part X of the *Financial Administration Act* and regulations, the *Canadian Air Transport Security Authority Act* and regulations, the by-laws of the Canadian Air Transport Security Authority, and the directives issued pursuant to section 89 of the *Financial Administration Act*.

In our opinion, the transactions of the Canadian Air Transport Security Authority that came to our notice during the audit of the financial statements have complied, in all material respects, with the specified authorities referred to above. Further, as required by the *Financial Administration Act*, we report that, in our opinion, the accounting principles in IFRS Accounting Standards as issued by the IASB have been applied on a basis consistent with that of the preceding year.

Responsibilities of Management for Compliance with Specified Authorities

Management is responsible for the Canadian Air Transport Security Authority's compliance with the specified authorities named above, and for such internal control as management determines is necessary to enable the Canadian Air Transport Security Authority to comply with the specified authorities.

Auditor's Responsibilities for the Audit of Compliance with Specified Authorities

Our audit responsibilities include planning and performing procedures to provide an audit opinion and reporting on whether the transactions coming to our notice during the audit of the financial statements are in compliance with the specified authorities referred to above.

A handwritten signature in black ink, appearing to read 'M Venema', with a long horizontal stroke extending to the right.

Mimma Venema, CPA, CA, CGA
Principal
for the Auditor General of Canada

Ottawa, Canada
18 June 2025

Canadian Air Transport Security Authority

Statement of Financial Position

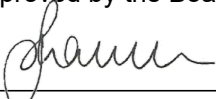
(In thousands of Canadian dollars)

	As at March 31	
	2025	2024
Assets		
Current assets		
Cash	\$ 102,215	\$ 9,955
Trade and other receivables (note 4)	80,371	130,036
Inventories	18,776	14,462
Prepays	8,603	8,506
Derivative financial assets	855	-
	210,820	162,959
Non-current assets		
Property and equipment (note 5)	382,154	355,726
Intangible assets (note 6)	12,879	14,160
Right-of-use assets (note 7)	16,664	17,059
Employee benefits asset (note 8)	64,809	57,088
Derivative financial assets	59	-
	476,565	444,033
Total assets	\$ 687,385	\$ 606,992
Liabilities and Equity		
Current liabilities		
Trade and other payables (note 12)	\$ 182,949	\$ 140,214
Holdbacks (note 12)	35	142
Lease liabilities (note 7)	3,263	2,389
Deferred government funding related to operating expenses (note 10)	27,379	22,968
Derivative financial liabilities (note 12)	58	82
	213,684	165,795
Non-current liabilities		
Lease liabilities (note 7)	15,738	16,808
Deferred government funding related to capital expenditures (note 10)	389,690	368,994
Employee benefits liability (note 8)	22,445	18,484
Deferred revenue - screening services - other	4,571	-
Derivative financial liabilities (note 12)	-	10
	432,444	404,296
Equity		
Accumulated surplus	41,257	36,901
Total liabilities and equity	\$ 687,385	\$ 606,992

Contingencies (note 9) and contractual commitments (note 13)

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

Approved by the Board and authorized for issue on June 18, 2025:


 Thao Pham
 Chairperson


 Neil Parry
 Interim President and Chief Executive Officer

Canadian Air Transport Security Authority

Statement of Comprehensive Income (Loss)

(In thousands of Canadian dollars)

	Years ended March 31	
	2025	2024
Expenses		
Pre-Board Screening	\$ 670,637	\$ 598,298
Hold Baggage Screening	172,283	166,242
Non-Passenger Screening	150,960	155,190
Restricted Area Identity Card Program	5,011	4,670
Corporate services	60,447	55,847
Total expenses (note 11)	1,059,338	980,247
Other (income) expenses		
Finance costs	683	515
Foreign exchange loss (gain)	82	(44)
Write-off of property and equipment and intangible assets	81	510
Net (gain) loss on fair value of derivative financial instruments	(948)	104
Loss on disposal of property and equipment	-	65
Total other (income) expenses	(102)	1,150
Financial performance before revenue and government funding	1,059,236	981,397
Revenue		
Finance income	3,459	3,061
Miscellaneous income	53	18
Total revenue	3,512	3,079
Government funding		
Parliamentary appropriations for operating expenses	1,002,116	932,092
Amortization of deferred government funding related to capital expenditures	48,201	42,984
Parliamentary appropriations for lease payments	3,242	2,058
Total government funding (note 10)	1,053,559	977,134
Financial performance	\$ (2,165)	\$ (1,184)
Other comprehensive income		
Item that will not be reclassified to financial performance		
Remeasurement of defined benefit plans (note 8)	6,521	2,956
Total comprehensive income (loss)	\$ 4,356	\$ 1,772

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

Canadian Air Transport Security Authority

Statement of Changes in Equity

(In thousands of Canadian dollars)	Accumulated surplus
Balance, March 31, 2023	\$ 35,129
Financial performance	(1,184)
Item that will not be reclassified to financial performance	
Remeasurement of defined benefit plans (note 8)	2,956
Balance, March 31, 2024	\$ 36,901
	Accumulated surplus
Balance, March 31, 2024	\$ 36,901
Financial performance	(2,165)
Item that will not be reclassified to financial performance	
Remeasurement of defined benefit plans (note 8)	6,521
Balance, March 31, 2025	\$ 41,257

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

Canadian Air Transport Security Authority

Statement of Cash Flows

(In thousands of Canadian dollars)

	Years ended March 31	
	2025	2024
Cash flows provided by (used in)		
Operating activities		
Financial performance	\$ (2,165)	\$ (1,184)
Items not involving cash		
Depreciation and amortization (note 11)	50,610	45,285
Change in net employee benefits asset/liability	2,761	(88)
Write-off of property and equipment and intangible assets	81	510
Amortization of deferred government funding related to capital expenditures (note 10)	(48,201)	(42,984)
Change in fair value of financial instruments at fair value through profit and loss	(948)	104
Other non-cash transactions	(520)	(308)
Loss on disposal of property and equipment	-	65
Net change in working capital balances (note 16)	77,636	(5,482)
	79,254	(4,082)
Investing activities		
Parliamentary appropriations received for capital funding	65,115	25,593
Purchase of property and equipment	(48,534)	(20,119)
Purchase of intangible assets	(1,007)	(3,670)
	15,574	1,804
Financing activities		
Lease principal payments	(2,568)	(1,552)
	(2,568)	(1,552)
Increase (decrease) in cash	92,260	(3,830)
Cash, beginning of year	9,955	13,785
Cash, end of year	\$ 102,215	\$ 9,955

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

Canadian Air Transport Security Authority

Notes to the Financial Statements for the Year ended March 31, 2025

(In thousands of Canadian dollars)

1. Authority, mandate and programs

CATSA was established pursuant to the *CATSA Act* on April 1, 2002. CATSA is a Crown corporation listed under Part I, Schedule III of the *Financial Administration Act* (FAA) and is an agent of His Majesty in right of Canada.

CATSA's mandate is to provide effective and efficient screening of persons who access aircraft or restricted areas through screening points, the property in their possession or control and the belongings or baggage that they give to an air carrier for transport. CATSA is also responsible for ensuring consistency in the delivery of screening across Canada and for air transport security functions that the Minister of Transport and Internal Trade may assign to it, subject to any terms and conditions that the Minister may establish. In carrying out its responsibilities, CATSA must do so in the public interest, having due regard to the interest of the travelling public.

To achieve this, CATSA conducts screening in the following four areas:

Pre-board Screening (PBS)

The screening of all passengers, their carry-on baggage and their belongings prior to their entry to the secure area of an air terminal building;

Hold Baggage Screening (HBS)

The screening of passengers' checked ("hold") baggage for prohibited items such as explosives, prior to being loaded onto an aircraft;

Non-passenger Screening (NPS)

The screening of non-passengers such as flight personnel, ground crew and service providers, and their belongings (including vehicles and their contents) entering restricted areas at the highest-risk airports; and

Restricted Area Identity Card (RAIC)

The management of the system that uses iris and fingerprint biometric identifiers to allow authorized non-passengers access to the restricted areas of airports. The final authority that determines access to the restricted areas of an airport is the airport authority.

In addition to its mandated activities, CATSA has an agreement with Transport Canada to screen cargo at small airports where capacity exists. This program was designed to screen limited amounts of cargo during off-peak periods and involves using existing resources, technology and procedures.

CATSA has previously provided screening services on a cost recovery basis to certain airports. During 2024/25, CATSA signed a memorandum of understanding with Montreal Metropolitan Airport to support their upcoming launch of commercial operations.

CATSA is in compliance with Order in Council P.C. 2019-783, a directive issued pursuant to Section 89 of the FAA, which outlines certain principles with regards to CATSA's pension plans.

CATSA's Travel, Hospitality, Conference and Event Expenditures Policy is in compliance with Order in Council P.C. 2015-1114, a directive issued pursuant to Section 89 of the FAA, which requires CATSA's policies, guidelines and practices to be aligned with Treasury Board policies, directives and related

Canadian Air Transport Security Authority

Notes to the Financial Statements for the Year ended March 31, 2025
(In thousands of Canadian dollars)

instruments on travel, hospitality, conference and event expenditures in a manner that is consistent with its legal obligations.

CATSA is not subject to income tax under the provisions of the *Income Tax Act* (Canada). CATSA is subject to the *Excise Tax Act* (Canada), which includes the federal Goods and Services Tax (GST) and Harmonized Sales Tax (HST). CATSA is also subject to all provincial sales taxes (PST) applied by the provinces and territories in which it operates. CATSA is a GST/HST registrant. As a GST/HST registrant, CATSA is obligated to collect and remit taxes on taxable services supplied to external parties and CATSA's pension plans.

2. Basis of preparation

The financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board (IASB) and approved by the Accounting Standards Board of Canada (AcSB).

The financial statements were prepared under the historical cost convention, except as required or permitted by IFRS and as indicated in the Summary of material accounting policy information note. Historical cost is generally based on the fair value of the consideration given up in exchange for goods and services at the transaction date.

3. Summary of material accounting policy information

(a) Use of estimates and judgments

The preparation of these financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions based on existing knowledge that affect the reported amounts and disclosures in the financial statements and accompanying notes. Actual results may differ from judgments, estimates and assumptions.

In making estimates and using assumptions, management relies on external information and observable conditions where possible, supplemented by internal analysis as required. These estimates and assumptions have been applied in a manner consistent with prior periods. There are no known commitments, events or uncertainties that management believes will materially affect the methodology or assumptions utilized in making these estimates in the financial statements.

Estimates and underlying assumptions are regularly reviewed by management and changes in those estimates are recognized prospectively in the period of change, if the change affects that period only; or the period of the change and future periods, if the change affects both.

The critical estimates and assumptions utilized in preparing these financial statements include:

- note 3(b), note 3(c), note 5 and note 6 – Property and equipment and intangible assets

Key estimates used for property and equipment include the determination of their useful lives and the valuation of work-in-progress. The key estimate used for intangible assets includes the determination of their useful lives. In determining the expected useful lives of these assets, CATSA takes into account past experience, industry trends and internally-specific factors, such as changing technologies and expectations

Canadian Air Transport Security Authority

Notes to the Financial Statements for the Year ended March 31, 2025

(In thousands of Canadian dollars)

for the in-service period of the assets. Changes to estimates of useful life would affect future depreciation or amortization expenses and future carrying values of assets. In determining the value of work-in-progress, CATSA takes into account estimates provided by internal experts. Changes to the stage of completion would affect trade and other payables and the values of assets.

- note 3(e) and note 7 – Right-of-use assets and lease liabilities

Key estimates used for right-of-use assets and lease liabilities include the determination of an appropriate incremental borrowing rate to discount the lease payments, when the interest rate implicit in the lease is not readily determinable. As CATSA does not have borrowing authority and, in practice, does not have readily observable approved or granted borrowing rates from a financial institution, CATSA's approach to determining its incremental borrowing rate is based on the Bank of Canada zero-coupon bond rate, CATSA's entity-specific credit spread, and the lease-specific spread. CATSA's entity-specific credit spread and lease-specific spread are based on a publicly available yield curve that reflects Canadian agencies with investment grade ratings. The rate used to discount CATSA's lease payments is also based on the identified lease term.

- note 3(g) and note 8 – Employee benefits

Key estimates used for employee benefits include the discount rate, mortality rate, inflation rate, long-term rate of compensation increase and assumed medical cost trend rates. In determining the assumptions, CATSA takes into account past experience, the expertise of its actuaries, and current market conditions and rates. Changes to these assumptions would affect its employee benefits asset and liability, as well as financial performance and other comprehensive income or loss. A sensitivity analysis of changes in primary assumptions is presented in note 8.

The critical judgments made by management in preparing these financial statements include:

- note 3(e) and note 7 – Right-of-use assets and lease liabilities

Judgments are required in determining whether it is reasonably certain that an extension or termination option will be exercised for contracts that contain a lease. In making this assessment, management considers a number of factors, including the nature of CATSA's work, proximity of other locations, lease extensions exercised in the past, market conditions, recent leasehold improvements and contract specific termination clauses.

Judgments are required in determining whether variable lease payments are in-substance fixed. In-substance fixed lease payments are payments that may, in form, contain variability but that, in substance, are unavoidable. Such payments are included in the measurement of the lease liability. In determining whether variable lease payments are in-substance fixed, CATSA reviews lease contracts to assess the nature of the payments, specifically identifying if payments are subject to adjustments based on actual costs incurred, or payments are based on services that are variable in nature.

(b) Property and equipment

Property and equipment consists of screening equipment, RAIC equipment, computer, electronic and other equipment, leasehold improvements and work-in-progress.

Canadian Air Transport Security Authority

Notes to the Financial Statements for the Year ended March 31, 2025

(In thousands of Canadian dollars)

Recognition and measurement

Property and equipment are recorded at cost less accumulated depreciation, except for work-in-progress, which is recorded at cost but not depreciated until the asset is available for use. Cost includes expenditures that are directly attributable to the acquisition and installation of the assets, including integration costs related to the installation of the assets at the airports to ensure they are in a condition necessary for their intended use. These costs include conveyor systems, platforms and other structures required to connect screening equipment to existing airport infrastructures.

The carrying amount of an item of property and equipment is derecognized on disposal, or when no future economic benefits are expected from its use or disposal. Gains and losses on disposal of an item of property and equipment are determined by comparing proceeds, if any, to the carrying amount and are recognized in financial performance.

Subsequent costs

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to CATSA and that the cost of the item can be measured reliably. The cost of day-to-day servicing of property and equipment is recognized in financial performance as incurred.

Depreciation

Depreciation is calculated using the straight-line method and is applied over the estimated useful lives of the assets.

Asset class	Useful life
PBS equipment	10 to 15 years
HBS equipment	10 to 15 years
NPS equipment	10 to 15 years
RAIC equipment	5 years
Computer, electronic and other equipment	5 to 10 years

Leasehold improvements are depreciated on a straight-line basis over the shorter of the related lease term or estimated useful life.

Depreciation methods, estimated useful lives and residual values are reviewed at least annually.

(c) Intangible assets

Separately acquired computer software licences are capitalized based on the costs incurred to acquire and bring the licences to use.

Certain costs incurred in connection with the development of software to be used internally or for providing screening services are capitalized once a project has progressed beyond a conceptual, preliminary stage

Canadian Air Transport Security Authority

Notes to the Financial Statements for the Year ended March 31, 2025

(In thousands of Canadian dollars)

to that of application development. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by CATSA are recognized as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use it;
- there is an ability to use the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development of the software product and to use it are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Costs that qualify for capitalization include both internal and external costs, but are limited to those that are directly related to the specific project. All other costs associated with developing or maintaining computer software programs are expensed as incurred.

Intangible assets are amortized using the straight-line method over their estimated useful lives of five to 15 years.

(d) Impairment

CATSA's assets do not generate cash flows. Instead, all assets interact to support CATSA's mandated activities, which are primarily funded by parliamentary appropriations. Overall levels of cash flow, provided by budgetary funding, reflect public policy requirements and decisions. Therefore, CATSA is considered one cash-generating unit (CGU).

The carrying amounts of CATSA's property and equipment and intangible assets are reviewed at each reporting period to determine whether there is any indication of impairment. Assets are tested at the CGU level when they cannot be tested individually. Property and equipment and intangible assets are considered to be impaired if they are no longer able to contribute to CATSA's mandate.

(e) Leases

Contracts are considered to be a lease when the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Right-of-use assets

CATSA's right-of-use (ROU) assets are initially measured at cost based on the following:

- amount of the initial measurement of the lease liability; and
- lease payments made at or before the commencement date, less any lease incentives received.

An ROU asset is subsequently measured at cost less accumulated depreciation. The carrying amount of the right-of-use asset may be reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability, if any.

Canadian Air Transport Security Authority

Notes to the Financial Statements for the Year ended March 31, 2025
(In thousands of Canadian dollars)

An ROU asset is depreciated using the straight-line method over the shorter of the lease term or the estimated useful life of the underlying asset. The lease term includes periods covered by an option to extend if CATSA is reasonably certain to exercise that option.

Lease Liabilities

CATSA's lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, CATSA's incremental borrowing rate, as identified above in note 3(a).

CATSA's entity-specific credit spread and lease-specific spread are based on a publicly available yield curve that reflects Canadian agencies with investment grade ratings.

Variable lease payments that do not depend on an index or rate, and are not in-substance fixed, are not included in the measurement of the lease liability and, subsequently, the right-of-use asset. These payments are recognized as an expense in the period in which they occur.

The lease liability is subsequently measured at amortized cost using the effective interest rate method. It is remeasured whenever:

- there is a change in the lease term, including a change in the assessment of whether an extension option will be exercised;
- the payments change due to changes in an index or rate, or a change in expected payments under a residual value guarantee; and
- a lease contract is modified and the lease modification is not accounted for as a separate lease.

Based on the nature and use of CATSA's right-of-use assets, CATSA has two classes of underlying assets: office space and data centres. CATSA accounts for lease components and any non-lease components as a single lease component for its office space asset class. For its data centre asset class, CATSA separates non-lease components from lease components and accounts for them separately.

CATSA does not recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

(f) Financial instruments

Non-derivative financial assets:

Non-derivative financial assets include cash and receivables related to supplemental and other screening services. The remaining receivables are not classified as non-derivative financial assets because they are not contractual rights but, rather, created as a result of statutory requirements of the federal and provincial governments.

Cash and receivables related to supplemental and other screening services are recognized initially at fair value. Subsequent to initial recognition, these financial assets are measured at amortized cost using the effective interest rate method. At each reporting date, CATSA assesses, on a forward-looking basis, the expected credit losses on any financial assets measured at amortized cost.

Canadian Air Transport Security Authority

Notes to the Financial Statements for the Year ended March 31, 2025

(In thousands of Canadian dollars)

CATSA derecognizes a non-derivative financial asset when the contractual rights to the cash flows from the asset are either collected, expire or are transferred to another party.

Non-derivative financial liabilities:

Non-derivative financial liabilities include trade and other payables and holdbacks. Trade and other payables and holdbacks are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest rate method.

CATSA derecognizes a non-derivative financial liability when its contractual obligations are discharged, cancelled or expired.

Derivative financial instruments

Derivative financial instruments include foreign exchange forward contracts entered into by CATSA for the purpose of managing its exposure to foreign currency risk as it relates to its request for parliamentary appropriations. CATSA does not apply hedge accounting to its derivative financial instruments.

(g) Employee benefits

Post-employment benefit plans – defined benefit

The employee benefits asset and liability presented in the Statement of Financial Position represent the actual surplus or deficit of each of CATSA's defined benefit pension plans and its other defined benefits plan. The surplus or deficit is determined by estimating the amount of future benefit that employees have earned in return for their service in the current and prior years. The future benefit is then discounted to determine its present value, using a discount rate established at the end of the reporting period. The obligation is recognized over the period of employee service determined actuarially using the projected unit credit method. To the extent applicable, the fair value of any plan assets is deducted from the present value of the future benefit obligation. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

Defined benefit costs are categorized as follows:

- service costs;
- net interest on the net defined benefit asset or liability;
- administration costs; and
- remeasurements.

Service costs are determined separately for each plan using the projected unit credit method, with actuarial valuations for accounting purposes being carried out at the end of each annual reporting period. Current service cost is recognized as employee costs in determining financial performance. Employee contributions are recorded as a reduction to service cost in the period in which the related service is rendered. Administration costs paid from the plan assets during the period exclude the costs of managing plan assets, as those costs are recorded against the actual return on plan assets.

Canadian Air Transport Security Authority

Notes to the Financial Statements for the Year ended March 31, 2025

(In thousands of Canadian dollars)

Net interest is calculated by applying the discount rate used to discount the post-employment benefit obligation to the net defined benefit asset or liability, taking into account any changes in the net defined benefit asset or liability during the period as a result of contribution and benefit payments. Net interest is recognized as employee costs in determining financial performance.

Remeasurement of defined benefit plans consists of actuarial gains and losses, the return on plan assets (excluding interest) and the effect of changes in the asset ceiling (if applicable). When a funded plan gives rise to a net pension benefit asset, a remeasurement for the effect of the asset ceiling may occur if it is established that the surplus will not provide future economic benefits with respect to future service costs. Those future economic benefits are available under the terms of CATSA's defined benefit pension plans, which allow CATSA to take contribution holidays when certain funding thresholds are met.

Remeasurement of defined benefit plans is recognized in other comprehensive income or loss and is included immediately in accumulated surplus (deficit) without reclassification to financial performance in a subsequent period.

Post-employment benefit plan – defined contribution

Employer contributions to the defined contribution pension plan are recognized as an employee cost in financial performance when employees have rendered service entitling them to the contributions.

Termination benefits

Termination benefits result from either CATSA's decision to terminate employment or an employee's decision to accept the entity's offer of benefits in exchange for termination of employment. CATSA recognizes termination benefits at the earliest of when the entity can no longer withdraw the offer of those benefits or when restructuring costs are accrued if termination benefits are part of a restructuring plan. If benefits are payable more than 12 months after the reporting period, the liability is determined by discounting the obligation to its present value.

Short-term employee benefits

Short-term employee benefit obligations, such as salaries, annual leave and bonuses, are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized in trade and other payables for the amount expected to be paid when CATSA has a present legal or constructive obligation to pay the amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(h) Provisions and contingencies

A provision is recognized when, as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle a present legal or constructive obligation, and the obligation can be estimated reliably. In situations where the amount of the obligation cannot be measured with sufficient reliability or the cash outflows are not probable, a contingent liability is disclosed.

Contingent liabilities may arise from uncertainty as to the existence of a liability, or represent an existing liability in respect of which settlement is not probable or, in extremely rare cases, the amount cannot be

Canadian Air Transport Security Authority

Notes to the Financial Statements for the Year ended March 31, 2025

(In thousands of Canadian dollars)

reliably measured. A liability is recognized when its existence is confirmed by a future event, settlement becomes probable and reliable measurement becomes possible.

Disputed claims

In the normal course of operations, CATSA receives claims requesting monetary compensation from various parties. A provision is accrued to the extent management believes it is probable that a disputed claim arising from a past event results in a present legal or constructive obligation, and the obligation can be estimated reliably. If the timing of the cash outflows associated with the disputed claim can be reasonably determined to be more than 12 months after the reporting period, the provision is determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Decommissioning costs

CATSA has future obligations associated with the disposal of certain screening equipment in an environmentally responsible manner, and the restoration of leased premises to an agreed upon standard at the end of the lease. To the extent that it is probable that these obligations will result in an outflow of economic benefits, CATSA recognizes a provision for decommissioning liabilities, and the costs are capitalized as part of the carrying amount of the related asset and depreciated over the asset's estimated useful life.

Given the nature of provisions and contingencies, judgments and estimates are required in determining the existence and amount of an obligation.

(i) Government funding

CATSA's primary source of funding is parliamentary appropriations received from the Government of Canada. Parliamentary appropriations are accounted for as Government of Canada grants and are recognized in financial performance on a systematic basis over the periods in which CATSA recognizes as expenses the related costs for which the grants are intended to compensate.

Appropriations related to operating expenses for future periods are recorded as deferred government funding related to operating expenses and are recognized in financial performance in the period in which the related expenses are incurred. Appropriations used for the purchase of property and equipment and intangible assets are recorded as deferred government funding related to capital expenditures and are amortized on the same basis as the related assets.

Upon the disposal of funded depreciable assets, the related remaining deferred government funding is recognized in financial performance in the period of disposal.

Appropriations used for lease payments are recognized in financial performance in the period in which lease payments are made.

Unused parliamentary appropriations at year-end are lapsed or reprofiled to future years.

Canadian Air Transport Security Authority

Notes to the Financial Statements for the Year ended March 31, 2025

(In thousands of Canadian dollars)

4. Trade and other receivables

Trade and other receivables are comprised of:

	March 31, 2025	March 31, 2024
Parliamentary appropriations	\$ 59,665	\$ 120,663
GST and HST recoverable	12,248	7,906
Screening services - other	5,254	-
PST recoverable	3,204	1,467
	\$ 80,371	\$ 130,036

Screening services – other, relates to screening equipment in support of a cost recovery memorandum of understanding.

5. Property and equipment

A reconciliation of property and equipment is as follows:

	PBS Equipment	HBS Equipment	NPS Equipment	RAIC Equipment	Computer, Electronic & Other Equipment	Leasehold Improve- ments	Work-in- progress	Total
Cost as at April 1, 2024	\$ 167,117	\$ 663,845	\$ 20,611	\$ 3,429	\$ 27,992	\$ 7,177	\$ 16,175	\$ 906,346
Additions	21,877	9,557	458	492	1,563	730	37,737	72,414
Disposals/ Write-offs	(12,392)	(111)	(152)	(14)	(3,373)	(119)	(360)	(16,521)
Transfers	7,889	2,095	1,356	354	1,624	-	(13,318)	-
Cost as at March 31, 2025	\$ 184,491	\$ 675,386	\$ 22,273	\$ 4,261	\$ 27,806	\$ 7,788	\$ 40,234	\$ 962,239
Accumulated depreciation as at April 1, 2024	\$ 117,663	\$ 389,571	\$ 17,104	\$ 1,111	\$ 20,005	\$ 5,166	\$ -	\$ 550,620
Depreciation	7,883	32,523	675	635	3,144	685	-	45,545
Disposals/ Write-offs	(12,388)	(100)	(152)	(14)	(3,307)	(119)	-	(16,080)
Accumulated depreciation as at March 31, 2025	\$ 113,158	\$ 421,994	\$ 17,627	\$ 1,732	\$ 19,842	\$ 5,732	\$ -	\$ 580,085
Carrying amounts as at March 31, 2025	\$ 71,333	\$ 253,392	\$ 4,646	\$ 2,529	\$ 7,964	\$ 2,056	\$ 40,234	\$ 382,154

Canadian Air Transport Security Authority

Notes to the Financial Statements for the Year ended March 31, 2025

(In thousands of Canadian dollars)

	PBS Equipment	HBS Equipment	NPS Equipment	RAIC Equipment	Computer, Electronic & Other Equipment	Leasehold Improve- ments	Work-in- progress	Total
Cost as at April 1, 2023	\$ 163,194	\$ 658,885	\$ 20,722	\$ 3,332	\$ 28,311	\$ 8,009	\$ 11,868	\$ 894,321
Additions	2,828	9,120	-	1,970	1,803	1,169	12,257	29,147
Disposals/ Write-offs	(1,428)	(7,707)	(111)	(1,873)	(3,803)	(2,200)	-	(17,122)
Transfers	2,523	3,547	-	-	1,681	199	(7,950)	-
Cost								
as at March 31, 2024	\$ 167,117	\$ 663,845	\$ 20,611	\$ 3,429	\$ 27,992	\$ 7,177	\$ 16,175	\$ 906,346
Accumulated depreciation								
as at April 1, 2023	\$ 113,594	\$ 366,901	\$ 16,563	\$ 2,358	\$ 20,697	\$ 6,953	\$ -	\$ 527,066
Depreciation	5,372	30,204	652	395	3,069	410	-	40,102
Disposals/ Write-offs	(1,303)	(7,534)	(111)	(1,642)	(3,761)	(2,197)	-	(16,548)
Accumulated depreciation								
as at March 31, 2024	\$ 117,663	\$ 389,571	\$ 17,104	\$ 1,111	\$ 20,005	\$ 5,166	\$ -	\$ 550,620
Carrying amounts								
as at March 31, 2024	\$ 49,454	\$ 274,274	\$ 3,507	\$ 2,318	\$ 7,987	\$ 2,011	\$ 16,175	\$ 355,726

Canadian Air Transport Security Authority

Notes to the Financial Statements for the Year ended March 31, 2025

(In thousands of Canadian dollars)

6. Intangible assets

A reconciliation of intangible assets is as follows:

	Externally acquired software	Internally developed software	Under develop- ment	Total
Cost as at April 1, 2024	\$ 13,857	\$ 16,760	\$ 89	\$ 30,706
Additions	16	400	613	1,029
Transfers	33	57	(90)	-
Cost as at March 31, 2025	\$ 13,906	\$ 17,217	\$ 612	\$ 31,735
Accumulated amortization as at April 1, 2024	\$ 6,789	\$ 9,757	\$ -	\$ 16,546
Amortization	994	1,316	-	2,310
Accumulated amortization as at March 31, 2025	\$ 7,783	\$ 11,073	\$ -	\$ 18,856
Carrying amounts as at March 31, 2025	\$ 6,123	\$ 6,144	\$ 612	\$ 12,879
	Externally acquired software	Internally developed software	Under develop- ment	Total
Cost as at April 1, 2023	\$ 10,538	\$ 20,442	\$ -	\$ 30,980
Additions	3,334	303	89	3,726
Write-offs	(15)	(3,985)	-	(4,000)
Cost as at March 31, 2024	\$ 13,857	\$ 16,760	\$ 89	\$ 30,706
Accumulated amortization as at April 1, 2023	\$ 5,989	\$ 12,159	\$ -	\$ 18,148
Amortization	814	1,583	-	2,397
Write-offs	(14)	(3,985)	-	(3,999)
Accumulated amortization as at March 31, 2024	\$ 6,789	\$ 9,757	\$ -	\$ 16,546
Carrying amounts as at March 31, 2024	\$ 7,068	\$ 7,003	\$ 89	\$ 14,160

Canadian Air Transport Security Authority

Notes to the Financial Statements for the Year ended March 31, 2025

(In thousands of Canadian dollars)

7. Leases

Right-of-use assets

A reconciliation of right-of-use assets is as follows:

	Office space	Data centres	Total
Balance, April 1, 2024	\$ 16,377	\$ 682	\$ 17,059
Additions	2,667	-	2,667
Decreases	(307)	-	(307)
Depreciation	(2,545)	(210)	(2,755)
Balance, March 31, 2025	\$ 16,192	\$ 472	\$ 16,664
Balance, April 1, 2023	\$ 12,688	\$ 893	\$ 13,581
Additions	6,264	-	6,264
Depreciation	(2,575)	(211)	(2,786)
Balance, March 31, 2024	\$ 16,377	\$ 682	\$ 17,059

Lease liabilities

CATSA has included extension options in the measurement of its lease liabilities when it is reasonably certain to exercise the extension option.

A reconciliation of lease liabilities is as follows:

	March 31, 2025	March 31, 2024
Balance, beginning of year	\$ 19,197	\$ 14,485
Additions	2,667	6,264
Lease payments (note 10)	(3,242)	(2,058)
Finance costs	674	506
Decreases	(307)	-
Foreign exchange revaluation	12	-
Balance, end of year	\$ 19,001	\$ 19,197
Balance, end of year		
Current	\$ 3,263	\$ 2,389
Non-current	15,738	16,808

Canadian Air Transport Security Authority

Notes to the Financial Statements for the Year ended March 31, 2025

(In thousands of Canadian dollars)

CATSA recognized the following expenses not included in the measurement of the lease liabilities for the years ended:

	March 31, 2025	March 31, 2024
Variable lease payments ¹	\$ 2,486	\$ 1,737
Short-term leases	166	423
Low value leases	49	48
Other lease costs (note 11)	\$ 2,701	\$ 2,208

¹ Variable lease payments include operating costs, property taxes, insurance, and other service-related costs.

For the year ended March 31, 2025, CATSA recognized a total cash outflow for leases of \$5,943 (2024 – \$4,266).

The following table presents the undiscounted cash flows for contractual lease obligations:

	March 31, 2025	March 31, 2024
Less than one year	\$ 5,957	\$ 4,998
One to five years	10,257	12,658
Greater than five years	471	757
	\$ 16,685	\$ 18,413

8. Employee benefits

Post-employment benefit plans overview

CATSA maintains three post-employment benefit plans:

- A registered pension plan (RPP), which is registered with the Office of the Superintendent of Financial Institutions and with the Canada Revenue Agency (CRA) and contains both a defined benefit and a defined contribution component;
- A supplementary retirement plan (SRP), which supplements the defined benefit component of the RPP for benefits limited by the *Income Tax Act* (Canada) and is funded by a retirement compensation arrangement regulated by the CRA; and
- An other defined benefits plan (ODBP), which includes life insurance and eligible health and dental benefits.

CATSA's defined benefit pension plans consist of the defined benefit component of the RPP and the SRP. Pension benefits are based on the average of the best five consecutive years of pensionable salary and are indexed to the rate of inflation. CATSA's defined contribution pension plan consists of the defined contribution component of the RPP. Upon retirement, all full-time and part-time indeterminate employees,

Canadian Air Transport Security Authority

Notes to the Financial Statements for the Year ended March 31, 2025

(In thousands of Canadian dollars)

when taking an immediate pension, are eligible for the ODBP. Defined contribution pension plan members must be 60 years old and with minimum two years of service to be eligible for the ODBP.

The defined benefit pension plans' funds are held in external trusts that are legally separate from CATSA. Benefits are paid directly from the trusts. Both employer and employee contributions to the defined benefit pension plans are made in accordance with the provisions of the plans. In addition, contributions are determined by actuarial valuations in accordance with applicable legislation. On July 1, 2013, the defined benefit pension plans were closed to new employees.

Effective July 1, 2024, the CRA, in accordance with the Income Tax Act and the plan's funding level, required CATSA to take a forced employer contribution holiday to the RPP (defined benefit component only).

CATSA maintains a defined contribution pension plan for employees hired on or after July 1, 2013. Enrollment in this plan is mandatory for full-time indeterminate employees, as well as part-time indeterminate employees working an average of more than 20 hours per week. Under this plan, CATSA and its employees are required to contribute a specified percentage of salaries to fund the benefits, with optional contributions for employees matched at various levels by the employer based on years of service. CATSA's financial obligation is limited to matching employee contributions, as outlined in the provisions of the plan.

Post-employment benefit plans' risks

The defined benefit plans expose CATSA to actuarial risks such as inflation risk, interest rate risk, investment risk, longevity risk, medical claim rates risk and salary risk. In addition, the closed nature of the defined benefit pension plans will create a rise in future service costs as the plan members age. Current cost sharing provisions also increased employee contributions to a level beyond what is permitted by the *Income Tax Regulations*. CATSA obtained a waiver to exceed permitted limits from the CRA up to December 31, 2026.

Canadian Air Transport Security Authority

Notes to the Financial Statements for the Year ended March 31, 2025

(In thousands of Canadian dollars)

Employee benefits assets and liabilities

The following provides a reconciliation between the defined benefit plans' assets, the defined benefit plans' liabilities and the surplus or deficit status of the defined benefit plans, to the net employee benefits asset or liability presented in the Statement of Financial Position for the years ended:

	March 31					
	RPP		SRP		ODBP	
	2025	2024	2025	2024	2025	2024
Fair value of plan assets						
Balance, beginning of year	\$ 274,843	\$ 254,821	\$ 9,008	\$ 8,131	\$ -	\$ -
Included in financial performance						
Interest income	13,428	12,544	442	401	-	-
Administration costs	(325)	(325)	(25)	(25)	-	-
Included in other comprehensive income						
Remeasurement gains						
Return on assets excluding interest income	12,590	4,988	283	471	-	-
Other						
CATSA contributions	1,093	4,065	481	207	279	252
Plan participant contributions	2,737	2,895	29	26	-	-
Benefit payments and transfers	(6,101)	(4,145)	(217)	(203)	(279)	(252)
Balance, end of year	\$ 298,265	\$ 274,843	\$ 10,001	\$ 9,008	\$ -	\$ -
Present value of defined benefit liabilities						
Balance, beginning of year	\$ 219,411	\$ 204,387	\$ 7,352	\$ 6,461	\$ 18,484	\$ 16,544
Included in financial performance						
Current service cost	5,196	4,982	122	130	528	484
Interest expense	11,004	10,288	362	321	922	826
Included in other comprehensive income						
Remeasurement losses (gains)						
Actuarial losses arising from changes in demographic assumptions	9,219	-	468	-	573	-
Actuarial (gains) losses arising from changes in financial assumptions	(2,921)	398	266	10	2,214	880
Actuarial (gains) losses arising from experience adjustments	(3,671)	606	201	607	3	2
Other						
Plan participant contributions	2,737	2,895	29	26	-	-
Benefit payments and transfers	(6,101)	(4,145)	(217)	(203)	(279)	(252)
Balance, end of year	\$ 234,874	\$ 219,411	\$ 8,583	\$ 7,352	\$ 22,445	\$ 18,484
Net employee benefits asset (liability)	\$ 63,391	\$ 55,432	\$ 1,418	\$ 1,656	\$ (22,445)	\$ (18,484)

Canadian Air Transport Security Authority

Notes to the Financial Statements for the Year ended March 31, 2025

(In thousands of Canadian dollars)

	March 31, 2025	March 31, 2024
Employee benefits asset, end of year		
RPP	\$ 63,391	\$ 55,432
SRP	1,418	1,656
	64,809	57,088
Employee benefits liability, end of year		
ODBP	(22,445)	(18,484)
	(22,445)	(18,484)
Employee benefits - net asset, end of year	\$ 42,364	\$ 38,604

Employee benefits costs

The elements of employee benefits costs are as follows for the year ended:

	March 31							
	RPP		SRP		ODBP		Total	
	2025	2024	2025	2024	2025	2024	2025	2024
Defined benefit cost (income) recognized in financial performance								
Current service cost	\$ 5,196	\$ 4,982	\$ 122	\$ 130	\$ 528	\$ 484	\$ 5,846	\$ 5,596
Administration costs	325	325	25	25	-	-	350	350
Interest cost on defined benefit obligation	11,004	10,288	362	321	922	826	12,288	11,435
Interest income on plan assets	(13,428)	(12,544)	(442)	(401)	-	-	(13,870)	(12,945)
	\$ 3,097	\$ 3,051	\$ 67	\$ 75	\$ 1,450	\$ 1,310	\$ 4,614	\$ 4,436
Remeasurement of defined benefit plans recognized in other comprehensive income								
Return on plan assets excluding interest income	\$ 12,590	\$ 4,988	\$ 283	\$ 471	\$ -	\$ -	\$ 12,873	\$ 5,459
Actuarial losses	(2,627)	(1,004)	(935)	(617)	(2,790)	(882)	(6,352)	(2,503)
	\$ 9,963	\$ 3,984	\$ (652)	\$ (146)	\$ (2,790)	\$ (882)	\$ 6,521	\$ 2,956

Defined benefit cost is recognized in employee costs in note 11, and allocated among the program expenses in the Statement of Comprehensive Income (Loss).

Canadian Air Transport Security Authority

Notes to the Financial Statements for the Year ended March 31, 2025
(In thousands of Canadian dollars)

Composition of plan assets

Based on the fair value at March 31, defined benefit plans' assets are comprised of:

	RPP		SRP		Total	
	2025	2024	2025	2024	2025	2024
Investment funds						
Equity securities						
Canadian equity funds	\$ 36,741	\$ 40,848	\$ 2,045	\$ 1,617	\$ 38,786	\$ 42,465
U.S. equity fund	55,788	-	1,987	1,916	57,775	1,916
International equity funds	53,635	108,238	1,930	1,736	55,565	109,974
Debt securities						
Canadian bond fund	90,843	95,459	-	-	90,843	95,459
Real estate	31,169	30,298	-	-	31,169	30,298
Infrastructure	29,924	-	-	-	29,924	-
CRA refundable tax account	-	-	4,039	3,739	4,039	3,739
Cash and cash equivalents¹	165	-	-	-	165	-
Total plan assets, end of year	\$ 298,265	\$ 274,843	\$ 10,001	\$ 9,008	\$ 308,266	\$ 283,851

¹ Cash and cash equivalents consist of in-transit deposits.

The fair value of all equity, debt, real estate securities, and listed infrastructure is determined based on quoted market prices in active markets. The assets held by the CRA in the refundable tax account are held in a non-interest bearing account. The fair value is based on the amounts transferred into the refundable tax account held by the CRA.

On a regular basis, an asset-liability modelling study is performed, which analyzes the timing and magnitude of future cash outflows of the defined benefit component of the RPP. It suggests an optimal investment structure to maximize investment returns while minimizing risk associated with the fluctuation of the benefit obligation due to variations in interest rates. As the obligation has similar characteristics to debt securities, the partial de-risking of the funded position is achieved via investments in debt securities while other types of investments are selected to increase the returns of the plan. This reduces the risk associated with the volatility of the funded position while not impairing future investment returns.

Canadian Air Transport Security Authority

Notes to the Financial Statements for the Year ended March 31, 2025

(In thousands of Canadian dollars)

Actuarial assumptions and sensitivity analysis

The actuarial assumptions used to determine the present value of the obligations are management's best estimates. They are established based on market expectations at the end of the reporting period, for the period over which the obligations are to be settled. The significant weighted average assumptions used to determine CATSA's liabilities are as follows:

	RPP		SRP		ODBP	
	2025	2024	2025	2024	2025	2024
Present value of defined benefit liability						
Discount rate	4.80 %	4.90 %	4.80 %	4.90 %	4.80 %	4.90 %
Rate of compensation increase (April 1)						
2024	N/A	5.50 %	N/A	5.50 %	N/A	5.50 %
2025 and beyond	3.50 %	4.00 %	3.50 %	4.00 %	3.50 %	4.00 %
Inflation (calendar year)						
2024	N/A	2.50 %	N/A	2.50 %	N/A	2.50 %
2025 and beyond	2.00 %	2.00 %	2.00 %	2.00 %	2.00 %	2.00 %
Mortality table ^{1 & 2}	CPM2014 Publ	CPM2014 Publ	CPM2014 Publ	CPM2014 Publ	CPM2014 Publ	CPM2014 Publ
Benefit costs						
Discount rate	4.90 %	4.90 %	4.90 %	4.90 %	4.90 %	4.90 %
Inflation (calendar year)						
2023	N/A	3.70 %	N/A	3.70 %	N/A	3.70 %
2024	2.50 %	2.20 %	2.50 %	2.20 %	2.50 %	2.20 %
2025 and beyond	2.00 %	2.00 %	2.00 %	2.00 %	2.00 %	2.00 %
Assumed medical cost trend rates						
Initial medical cost trend rate					4.98 %	5.00 %
Ultimate medical cost trend rate					3.93 %	3.92 %
Year ultimate reached					2040	2040

¹ 2025: Canadian Pensioners' Mortality 2014 - Public Sector, projected with improvement scale MI-2024 (100% / 95% load for males / females).

² 2024: Canadian Pensioners' Mortality 2014 - Public Sector, projected with improvement scale CPM-B.

Canadian Air Transport Security Authority

Notes to the Financial Statements for the Year ended March 31, 2025

(In thousands of Canadian dollars)

The sensitivity analysis below was determined based on changes to the respective assumptions occurring at March 31, 2025, while holding all other assumptions constant:

	Change	Increase (decrease) in the defined benefit liabilities
Increase in discount rate	1%	\$ (43,668)
Decrease in discount rate	1%	57,404
Increase in long-term rate of compensation increase	1%	13,870
Decrease in long-term rate of compensation increase	1%	(12,133)
Increase in inflation	1%	37,975
Decrease in inflation	1%	(30,783)
Increase in life expectancy	1 year	5,811
Decrease in life expectancy	1 year	(6,130)
Increase in assumed medical cost trend rate	1%	3,599
Decrease in assumed medical cost trend rate	1%	(2,788)

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that a change in assumptions would occur in isolation, as some of the assumptions may be correlated.

Future expected contributions

Under current legislation and regulations, the funding valuation of CATSA's RPP is required to be filed annually, unless the ratio of the solvency plan assets to solvency liabilities is 1.2 or greater, in which case it would be required at least every three years. In the event of a solvency or going-concern deficit, regulatory authorities require special contributions to be made over specified future periods.

There is no current legislative or regulatory requirement to file a funding valuation for CATSA's SRP or ODBP. However, CATSA's internal policy expects that a funding valuation for the SRP will be performed whenever CATSA performs a funding valuation for the RPP.

Canadian Air Transport Security Authority

Notes to the Financial Statements for the Year ended March 31, 2025

(In thousands of Canadian dollars)

The most recent actuarial valuations for funding purposes, and the next required actuarial valuations, are as follows:

	Most recent actuarial valuation for funding purposes	Next required actuarial valuation for funding purposes
RPP	December 31, 2023	December 31, 2024
SRP	December 31, 2023	December 31, 2024
ODBP	N/A	N/A

CATSA estimates that cash payments to be made to its funded defined benefit pension plans for the year ending March 31, 2026, will total \$2,985, and consist of CATSA contributions of \$286 and plan participant contributions of \$2,699.

Cash payments to be made to the unfunded ODBP for the year ending March 31, 2026, will be equal to the benefits paid to plan participants. CATSA estimates that cash payments to be made to the ODBP for the year ending March 31, 2026, will total \$453.

As at March 31, 2025, the weighted average duration of the defined benefit obligation for the RPP, the SRP and the ODBP was 18.7 years (2024 – 18.0 years), 17.2 years (2024 – 17.2 years) and 19.6 years (2024 – 18.9 years), respectively.

Employee costs

The following table provides a breakdown of employee costs for the years ended:

	March 31, 2025	March 31, 2024
Employee costs (excluding post-employment and termination benefits)	\$ 73,779	\$ 65,450
Post-employment benefits		
Defined benefit pension plans and other defined benefits plan	4,614	4,436
Defined contribution pension plan	1,787	1,499
Termination benefits	23	54
Total employee costs (note 11)	\$ 80,203	\$ 71,439

Canadian Air Transport Security Authority

Notes to the Financial Statements for the Year ended March 31, 2025

(In thousands of Canadian dollars)

9. Provisions and contingencies

Several claims, audits and legal proceedings have been asserted or instituted against CATSA. By nature, these amounts are subject to many uncertainties and the outcome of the individual matters is not always predictable. As at March 31, 2025, claims, audits and legal proceedings are not expected, individually or in the aggregate, to have a material adverse effect on the financial statements.

Provisions

During the year ended March 31, 2025, there were no amounts recorded as a provision.

Contingencies – Decommissioning costs

CATSA has identified contingent liabilities associated with the restoration of facilities contractually required under lease agreements, as well as the removal of Explosives Detection Systems equipment from airports across Canada, some of which contain hazardous materials. Since it is not probable that an outflow of economic resources will be required to settle these legal obligations, no provision has been recorded in the financial statements. Should the probabilities change in the future, the maximum undiscounted cash flow required to settle these liabilities between 2025/26 and 2036/37 (2024 – 2024/25 and 2036/37) is estimated to be \$3,123 (2024 – \$3,154).

10. Government funding

Government funding

Parliamentary appropriations were as follows for the years ended:

	March 31, 2025	March 31, 2024
Main estimates	\$ 1,194,374	\$ 561,429
Supplementary estimates	16,461	513,086
Total voted appropriations	1,210,835	1,074,515
Capital reprofile to future year - in progress ¹	(33,720)	(45,945)
Unused portion of parliamentary appropriations	(98,449)	(57,907)
Total parliamentary appropriations used	\$ 1,078,666	\$ 970,663

¹ The capital reprofile in progress for the year ended March 31, 2024, was approved during the year ended March 31, 2025.

Canadian Air Transport Security Authority

Notes to the Financial Statements for the Year ended March 31, 2025

(In thousands of Canadian dollars)

Parliamentary appropriations used to fund operating expenses and capital expenditures were as follows for the years ended:

	March 31, 2025	March 31, 2024
Parliamentary appropriations used to fund operating expenses	\$ 1,006,527	\$ 935,807
Parliamentary appropriations used to fund capital expenditures	68,897	32,798
Parliamentary appropriations for lease payments	3,242	2,058
Total parliamentary appropriations used	\$ 1,078,666	\$ 970,663

Deferred government funding

A reconciliation of the deferred government funding liability is as follows:

	March 31, 2025	March 31, 2024
Deferred government funding related to operating expenses		
Balance, beginning of year	\$ 22,968	\$ 19,253
Parliamentary appropriations used to fund operating expense	1,006,527	935,807
Parliamentary appropriations for operating expenses recognized in financial performance	(1,002,116)	(932,092)
Balance, end of year	\$ 27,379	\$ 22,968
Deferred government funding related to capital expenditures		
Balance, beginning of year	\$ 368,994	\$ 379,180
Parliamentary appropriations used to fund capital expenditures	68,897	32,798
Amortization of deferred government funding related to capital expenditures recognized in financial performance	(48,201)	(42,984)
Balance, end of year	\$ 389,690	\$ 368,994
Total deferred government funding, end of year	\$ 417,069	\$ 391,962

Canadian Air Transport Security Authority

Notes to the Financial Statements for the Year ended March 31, 2025

(In thousands of Canadian dollars)

11. Expenses

The Statement of Comprehensive Income (Loss) presents operating expenses by program activity. The following table presents operating expenses by major expense type for the years ended:

	March 31, 2025	March 31, 2024
Screening services and other related costs		
Payments to screening contractors	\$ 826,512	\$ 763,816
Uniforms and other screening costs	10,637	12,984
Trace and consumables	6,661	5,563
	843,810	782,363
Equipment operating and maintenance		
Equipment maintenance and spare parts	51,516	48,073
Training and certification	1,568	768
RAIC	1,091	1,121
	54,175	49,962
Program support and corporate services		
Employee costs (note 8)	80,203	71,439
Office and computer expenses	12,613	13,740
Other administrative costs ¹	7,497	7,050
Professional services and other business related costs ²	6,787	7,061
Other lease costs (note 7)	2,701	2,208
Communications and public awareness	942	1,139
	110,743	102,637
Depreciation and amortization		
Depreciation of property and equipment (note 5)	45,545	40,102
Depreciation of right-of-use assets (note 7)	2,755	2,786
Amortization of intangible assets (note 6)	2,310	2,397
	50,610	45,285
	\$ 1,059,338	\$ 980,247

¹ Other administrative costs include insurance, network and telephone expenses, and facilities maintenance.

² Other business related costs include travel expenses, conference fees, membership and association fees, and meeting expenses.

Canadian Air Transport Security Authority

Notes to the Financial Statements for the Year ended March 31, 2025

(In thousands of Canadian dollars)

12. Fair values and risks arising from financial instruments

Fair values of derivative financial instruments

Derivative financial instruments include foreign exchange forward contracts that are measured at fair value on a recurring basis. Financial instruments recorded at fair value use a hierarchy to categorize inputs used in valuation techniques. The fair value hierarchy gives the highest priority to quoted prices and the lowest priority to unobservable inputs, with Level 1 being the highest and Level 3 being the lowest. CATSA's derivative financial instruments are categorized as Level 2, based on observable inputs other than quoted prices.

The carrying amount and fair value amount of CATSA's derivative financial instruments are equal to one another. Fair value is based on a discounted cash flow model based on observable inputs. There were no transfers between levels during the years ended March 31, 2025, or 2024.

Financial risk factors

CATSA is exposed to a variety of financial risks: market risk, liquidity risk and credit risk.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. CATSA's key market risk relates to currency risk, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. CATSA is exposed to currency risk on its trade and other payables denominated in a currency other than the Canadian dollar (CAD), which is the functional currency of CATSA. The risk arises mainly from transactions denominated in United States dollars (USD). CATSA's policy on currency risk requires that CATSA minimize currency risk to protect the value of foreign cash flows, both committed and anticipated, from the impact of exchange rate fluctuations. To that end, CATSA has implemented a strategy to help mitigate this risk by entering into foreign exchange forward contracts.

The following table provides the total foreign currency exposure related to amounts recorded in trade and other payables denominated in the USD and their CAD equivalent:

		USD		CAD
March 31, 2025	\$	429	\$	617
March 31, 2024		219		297

Assuming all other variables remain constant, a 5% depreciation or appreciation of the USD against the CAD would result in an increase or decrease in financial performance of \$31 (2024 – \$15).

Canadian Air Transport Security Authority

Notes to the Financial Statements for the Year ended March 31, 2025
(In thousands of Canadian dollars)

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are to be settled by delivering cash or another financial asset. Liquidity risk is low since CATSA does not have debt instruments to service and receives regular funding from the Government of Canada. CATSA manages its liquidity risk by preparing and monitoring forecasts of cash flows for anticipated operating and investing activities. Also, the Board of Directors reviews and approves CATSA's operating and capital budgets.

The following table summarizes the contractual maturities of these financial liabilities:

	Less than 3 months	3 months to 1 year	Greater than 1 year	Total at March 31, 2025
Trade and other payables	\$ 125,660	\$ 57,234	\$ 55	\$ 182,949
Holdbacks	35	-	-	35
Derivative financial liabilities ¹				
Gross settled – cash inflow	(5,252)	(11,730)	-	(16,982)
Gross settled – cash outflow	5,255	11,785	-	17,040
	Less than 3 months	3 months to 1 year	Greater than 1 year	Total at March 31, 2024
Trade and other payables	\$ 122,154	\$ 18,060	\$ -	\$ 140,214
Holdbacks	135	7	-	142
Derivative financial liabilities ¹				
Gross settled – cash inflow	(4,034)	(12,222)	(1,358)	(17,614)
Gross settled – cash outflow	4,046	12,292	1,368	17,706

¹ Derivative financial liabilities include CATSA's foreign exchange forward contracts.

CATSA's strategy for managing liquidity risk remains unchanged from March 31, 2024.

Credit risk

Credit risk is the risk that a counterparty will default on its contractual obligations resulting in financial loss to CATSA. As a means of mitigating risk of financial loss from defaults, CATSA has adopted a practice of only extending credit to creditworthy counterparties. CATSA's exposure and the creditworthiness of its counterparties are continuously monitored. As required, CATSA establishes a credit loss provision that reflects the estimated lifetime credit loss of receivables.

CATSA is exposed to credit risk through its cash, screening services - other receivables and foreign exchange forward contracts. The maximum exposure as at March 31, 2025, and 2024, was the carrying

Canadian Air Transport Security Authority

Notes to the Financial Statements for the Year ended March 31, 2025

(In thousands of Canadian dollars)

value of these assets. CATSA minimizes its credit risk by dealing only with reputable and high-quality financial institutions and as such is not subject to any significant concentration of credit risk.

13. Contractual commitments

In the normal course of operations, CATSA enters into contractual commitments for the supply of goods and services. These contractual commitments are subject to authorized appropriations and termination rights which allow CATSA to terminate the contracts without penalty at its discretion. The most significant commitments relate to contracts signed with screening contractors for the provision of screening services, as well as with vendors for screening equipment maintenance and spare parts.

The following table provides the remaining pre-tax balance on these contractual commitments:

	March 31, 2025	March 31, 2024
Payments to screening contractors	\$ 3,898,210	\$ 4,691,037
Equipment maintenance and spare parts	113,112	119,604
Property and equipment, and intangible assets	48,722	41,914
Uniforms and other screening costs	17,244	24,232
Other	13,603	20,000
Employee costs	9,262	14,654
	\$ 4,100,153	\$ 4,911,441

Canadian Air Transport Security Authority

Notes to the Financial Statements for the Year ended March 31, 2025
(In thousands of Canadian dollars)

14. Related party transactions

CATSA had the following significant transactions with related parties during the year.

Government of Canada, its agencies and other Crown corporations

CATSA is wholly owned by the Government of Canada, and is under common control with other Government of Canada departments, agencies and Crown corporations. CATSA enters into transactions with these entities in the normal course of operations. These related party transactions are based on normal trade terms applicable to all individuals and corporations.

CATSA's primary source of funding is parliamentary appropriations received from the Government of Canada, as disclosed in note 10. Parliamentary appropriations receivable are included in trade and other receivables, and disclosed in note 4.

Key management personnel

As at March 31, 2025, key management personnel of CATSA are composed of 11 (2024 – 10) Board members and six (2024 – five) members of the senior management team.

The compensation of Board members and other members of key management is as follows for the years ended:

	March 31, 2025	March 31, 2024
Salaries, other short-term employee benefits and termination benefits	\$ 2,202	\$ 1,875
Post-employment benefits	319	238
	\$ 2,521	\$ 2,113

Other than the above compensation, there were no other related party transactions involving key management personnel and their close family members for the years ended March 31, 2025, or 2024.

Transactions with CATSA's post-employment benefit plans

Transactions with the RPP, SRP and ODBP are conducted in the normal course of business. The transactions with CATSA's post-employment benefit plans consist of contributions as determined by actuarial valuations, as disclosed in note 8. There were no other transactions during the years ended March 31, 2025, or 2024.

Canadian Air Transport Security Authority

Notes to the Financial Statements for the Year ended March 31, 2025

(In thousands of Canadian dollars)

15. Capital management

As a federal Crown corporation, CATSA is subject to the FAA which, in general, restricts it from borrowing money. CATSA relies upon appropriations from Parliament to support its financial obligations and strategic requirements.

The primary objective in managing capital is to provide sufficient liquidity to support CATSA's financial obligations and its operating and strategic plans. CATSA manages its capital in accordance with relevant Treasury Board of Canada Secretariat directives, in that appropriated funds are drawn from the Consolidated Revenue Fund for the purpose of meeting short-term funding requirements. CATSA's objectives, policies and processes for managing capital remain unchanged from March 31, 2024.

CATSA's capital is comprised of cash, trade and other receivables, trade and other payables, current holdbacks, and current lease liabilities. CATSA is not subject to externally imposed capital requirements.

16. Supplementary cash flow information

The following table presents the net change in working capital balances for the years ended:

	March 31, 2025	March 31, 2024
Trade and other receivables ¹	\$ 53,447	\$ 6,646
Inventories ²	(3,422)	(2,735)
Prepays	(97)	(672)
Trade and other payables ³	23,220	(12,426)
Holdbacks ⁴	-	(10)
Deferred government funding related to operating expenses	4,411	3,715
Deferred revenue - screening services - other ⁵	77	-
	\$ 77,636	\$ (5,482)

¹ The change in trade and other receivables excludes an amount of \$3,782 (2024 – \$7,205) in relation to government funding for capital expenditures, as the amount relates to investing activities.

² The change in inventories excludes an amount of \$892 (2024 – \$308) resulting from net write-ups (down) of inventories. The amount is included as part of other non-cash transactions on the Statement of Cash Flows.

³ The change in trade and other payables excludes an amount of \$19,515 (2024 – \$10,750) in relation to the acquisition of property and equipment and intangible assets, as the amount relates to investing activities.

⁴ The change in holdbacks excludes an amount of \$107 (2024 – \$1,666) in relation to the acquisition of property and equipment, as the amount relates to investing activities.

⁵ The change in Deferred Revenue excludes an amount of \$4,494 (2024 – \$Nil) in relation to the acquisition of property and equipment, as the amount relates to investing activities.

For more information, please visit CATSA's website: www.catsa.gc.ca

Alternative formats such as braille, large print, and audio of the 2025 Annual Report can be made available upon request.

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