



Quarterly Financial Report

For the Three and Nine Months Ended
December 31, 2024



Management’s Narrative Discussion	1
Statement of Management Responsibility	9
Condensed Interim Financial Statements (Unaudited).....	10

Canadian Air Transport Security Authority
Management's Narrative Discussion
For The Three and Nine Month Ended December 31, 2024

Management's Narrative Discussion outlines the significant activities and initiatives, risks and financial results of the Canadian Air Transport Security Authority (CATSA) for the three and nine months ended December 31, 2024. This Narrative Discussion should be read in conjunction with CATSA's unaudited condensed interim financial statements for the three and nine months ended December 31, 2024, which have been prepared in accordance with Section 131.1 of the *Financial Administration Act* (FAA) and International Accounting Standard 34 *Interim Financial Reporting* (IAS 34). This Narrative Discussion should also be read in conjunction with CATSA's *2024 Annual Report*, the *Quarterly Financial Report for the three months ended June 30, 2024*, and the *Quarterly Financial Report for the three and six months ended September 30, 2024*. The information in this report is expressed in thousands of Canadian dollars and is current to February 25, 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.

Corporate Overview

Established on April 1, 2002, CATSA is an agent Crown corporation and is accountable to Parliament through the Minister of Transport. CATSA's mission is to protect the travelling public by providing the highest level of aviation security screening.

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.

In addition to its mandated activities, CATSA has an agreement with Transport Canada (TC) 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. There are currently no such arrangements in place.

Operating Environment

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, supports the delivery of target wait time service level in 2024/25 and 2025/26, and allows CATSA to plan for the longer-term. 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 screened traffic across Canada increased from approximately 15.9 million passengers for the three months ended December 31, 2023, to 16.8 million passengers for the three months ended December 31, 2024. CATSA works closely with its screening contractors, TC and external partners to support the aviation industry.

Airport Screening Services Contracts

Effective April 1, 2024, CATSA began new airport screening services contracts with its Screening Contractors. The term of the new contracts is from April 1, 2024 to March 31, 2029, and they are renewable for two additional five-year periods at CATSA's discretion. CATSA's Screening Contractors are responsible for delivering screening services at designated airports across Canada under these contracts.

Risks and Uncertainties

CATSA maintains effective corporate risk management to ensure that risks are identified, assessed and managed appropriately. A full assessment of CATSA's corporate risks, potential impacts and risk mitigations is disclosed in CATSA's *2024 Annual Report*.

During the three months ended December 31, 2024, CATSA's risk relating to its dependence on outsourced screening services, equipment maintenance or major suppliers was identified as trending lower due to the completion of the transitions to the new airport screening services contracts and CATSA's main equipment maintenance service provider.

There have been no other significant changes to the corporate risk profile.

Analysis of Financial Results

Condensed Interim Statement of Comprehensive Income (Loss)

The following section provides information on key variances within the Condensed Interim Statement of Comprehensive Income (Loss) for the three and nine months ended December 31, 2024, and December 31, 2023.

Key Financial Highlights - Condensed Interim Statement of Comprehensive Income (Loss)								
(Thousands of Canadian dollars)	Three months ended December 31				Nine months ended December 31			
(Unaudited)	2024	2023	\$ Change	% Change	2024	2023	\$ Change	% Change
Expenses ¹								
Screening services and other related costs	\$ 213,546	\$ 196,089	\$ 17,457	8.9%	\$ 623,828	\$ 583,235	\$ 40,593	7.0%
Equipment operating and maintenance	12,103	12,097	6	0.0%	38,761	36,243	2,518	6.9%
Program support and corporate services	28,023	25,718	2,305	9.0%	80,067	72,889	7,178	9.8%
Depreciation and amortization	13,094	11,266	1,828	16.2%	37,259	33,730	3,529	10.5%
Total expenses	266,766	245,170	21,596	8.8%	779,915	726,097	53,818	7.4%
Other expenses (income)	(756)	840	(1,596)	(190.0%)	(501)	992	(1,493)	(150.5%)
Financial performance before revenue and government funding	266,010	246,010	20,000	8.1%	779,414	727,089	52,325	7.2%
Revenue	721	772	(51)	(6.6%)	2,607	2,269	338	14.9%
Government funding								
Parliamentary appropriations for operating expenses	250,639	232,364	18,275	7.9%	733,369	686,087	47,282	6.9%
Amortization of deferred government funding related to capital expenditures	12,746	10,663	2,083	19.5%	35,515	31,610	3,905	12.4%
Parliamentary appropriations for lease payments	804	401	403	100.5%	2,382	1,462	920	62.9%
Total government funding	264,189	243,428	20,761	8.5%	771,266	719,159	52,107	7.2%
Financial performance	\$ (1,100)	\$ (1,810)	\$ 710	39.2%	\$ (5,541)	\$ (5,661)	\$ 120	2.1%
Other comprehensive income (loss)	5,799	(20,021)	25,820	129.0%	9,710	(10,678)	20,388	190.9%
Total comprehensive income (loss)	\$ 4,699	\$ (21,831)	\$ 26,530	121.5%	\$ 4,169	\$ (16,339)	\$ 20,508	125.5%

¹ The Condensed Interim 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 12 of the unaudited condensed interim financial statements for the three and nine months ended December 31, 2024.

Screening Services and Other Related Costs

Screening services and other related costs increased by \$17,457 (8.9%) and by \$40,593 (7.0%) for the three and nine months ended December 31, 2024, respectively, compared to the same periods in 2023. The increases are mainly attributable to increased passenger volumes, and higher staffing to improve passenger wait times, which resulted in the purchase of additional screening hours totaling \$11,035 and

\$30,307, respectively. The higher staffing has positioned CATSA to achieve its 2024/25 objective of improved passenger wait times, improved passenger facilitation, and changes to the non-passenger screening program. The increases are also attributable to billing rate increases of \$5,278 and \$11,062, respectively, under CATSA's new airport screening services contracts.

Equipment Operating and Maintenance

Equipment operating and maintenance increased by \$2,518 (6.9%) for the nine months ended December 31, 2024, compared to the same period in 2023. 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 increased by \$2,305 (9.0%) and by \$7,178 (9.8%) for the three and nine months ended December 31, 2024, respectively, compared to the same periods in 2023. The increases are primarily attributable to higher employee-related costs, which includes an increase in the organization's workforce.

Depreciation and Amortization

Depreciation and amortization increased by \$1,828 (16.2%) and by \$3,529 (10.5%) for the three and nine months ended December 31, 2024, respectively, compared to the same periods in 2023. The increases are primarily attributable to new equipment deployments and the change in estimated useful lives of some of CATSA's screening equipment. The increases are partially offset by equipment becoming fully depreciated or being retired.

Other Expenses (Income)

Other expenses (income) decreased by \$1,596 (190.0%) and by \$1,493 (150.5%) for the three and nine months ended December 31, 2024, respectively, compared to the same periods in 2023. The change is primarily due to net gains on the fair value of derivative financial instruments partially offset by net foreign exchange losses.

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

Parliamentary appropriations for operating expenses increased by \$18,275 (7.9%) and by \$47,282 (6.9%) for the three and nine months ended December 31, 2024, respectively, compared to the same periods in 2023. The increases are primarily attributable to increased spending for screening services and other related costs, as discussed above.

Amortization of deferred government funding related to capital expenditures

Amortization of deferred government funding related to capital expenditures increased by \$2,083 (19.5%) and by \$3,905 (12.4%) for the three and nine months ended December 31, 2024, respectively, compared to the same periods in 2023. The increases are primarily attributable to higher depreciation and amortization expenses, as discussed above.

Parliamentary appropriations for lease payments

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

Other Comprehensive Income (Loss)

Other comprehensive income (loss) is comprised of quarterly non-cash remeasurements resulting from changes in actuarial assumptions and the return on pension plan assets.

Other comprehensive income of \$5,799 for the three months ended December 31, 2024, was primarily attributable to a remeasurement gain of \$4,626 on the defined benefit liability arising from a 10 basis point increase in the discount rate between September 30, 2024, and December 31, 2024. It was also attributable to a remeasurement gain of \$1,173 resulting from a higher actual rate of return on plan assets than the rate used in CATSA's assumptions. Other comprehensive loss of \$20,021 for the three months ended December 31, 2023, was attributable to a remeasurement loss of \$40,771 on the defined benefit liability arising from a 100 basis point decrease in the discount rate between September 30, 2023, and December 31, 2023. This was offset by a remeasurement gain of \$20,750 resulting from a higher actual rate of return on plan assets than the rate used in CATSA's assumptions.

Other comprehensive income of \$9,710 for the nine months ended December 31, 2024, was attributable to a remeasurement gain of \$13,815 resulting from a higher actual rate of return on plan assets than the rate used in CATSA's assumptions. This was partially offset by a remeasurement loss of \$4,105 on the defined benefit liability arising from a 10 basis point decrease in the discount rate between March 31, 2024, and December 31, 2024. Other comprehensive loss of \$10,678 for the nine months ended December 31, 2023, was attributable to a remeasurement loss of \$13,472 on the defined benefit liability arising from a 30 basis point decrease in the discount rate between March 31, 2023, and December 31, 2023. This was offset by a remeasurement gain of \$2,794 resulting from a higher actual rate of return on plan assets than the rate used in CATSA's assumptions.

For more information, refer to note 8 of the unaudited condensed interim financial statements.

Condensed Interim Statement of Financial Position

The following section provides information on key variances within the Condensed Interim Statement of Financial Position as at December 31, 2024, compared to March 31, 2024.

Key Financial Highlights - Condensed Interim Statement of Financial Position				
(Thousands of Canadian dollars) (Unaudited)	December 31, 2024	March 31, 2024	\$ Change	% Change
Current assets	\$ 306,431	\$ 162,959	\$ 143,472	88.0%
Non-current assets	453,100	444,033	9,067	2.0%
Total assets	\$ 759,531	\$ 606,992	\$ 152,539	25.1%
Current liabilities	\$ 313,342	\$ 165,795	\$ 147,547	89.0%
Non-current liabilities	405,119	404,296	823	0.2%
Total liabilities	\$ 718,461	\$ 570,091	\$ 148,370	26.0%

Assets

Current assets increased by \$143,472 (88.0%) primarily due to the following:

- Increase in trade and other receivables of \$153,184 due to an increase in parliamentary appropriations receivable, partially offset by a decrease in recoverable sales taxes;
- Decrease in cash of \$6,624 mainly due to the timing of disbursements to suppliers for goods and services; and
- Decrease in prepaids of \$4,002 due to the impact of amortization, less additions.

Non-current assets increased by \$9,067 (2.0%) primarily due to the following:

- Increase in employee benefits of \$9,240 primarily relating to CATSA's registered pension plan.

Liabilities

Current liabilities increased by \$147,547 (89.0%) primarily due to the following:

- Increase in trade and other payables of \$151,414 due to the timing of disbursements associated with obligations outstanding with suppliers; and
- Decrease in deferred government funding related to operating expenditures of \$3,944 mainly attributable to a reduction in prepaids, as discussed above.

Non-current liabilities increased by \$823 (0.2%) primarily due to the following:

- Increase in employee benefits liability of \$1,227 relating to CATSA's other defined benefits plan.

Financial Performance Against Corporate Plan

CATSA's operations are funded by parliamentary appropriations from the Government of Canada, as reflected in CATSA's *Summary of the 2024/25 to 2028/29 Corporate Plan*.

Parliamentary Appropriations Used

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

Operating Expenditures

The table below serves to reconcile financial performance reported under International Financial Reporting Standards (IFRS) and operating appropriations used.

Reconciliation of Financial Performance to Operating Appropriations Used				
(Thousands of Canadian dollars)	Three months ended		Nine months ended	
(Unaudited)	December 31		December 31	
	2024	2023	2024	2023
Financial performance before revenue and government funding	\$ 266,010	\$ 246,010	\$ 779,414	\$ 727,089
Revenue	(721)	(772)	(2,607)	(2,269)
Financial performance before government funding	265,289	245,238	776,807	724,820
Non-cash items				
Depreciation and amortization	(13,094)	(11,266)	(37,259)	(33,730)
Employee cost accruals ¹	(1,462)	(1,026)	(4,742)	(3,779)
Employee benefits expense ²	(684)	281	(1,697)	(283)
Spare parts expense funded from capital	(360)	-	(360)	-
Non-cash finance costs related to leases	(166)	(174)	(510)	(332)
Non-cash (loss) gain on foreign exchange recognized in financial performance	(29)	36	(47)	124
Change in fair value of financial instruments at fair value through profit and loss	1,145	(663)	1,177	(651)
Write-off of property and equipment and intangible assets	-	-	-	(17)
Loss on disposal of property and equipment	-	(62)	-	(65)
Appropriations used for operating expenses	\$ 250,639	\$ 232,364	\$ 733,369	\$ 686,087
Other items affecting funding				
Net change in prepaids and inventories ³	1,144	550	(3,944)	(2,562)
Total operating appropriations used	\$ 251,783	\$ 232,914	\$ 729,425	\$ 683,525

¹ Employee cost accruals are accounting adjustments to record variable pay and accrued vacation used and incurred to December 31, 2024. These costs are only recorded for near-cash accrual purposes at year-end, creating a reconciling item during interim periods.

² Employee benefits expense is accounted for in the Condensed Interim 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.

³ 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.

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)	Three months ended		Nine months ended	
(Unaudited)	December 31		December 31	
	2024	2023	2024	2023
Explosives Detection Systems (EDS)	\$ 8,222	\$ 7,146	\$ 33,134	\$ 14,907
Non-Explosives Detection Systems (Non-EDS)	1,656	2,575	3,453	6,692
Lease payments	804	401	2,382	1,462
Total capital expenditures	\$ 10,682	\$ 10,122	\$ 38,969	\$ 23,061
Non-cash adjustment on foreign exchange related to capital expenditures	-	(20)	17	(4)
Total capital appropriations used	\$ 10,682	\$ 10,102	\$ 38,986	\$ 23,057

Appropriations Used Compared to Corporate Plan

Parliamentary appropriations used for operating expenditures for the nine months ended December 31, 2024, are lower than planned. 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. The remaining operating expenditures are largely in line with the operating budget in CATSA's approved *Summary of the 2024/25 to 2028/29 Corporate Plan* for the nine months ended December 31, 2024.

Parliamentary appropriations used for capital expenditures for the nine months ended December 31, 2024, are lower than planned. This is due to delays in capital spending associated with various EDS and Non-EDS projects, resulting mainly from vendor delays and changes in airport project plans.

CATSA is on track to meet the organization's operating goals and objectives for the current year as outlined in CATSA's approved *Summary of the 2024/25 to 2028/29 Corporate Plan*.

Statement of Management Responsibility

Management is responsible for the preparation and fair presentation of these unaudited condensed interim financial statements in accordance with International Accounting Standard 34 *Interim Financial Reporting*, and The Treasury Board of Canada's *Directive on Accounting Standards: GC 5200 Crown Corporations Quarterly Financial Report*, and for such internal controls as management determines are necessary to enable the preparation of the unaudited condensed interim financial statements that are free from material misstatement. Management is also responsible for ensuring all other information in this quarterly financial report is consistent, where appropriate, with the unaudited condensed interim financial statements.

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



Nada Semaan
President and Chief Executive Officer

Ottawa, Canada

February 25, 2025



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

Ottawa, Canada

February 25, 2025

Condensed Interim Financial Statements of

Canadian Air Transport Security Authority

December 31, 2024

(Unaudited)

Canadian Air Transport Security Authority

(Unaudited)

Condensed Interim Statement of Financial Position

(In thousands of Canadian dollars)	December 31, 2024	March 31, 2024
Assets		
Current assets		
Cash	\$ 3,331	\$ 9,955
Trade and other receivables (note 4)	283,220	130,036
Inventories	14,520	14,462
Prepays	4,504	8,506
Derivative financial assets	856	-
	306,431	162,959
Non-current assets		
Property and equipment (note 5)	357,462	355,726
Intangible assets (note 6)	13,425	14,160
Right-of-use assets (note 7)	15,656	17,059
Employee benefits asset (note 8)	66,328	57,088
Derivative financial assets	229	-
	453,100	444,033
Total assets	\$ 759,531	\$ 606,992
Liabilities and Equity		
Current liabilities		
Trade and other payables	\$ 291,628	\$ 140,214
Holdbacks	61	142
Lease liabilities (note 10)	2,629	2,389
Deferred government funding related to operating expenses (note 11)	19,024	22,968
Derivative financial liabilities	-	82
	313,342	165,795
Non-current liabilities		
Lease liabilities (note 10)	15,325	16,808
Deferred government funding related to capital expenditures (note 11)	370,083	368,994
Employee benefits liability (note 8)	19,711	18,484
Derivative financial liabilities	-	10
	405,119	404,296
Equity		
Accumulated surplus	41,070	36,901
Total liabilities and equity	\$ 759,531	\$ 606,992

Contingencies (note 9) and contractual commitments (note 14)

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

Canadian Air Transport Security Authority

(Unaudited)

Condensed Interim Statement of Comprehensive Income (Loss)

(In thousands of Canadian dollars)

	Three months ended		Nine months ended	
	December 31		December 31	
	2024	2023	2024	2023
Expenses				
Pre-Board Screening	\$ 169,372	\$ 148,363	\$ 496,220	\$ 444,800
Hold Baggage Screening	42,916	42,032	125,821	123,141
Non-Passenger Screening	37,854	39,534	111,269	115,111
Restricted Area Identity Card Program	1,120	1,147	3,570	3,238
Corporate services	15,504	14,094	43,035	39,807
Total expenses (note 12)	266,766	245,170	779,915	726,097
Other expenses (income)				
Foreign exchange loss (gain)	222	(60)	160	(80)
Finance costs	167	175	516	339
Net (gain) loss on fair value of derivative financial instruments	(1,145)	663	(1,177)	651
Loss on disposal of property and equipment	-	62	-	65
Write-off of property and equipment and intangible assets	-	-	-	17
Total other expenses (income)	(756)	840	(501)	992
Financial performance before revenue and government funding	266,010	246,010	779,414	727,089
Revenue				
Finance income	707	770	2,566	2,253
Miscellaneous income	14	2	41	16
Total revenue	721	772	2,607	2,269
Government funding				
Parliamentary appropriations for operating expenses	250,639	232,364	733,369	686,087
Amortization of deferred government funding related to capital expenditures	12,746	10,663	35,515	31,610
Parliamentary appropriations for lease payments	804	401	2,382	1,462
Total government funding (note 11)	264,189	243,428	771,266	719,159
Financial performance	\$ (1,100)	\$ (1,810)	\$ (5,541)	\$ (5,661)
Other comprehensive income (loss)				
Item that will not be reclassified to financial performance				
Remeasurement of defined benefit plans (note 8)	5,799	(20,021)	9,710	(10,678)
Total comprehensive income (loss)	\$ 4,699	\$ (21,831)	\$ 4,169	\$ (16,339)

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

Canadian Air Transport Security Authority

(Unaudited)

Condensed Interim Statement of Changes in Equity

(In thousands of Canadian dollars)

For the three months ended December 31:

	Accumulated surplus
Balance, September 30, 2024	\$ 36,371
Financial performance	(1,100)
Item that will not be reclassified to financial performance	
Remeasurement of defined benefit plans (note 8)	5,799
Balance, December 31, 2024	\$ 41,070
Balance, September 30, 2023	\$ 40,621
Financial performance	(1,810)
Item that will not be reclassified to financial performance	
Remeasurement of defined benefit plans (note 8)	(20,021)
Balance, December 31, 2023	\$ 18,790

For the nine months ended December 31:

	Accumulated surplus
Balance, March 31, 2024	\$ 36,901
Financial performance	(5,541)
Item that will not be reclassified to financial performance	
Remeasurement of defined benefit plans (note 8)	9,710
Balance, December 31, 2024	\$ 41,070
Balance, March 31, 2023	\$ 35,129
Financial performance	(5,661)
Item that will not be reclassified to financial performance	
Remeasurement of defined benefit plans (note 8)	(10,678)
Balance, December 31, 2023	\$ 18,790

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

Canadian Air Transport Security Authority

(Unaudited)

Condensed Interim Statement of Cash Flows

(In thousands of Canadian dollars)

	Three months ended		Nine months ended	
	December 31		December 31	
	2024	2023	2024	2023
Cash flows provided by (used in)				
Operating activities				
Financial performance	\$ (1,100)	\$ (1,810)	\$ (5,541)	\$ (5,661)
Items not involving cash				
Depreciation and amortization (note 12)	13,094	11,266	37,259	33,730
Change in net employee benefits asset/liability	684	(281)	1,697	283
Other non-cash transactions	360	-	360	-
Amortization of deferred government funding related to capital expenditures (note 11)	(12,746)	(10,663)	(35,515)	(31,610)
Change in fair value of financial instruments at fair value through profit and loss	(1,145)	663	(1,177)	651
Write-off of property and equipment and intangible assets	-	-	-	17
Loss on disposal of property and equipment	-	62	-	65
Net change in working capital balances (note 16)	(34,334)	(7,537)	(16,579)	(3,137)
	(35,187)	(8,300)	(19,496)	(5,662)
Investing activities				
Parliamentary appropriations received for capital funding (note 11)	10,196	12,599	38,474	18,189
Purchase of property and equipment	(11,532)	(5,006)	(22,959)	(13,291)
Purchase of intangible assets	(110)	(3,409)	(770)	(3,409)
	(1,446)	4,184	14,745	1,489
Financing activities				
Lease principal payments	(639)	(226)	(1,873)	(1,129)
	(639)	(226)	(1,873)	(1,129)
Decrease in cash	(37,272)	(4,342)	(6,624)	(5,302)
Cash, beginning of period	40,603	12,825	9,955	13,785
Cash, end of period	\$ 3,331	\$ 8,483	\$ 3,331	\$ 8,483

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

Canadian Air Transport Security Authority

Notes to the Condensed Interim Financial Statements
(Unaudited)

For the three and nine months ended December 31, 2024
(In thousands of Canadian dollars)

1. Corporate information

CATSA is a Crown corporation listed under Part I, Schedule III of the *Financial Administration Act* and is an agent of His Majesty in right of Canada. CATSA delivers the mandate of security screening at 89 designated airports across the country through a third-party screening contractor model.

CATSA is funded by parliamentary appropriations and accountable to Parliament through the Minister of Transport. In prior years, CATSA provided screening services on a cost recovery basis to certain airports. There are currently no such arrangements in place.

These condensed interim financial statements have been authorized for issuance by the Board of Directors on February 25, 2025.

2. Basis of preparation

These condensed interim financial statements have been prepared in accordance with Section 131.1 of the *Financial Administration Act* and International Accounting Standard 34 *Interim Financial Reporting* (IAS 34) as issued by the International Accounting Standards Board (IASB) and approved by the Accounting Standards Board of Canada.

Section 131.1 of the *Financial Administration Act* requires that most parent Crown corporations prepare and make public quarterly financial reports in compliance with the Treasury Board of Canada's *Directive on Accounting Standards: GC 5200 Crown Corporations Quarterly Financial Report*. These condensed interim financial statements have not been audited or reviewed by CATSA's external auditor.

As permitted by IAS 34, these interim financial statements are presented on a condensed basis and therefore do not include all necessary disclosures to conform, in all material respects, with IFRS disclosure requirements applicable to annual financial statements. These condensed interim financial statements are intended to provide an update on the latest complete set of audited annual financial statements. Accordingly, they should be read in conjunction with CATSA's audited annual financial statements for the year ended March 31, 2024.

These condensed interim financial statements were prepared under the historical cost convention, except as required or permitted by IFRS and as indicated in note 3 of CATSA's audited annual financial statements for the year ended March 31, 2024. 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

Material accounting policy information used in these condensed interim financial statements are disclosed in note 3 of CATSA's audited annual financial statements for the year ended March 31, 2024.

Canadian Air Transport Security Authority

Notes to the Condensed Interim Financial Statements
(Unaudited)

(In thousands of Canadian dollars)

4. Trade and other receivables

Trade and other receivables are comprised of:

	December 31, 2024	March 31, 2024
Parliamentary appropriations	\$ 274,411	\$ 120,663
GST and HST recoverable	7,708	7,906
PST recoverable	1,101	1,467
	<hr/>	<hr/>
	\$ 283,220	\$ 130,036

Canadian Air Transport Security Authority

Notes to the Condensed Interim Financial Statements
(Unaudited)

(In thousands of Canadian dollars)

5. Property and equipment

A reconciliation of property and equipment is as follows:

	PBS equipment	HBS equipment	NPS equipment	RAIC equipment	Computers, integrated software and electronic equipment	Office furniture and equip- ment	Leasehold improve- ments	Work-in- progress	Total
Cost									
Balance, March 31, 2023	\$ 163,194	\$ 658,885	\$ 20,722	\$ 3,332	\$ 28,193	\$ 118	\$ 8,009	\$ 11,868	\$ 894,321
Additions	2,828	9,120	-	1,970	1,803	-	1,169	12,257	29,147
Disposals	(833)	(7,416)	(76)	-	(262)	-	(2,182)	-	(10,769)
Write-offs	(595)	(291)	(35)	(1,873)	(3,541)	-	(18)	-	(6,353)
Reclassifications	2,523	3,547	-	-	1,681	-	199	(7,950)	-
Balance, March 31, 2024	\$ 167,117	\$ 663,845	\$ 20,611	\$ 3,429	\$ 27,874	\$ 118	\$ 7,177	\$ 16,175	\$ 906,346
Balance, March 31, 2024	\$ 167,117	\$ 663,845	\$ 20,611	\$ 3,429	\$ 27,874	\$ 118	\$ 7,177	\$ 16,175	\$ 906,346
Additions	14,243	3,900	221	376	112	-	456	16,277	35,585
Disposals	(8,994)	(97)	(142)	-	(982)	-	-	-	(10,215)
Write-offs	(551)	-	(10)	-	(1,545)	-	-	(360)	(2,466)
Reclassifications	6,566	2,073	1,123	354	834	-	-	(10,950)	-
Balance, December 31, 2024	\$ 178,381	\$ 669,721	\$ 21,803	\$ 4,159	\$ 26,293	\$ 118	\$ 7,633	\$ 21,142	\$ 929,250
Accumulated depreciation									
Balance, March 31, 2023	\$ 113,594	\$ 366,901	\$ 16,563	\$ 2,358	\$ 20,589	\$ 108	\$ 6,953	\$ -	\$ 527,066
Depreciation	5,372	30,204	652	395	3,059	10	410	-	40,102
Disposals	(833)	(7,354)	(76)	-	(262)	-	(2,179)	-	(10,704)
Write-offs	(470)	(180)	(35)	(1,642)	(3,499)	-	(18)	-	(5,844)
Balance, March 31, 2024	\$ 117,663	\$ 389,571	\$ 17,104	\$ 1,111	\$ 19,887	\$ 118	\$ 5,166	\$ -	\$ 550,620
Balance, March 31, 2024	\$ 117,663	\$ 389,571	\$ 17,104	\$ 1,111	\$ 19,887	\$ 118	\$ 5,166	\$ -	\$ 550,620
Depreciation	5,616	24,021	492	464	2,386	-	510	-	33,489
Disposals	(8,994)	(97)	(142)	-	(982)	-	-	-	(10,215)
Write-offs	(551)	-	(10)	-	(1,545)	-	-	-	(2,106)
Balance, December 31, 2024	\$ 113,734	\$ 413,495	\$ 17,444	\$ 1,575	\$ 19,746	\$ 118	\$ 5,676	\$ -	\$ 571,788
Carrying amounts									
As at March 31, 2024	\$ 49,454	\$ 274,274	\$ 3,507	\$ 2,318	\$ 7,987	\$ -	\$ 2,011	\$ 16,175	\$ 355,726
As at December 31, 2024	\$ 64,647	\$ 256,226	\$ 4,359	\$ 2,584	\$ 6,547	\$ -	\$ 1,957	\$ 21,142	\$ 357,462

Canadian Air Transport Security Authority

Notes to the Condensed Interim Financial Statements
(Unaudited)

(In thousands of Canadian dollars)

6. Intangible assets

A reconciliation of intangible assets is as follows:

	Externally acquired software	Internally developed software	Under development	Total
Cost				
Balance, March 31, 2023	\$ 10,538	\$ 20,442	\$ -	\$ 30,980
Additions	3,334	303	89	3,726
Write-offs	(15)	(3,985)	-	(4,000)
Balance, March 31, 2024	\$ 13,857	\$ 16,760	\$ 89	\$ 30,706
Balance, March 31, 2024	\$ 13,857	\$ 16,760	\$ 89	\$ 30,706
Additions	16	(4)	990	1,002
Reclassifications	33	56	(89)	-
Balance, December 31, 2024	\$ 13,906	\$ 16,812	\$ 990	\$ 31,708
Accumulated amortization				
Balance, March 31, 2023	\$ 5,989	\$ 12,159	\$ -	\$ 18,148
Amortization	814	1,583	-	2,397
Write-offs	(14)	(3,985)	-	(3,999)
Balance, March 31, 2024	\$ 6,789	\$ 9,757	\$ -	\$ 16,546
Balance, March 31, 2024	\$ 6,789	\$ 9,757	\$ -	\$ 16,546
Amortization	746	991	-	1,737
Balance, December 31, 2024	\$ 7,535	\$ 10,748	\$ -	\$ 18,283
Carrying amounts				
As at March 31, 2024	\$ 7,068	\$ 7,003	\$ 89	\$ 14,160
As at December 31, 2024	\$ 6,371	\$ 6,064	\$ 990	\$ 13,425

Canadian Air Transport Security Authority

Notes to the Condensed Interim Financial Statements
(Unaudited)

(In thousands of Canadian dollars)

7. Right-of-use assets

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

	Office space	Data centres	Total
Balance, March 31, 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
Balance, March 31, 2024	\$ 16,377	\$ 682	\$ 17,059
Additions	630	-	630
Depreciation	(1,875)	(158)	(2,033)
Balance, December 31, 2024	\$ 15,132	\$ 524	\$ 15,656

8. Employee benefits

(a) Employee benefits asset and liability

Employee benefits asset and liability recognized and presented in the Condensed Interim Statement of Financial Position are detailed as follows:

	December 31, 2024	March 31, 2024
Employee benefits asset		
Registered pension plan (RPP)	\$ 64,058	\$ 55,432
Supplementary retirement plan (SRP)	2,270	1,656
	66,328	57,088
Employee benefits liability		
Other defined benefits plan (ODBP)	(19,711)	(18,484)
	(19,711)	(18,484)
Employee benefits - net asset	\$ 46,617	\$ 38,604

Canadian Air Transport Security Authority

Notes to the Condensed Interim Financial Statements
(Unaudited)

(In thousands of Canadian dollars)

(b) Employee benefits costs

The elements of employee benefits costs are as follows:

	For the three months ended December 31							
	RPP		SRP		ODBP		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
Defined benefit cost recognized in financial performance								
Current service cost	\$ 1,299	\$ 1,245	\$ 31	\$ 33	\$ 132	\$ 121	\$ 1,462	\$ 1,399
Administration costs	82	82	6	6	-	-	88	88
Interest cost on defined benefit obligation	2,751	2,572	90	80	230	206	3,071	2,858
Interest income on plan assets	(3,357)	(3,136)	(111)	(100)	-	-	(3,468)	(3,236)
	\$ 775	\$ 763	\$ 16	\$ 19	\$ 362	\$ 327	\$ 1,153	\$ 1,109
Remeasurement of defined benefit plans recognized in other comprehensive income (loss)								
Return on plan assets excluding interest income	\$ 1,089	\$ 20,482	\$ 84	\$ 268	\$ -	\$ -	\$ 1,173	\$ 20,750
Actuarial gains (losses)	4,143	(36,673)	132	(1,091)	351	(3,007)	4,626	(40,771)
	\$ 5,232	\$ (16,191)	\$ 216	\$ (823)	\$ 351	\$ (3,007)	\$ 5,799	\$ (20,021)
	For the nine months ended December 31							
	RPP		SRP		ODBP		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
Defined benefit cost recognized in financial performance								
Current service cost	\$ 3,897	\$ 3,736	\$ 93	\$ 99	\$ 396	\$ 362	\$ 4,386	\$ 4,197
Administration costs	244	244	18	18	-	-	262	262
Interest cost on defined benefit obligation	8,253	7,716	271	240	691	620	9,215	8,576
Interest income on plan assets	(10,071)	(9,408)	(332)	(300)	-	-	(10,403)	(9,708)
	\$ 2,323	\$ 2,288	\$ 50	\$ 57	\$ 1,087	\$ 982	\$ 3,460	\$ 3,327
Remeasurement of defined benefit plans recognized in other comprehensive income (loss)								
Return on plan assets excluding interest income	\$ 13,492	\$ 2,695	\$ 323	\$ 99	\$ -	\$ -	\$ 13,815	\$ 2,794
Actuarial losses	(3,626)	(12,124)	(132)	(357)	(347)	(991)	(4,105)	(13,472)
	\$ 9,866	\$ (9,429)	\$ 191	\$ (258)	\$ (347)	\$ (991)	\$ 9,710	\$ (10,678)

For the three and nine months ended December 31, 2024, CATSA recognized an expense of \$430 (2023 - \$311) and \$1,087 (2023 - \$934), respectively, in relation to the defined contribution component of the RPP.

Canadian Air Transport Security Authority

Notes to the Condensed Interim Financial Statements
(Unaudited)

(In thousands of Canadian dollars)

(c) Significant actuarial assumptions

Assumptions used to measure the defined benefit plan assets and liabilities are reviewed and, as necessary, revised at each reporting period. This typically includes reviewing the discount rates and actual rate of return on the plan assets against rates previously estimated, to reflect the current assumptions and circumstances. Changes to actuarial assumptions result in remeasurement gains and/or losses recognized in other comprehensive (loss) income.

For the three months ended December 31, 2024, remeasurement gains of \$5,799 resulted from an increase in the discount rate of 10 basis points (from 4.70% at September 30, 2024 to 4.80% at December 31, 2024). The gains also resulted from a higher actual rate of return on plan assets than the rate used in CATSA's assumptions for the RPP (1.71% actual versus 1.23% expected).

For the three months ended December 31, 2023, remeasurement losses of \$20,021 resulted from a decrease in the discount rate of 100 basis points (from 5.60% at September 30, 2023 to 4.60% at December 31, 2023). This was partially offset by a higher actual rate of return on plan assets than the rate used in CATSA's assumptions for the RPP (9.66% actual versus 1.22% expected).

For the nine months ended December 31, 2024, remeasurement gains of \$9,710 resulted from a higher actual rate of return on plan assets than the rate used in CATSA's assumptions for the RPP (8.80% actual versus 3.68% expected). This was partially offset by a decrease in the discount rate of 10 basis points (from 4.90% at March 31, 2024 to 4.80% at December 31, 2024).

For the nine months ended December 31, 2023, remeasurement losses of \$10,678 resulted from a decrease in the discount rate of 30 basis points (from 4.90% at March 31, 2023 to 4.60% at December 31, 2023). This was partially offset by a higher actual rate of return on plan assets than the rate used in CATSA's assumptions for the RPP (4.72% actual versus 3.68% expected).

(d) Employer contributions

Employer contributions paid to the defined benefit plans are as follows:

	Three months ended		Nine months ended	
	December 31		December 31	
	2024	2023	2024	2023
Employer contributions				
RPP	\$ -	\$ 1,147	\$ 1,083	\$ 2,658
SRP	398	181	473	207
ODBP	71	62	207	179
	\$ 469	\$ 1,390	\$ 1,763	\$ 3,044

Canadian Air Transport Security Authority

Notes to the Condensed Interim Financial Statements
(Unaudited)

(In thousands of Canadian dollars)

Effective July 1, 2024, the Canada Revenue Agency (CRA), in accordance with the *Income Tax Act*, required CATSA to take a forced employer contribution holiday to the Registered Pension Plan (defined benefit component). Total employer contributions to the defined benefit plans are estimated to be \$1,941 for the year ending March 31, 2025.

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 December 31, 2024, claims, audits and legal proceedings are not expected, individually or in the aggregate, to have a material adverse effect on the financial statements.

(a) Provisions

During the nine months ended December 31, 2024, there were no provisions recorded.

(b) Contingencies – Decommissioning costs

During the nine months ended December 31, 2024, there have been no material changes to contingencies related to decommissioning costs. For a description of CATSA's decommissioning costs, refer to note 9(b) of the audited annual financial statements for the year ended March 31, 2024.

10. Lease liabilities

CATSA has leases for office space and data centres. 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:

	December 31, 2024	March 31, 2024
Balance, beginning of period	\$ 19,197	\$ 14,485
Additions	630	6,264
Lease payments (note 11)	(2,382)	(2,058)
Finance costs	509	506
Balance, end of period	\$ 17,954	\$ 19,197
Balance, end of period		
Current	\$ 2,629	\$ 2,389
Non-current	15,325	16,808

Canadian Air Transport Security Authority

Notes to the Condensed Interim Financial Statements
(Unaudited)

(In thousands of Canadian dollars)

CATSA recognized the following expenses not included in the measurement of the lease liabilities as follows:

	Three months ended		Nine months ended	
	December 31		December 31	
	2024	2023	2024	2023
Variable lease payments	\$ 512	\$ 588	\$ 1,524	\$ 1,367
Short-term leases	146	44	450	113
Low value leases	11	15	36	36
Other lease costs (note 12)	\$ 669	\$ 647	\$ 2,010	\$ 1,516

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

For the three and nine months ended December 31, 2024, CATSA recognized a total cash outflow for leases of \$1,473 (2023 - \$1,048) and \$4,392 (2023 - \$2,978), respectively.

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

	December 31,	March 31,
	2024	2024
No later than 1 year	\$ 5,224	\$ 4,998
Later than 1 year and no later than 5 years	9,722	12,658
Later than 5 years	535	757
	\$ 15,481	\$ 18,413

Canadian Air Transport Security Authority

Notes to the Condensed Interim Financial Statements
(Unaudited)

(In thousands of Canadian dollars)

11. Government funding

(a) Government funding

Parliamentary appropriations approved for the fiscal year and amounts used by CATSA during the nine months ended December 31 are as follows:

	2024	2023
Parliamentary appropriations approved for the fiscal year	\$ 1,210,835	\$ 1,074,515
Parliamentary appropriations used to date to fund operating expenses	(729,425)	(683,525)
Parliamentary appropriations used to date to fund capital expenditures and lease payments	(38,986)	(23,057)
Unused parliamentary appropriations	\$ 442,424	\$ 367,933

The following table reconciles parliamentary appropriations for operating expenses that were received and receivable with the amount of appropriations used:

	Three months ended December 31		Nine months ended December 31	
	2024	2023	2024	2023
Parliamentary appropriations received	\$ 157,000	\$ 238,000	\$ 573,807	\$ 690,813
Amounts received related to prior periods	(171,642)	(115,611)	(110,807)	(117,813)
Parliamentary appropriations receivable	266,425	110,525	266,425	110,525
Parliamentary appropriations used to fund operating expenses	\$ 251,783	\$ 232,914	\$ 729,425	\$ 683,525

Canadian Air Transport Security Authority

Notes to the Condensed Interim Financial Statements
(Unaudited)

(In thousands of Canadian dollars)

The following table reconciles parliamentary appropriations for capital expenditures and lease payments that were received and receivable with the amount of appropriations used:

	Three months ended		Nine months ended	
	December 31		December 31	
	2024	2023	2024	2023
Parliamentary appropriations received	\$ 10,196	\$ 12,599	\$ 38,474	\$ 18,189
Amounts receivable related to prior periods	(8,304)	(8,955)	(9,856)	(2,651)
Parliamentary appropriations receivable	7,986	6,057	7,986	6,057
Parliamentary appropriations used to fund capital expenditures	9,878	9,701	36,604	21,595
Parliamentary appropriations used to fund lease payments (note 10)	804	401	2,382	1,462
Parliamentary appropriations used to fund capital expenditures and lease payments	\$ 10,682	\$ 10,102	\$ 38,986	\$ 23,057

(b) Deferred government funding

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

	December 31, 2024	March 31, 2024
Deferred government funding related to operating expenses		
Balance, beginning of period	\$ 22,968	\$ 19,253
Parliamentary appropriations used to fund operating expenses	729,425	935,807
Parliamentary appropriations for operating expenses recognized in financial performance	(733,369)	(932,092)
Balance, end of period	\$ 19,024	\$ 22,968
Deferred government funding related to capital expenditures		
Balance, beginning of period	\$ 368,994	\$ 379,180
Parliamentary appropriations used to fund capital expenditures	36,604	32,798
Amortization of deferred government funding related to capital expenditures recognized in financial performance	(35,515)	(42,984)
Balance, end of period	\$ 370,083	\$ 368,994
Total deferred government funding, end of period	\$ 389,107	\$ 391,962

Canadian Air Transport Security Authority

Notes to the Condensed Interim Financial Statements
(Unaudited)

(In thousands of Canadian dollars)

12. Expenses

The Condensed Interim Statement of Comprehensive Income (Loss) presents operating expenses by program activity. The following table presents operating expenses by major expense type:

	Three months ended		Nine months ended	
	December 31		December 31	
	2024	2023	2024	2023
Screening services and other related costs				
Payments to screening contractors	\$ 209,073	\$ 191,482	\$ 611,781	\$ 570,194
Uniforms and other screening costs	2,886	3,348	7,615	9,335
Trace and consumables	1,587	1,259	4,432	3,706
	213,546	196,089	623,828	583,235
Equipment operating and maintenance				
Equipment maintenance and spare parts	11,454	11,509	36,799	34,834
Training and certification	343	247	1,176	674
RAIC	306	341	786	735
	12,103	12,097	38,761	36,243
Program support and corporate services				
Employee costs	20,014	17,093	58,925	52,015
Office and computer expenses	3,444	4,612	8,264	8,924
Professional services and other business related costs ¹	1,868	1,451	4,804	4,770
Other administrative costs ²	1,795	1,732	5,393	4,962
Other lease costs (note 10)	669	647	2,010	1,516
Communications and public awareness	233	183	671	702
	28,023	25,718	80,067	72,889
Depreciation and amortization				
Depreciation of property and equipment (note 5)	11,842	9,996	33,489	29,830
Depreciation of right-of-use assets (note 7)	685	643	2,033	2,136
Amortization of intangible assets (note 6)	567	627	1,737	1,764
	13,094	11,266	37,259	33,730
	\$ 266,766	\$ 245,170	\$ 779,915	\$ 726,097

¹ Other business related costs include travel expenses, conference fees, membership and association fees, and meeting expenses.

² Other administrative costs include insurance, network and telephone expenses, and facilities maintenance.

Canadian Air Transport Security Authority

Notes to the Condensed Interim Financial Statements
(Unaudited)

(In thousands of Canadian dollars)

13. Fair values of financial instruments

Derivative financial instruments are recorded at fair value in the Condensed Interim Statement of Financial Position. The fair values of CATSA's derivative financial instruments approximate their carrying amount due to the nature of the instruments.

CATSA's derivative financial instruments are categorized as Level 2, based on observable inputs other than quoted prices. There were no transfers between levels during the three and nine months ended December 31, 2024, or the year ended March 31, 2024.

14. Contractual commitments

During the three and nine months ended December 31, 2024, there have been no material changes to CATSA's contractual commitments, other than the usage against contracts relating to payments to screening contractors and activity relating to property and equipment and intangible assets.

For a description of CATSA's contractual commitments, refer to note 14 of the audited annual financial statements for the year ended March 31, 2024.

15. Related party transactions

CATSA had the following transactions with related parties:

(a) 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 11. Parliamentary appropriations receivable are included in trade and other receivables, and disclosed in note 4.

(b) 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 disclosed in note 8. No other transactions were made during the three and nine month periods.

Canadian Air Transport Security Authority

Notes to the Condensed Interim Financial Statements
(Unaudited)

(In thousands of Canadian dollars)

16. Supplementary cash flow information

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

	Three months ended		Nine months ended	
	December 31		December 31	
	2024	2023	2024	2023
Trade and other receivables ¹	\$ (94,449)	\$ 6,847	\$ (155,054)	\$ 5,690
Inventories	(1,797)	(983)	(58)	(608)
Prepays	653	433	4,002	3,170
Trade and other payables ²	60,115	(14,384)	138,475	(8,834)
Holdbacks	-	-	-	7
Deferred government funding related to operating expenses	1,144	550	(3,944)	(2,562)
	\$ (34,334)	\$ (7,537)	\$ (16,579)	\$ (3,137)

¹ For the three and nine months ended December 31, 2024, the change in trade and other receivables excludes amounts of \$318 (2023 – \$2,898) and \$1,870 (2023 – \$3,406), respectively, in relation to government funding related to capital expenditures, as these amounts relate to investing activities.

² For the three and nine months ended December 31, 2024, the change in trade and other payables excludes amounts of \$1,814 (2023 – \$1,220) and \$12,939 (2023 – \$6,573), respectively, in relation to the acquisition of property and equipment and intangible assets, as these amounts relate to investing activities.