

# 2024

International Airport  
Authority



Administration de  
l'aéroport international

Ottawa

# Annual Report



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# Message from the Chair of the Board

I am incredibly proud to share some highlights from 2024 at the Ottawa International Airport (YOW). It was a transformative year on many levels, not the least of which was YOW's newly achieved airline hub status – a feat many years in the making. I'll share a bit more about that further in this letter.

I stepped into the role of Chair last April, succeeding Code Cubitt, who departed at the end of his term. Code led the Board through the unprecedented effects of the pandemic with purpose and compassion, which was not a challenge for the faint of heart. On behalf of the Board and management team, I want to extend our thanks and wish him well as he continues pursuing professional and personal endeavours, including ticking a few sailing adventures off his bucket list.

In addition to saying farewell to Code, Shane Bennett and Laurel Murray, the Province of Ontario and Transport Canada nominees, respectively, also left the Board. Their contributions to the Airport's success were appreciated and will be missed.

We were pleased to welcome three new members in 2024. Sylvain Laporte, nominee of Transport Canada, brings significant experience leading organizations such as the Canadian Space Agency. Sam Michaud, nominated by Invest Ottawa, has an impressive military and civilian resume with nearly four decades spent in the military, aerospace, and defence organizations. Jagdeep Perhar, a seasoned real estate professional who is also well known for his community involvement, was nominated by the Province of Ontario. Each new member has already contributed to our governance work in a meaningful way, and I look forward to continued collaboration with them and the entire Board. ↘



**Bonnie Boretsky** | Chair, Board of Directors

## Porter's impressive investment and growth in Ottawa resulted from years of study, discussion and planning.

Last September, the Board participated in a strategic planning session with the senior management team. The presentations and conversations were robust and challenging, and we left with a renewed sense of direction for the Airport's future. Expansion, innovation, and sustainability were front and centre, and I am looking forward to the developments and plans that will come from the productive session.

Getting back to Porter, a key contributor to the status mentioned above – namely, the evolution to a hub Airport, was Porter Airlines' significant investment in YOW. In May, we brought together Porter's executive team, customers, government officials, project architects and constructors with the YOW team to celebrate the official opening of Porter's maintenance hangar. The 150,000 ft<sup>2</sup> structure in the north field area on Taxiway R is an impressive, modern facility that

provides primary maintenance support for the Embraer jet fleet and backup maintenance for its Dash 8 fleet. It also serves as a crew base for the airline's growing Ottawa team. While it seems like the building was constructed in record time, it was a complex project that remained on schedule and maintained the highest attention to safety—my sincere congratulations to everyone who contributed to the project's success.

Porter's impressive investment and growth in Ottawa resulted from years of study, discussion and planning. Once a mere aspiration, the project has been included in strategic planning discussions with the Board for over a decade and required perseverance and creativity from the Ottawa International Airport Authority's (Authority) leadership team. I applaud their tenacity and dedication to ensuring Ottawa remained a key piece of Porter's ambitious expansion plan.

The Board was pleased to see the progress on the Environmental, Social and Governance (ESG) file with work plan advancements across each material topic identified in the inaugural 2022 report. While each of the areas is equally important, efforts to improve accessibility, enhance employee training and engagement, and, of course, reduce our environmental footprint will pay handsome dividends for the Airport and the community. I encourage you to read the **2024 ESG Report**, which is being published coincident with the Annual Report, to learn more about YOW's efforts and achievements.

We had the opportunity to celebrate with the business community again in 2024 at the Best Ottawa Business Awards, where we received two prestigious awards from the Ottawa Board of Trade and the Ottawa Business Journal. The first, Deal of the Year – Tourism, which we accepted with Air Canada, was awarded in recognition of the airline's announcement to restore non-stop service to London Heathrow, at the end of March 2025.

The second, Newsmaker of the Year, one of four marquee awards presented each year, recognized Mark Laroche, President and CEO, and the Ottawa Airport. From additional air service to the CEO's retirement, new CEO selection, the LRT trial run, and everything in between, YOW was frequently in the spotlight throughout the year for some great reasons.

These awards reinforce the role the Airport plays in the community. They also come thanks to the hard work of an exceptional team for which we are grateful.

We closed out 2024, saying farewell and best wishes to Mark Laroche. Mark joined the Authority in 2013 and quickly immersed himself in the business of airports and aviation. He made some courageous decisions to halt some projects and pursue others that weren't easy or obvious.

The LRT Airport station is a perfect example; Mark understood the need to advocate quickly and voraciously to include an Airport connection in Stage 2 of the City's transit plan. Thanks to his efforts, the Province of Ontario and the Government of Canada stepped up to fund the spur (now called Line 4), and he committed to funding the construction of the station. With his extensive infrastructure experience, he knew that not building the spur as a part of Stage 2 would undoubtedly mean it would never be built.



**On December 16, Mark greeted Mayor Sutcliffe and City Councillors as they visited the Airport Station during a trial run of O-Train lines 2 and 4.**

On behalf of the Board, I want to thank Mark for nearly 12 years of dedicated, transformational service to YOW and the Authority. Like Code, he provided tremendous leadership in navigating the pandemic and prioritized the return to financial sustainability. He also put the Airport on the trajectory to become a hub. There's no question he had a bold vision for YOW and made it a reality.

It's a privilege to welcome the new President and CEO, Susan Margles. We are confident that her senior leadership experience, including extensive work in operations, safety and developing people and culture, will reap benefits for the Authority – particularly when the Authority and the Airport are experiencing such rapid growth. We formed a Selection Committee of the Board that was tasked with finding the right candidate. My thanks and congratulations to the Committee for their care, diligence and success.

I will close with a few more words of thanks. First, to the Board for their conscientiousness and dedication to the Airport's success; it's an honour to Chair such a fine group.

Second, to the Authority team whose passion for the Airport is evident in every project and activity that is completed safely and accurately. I trust you will embrace the change that comes with new leadership and continue to thrive.

Third, I would like to thank the community that continues to champion YOW. From including us in your travel plans to the incredible comments I hear on a regular basis about how loved our Airport is, your support means the world.

Wishing you safe and easy travels.



**Bonnie Boretsky**  
*Chair, Board of Directors*

# Message from the President and CEO

It's a tremendous honour to step into the role of President and CEO of the Ottawa International Airport Authority (Authority). Though it's still early in my tenure, and there is much to learn about the Airport (YOW) and this dynamic industry, I'm fortunate to be surrounded by a supportive Board and an experienced and dedicated team helping me get up to speed.

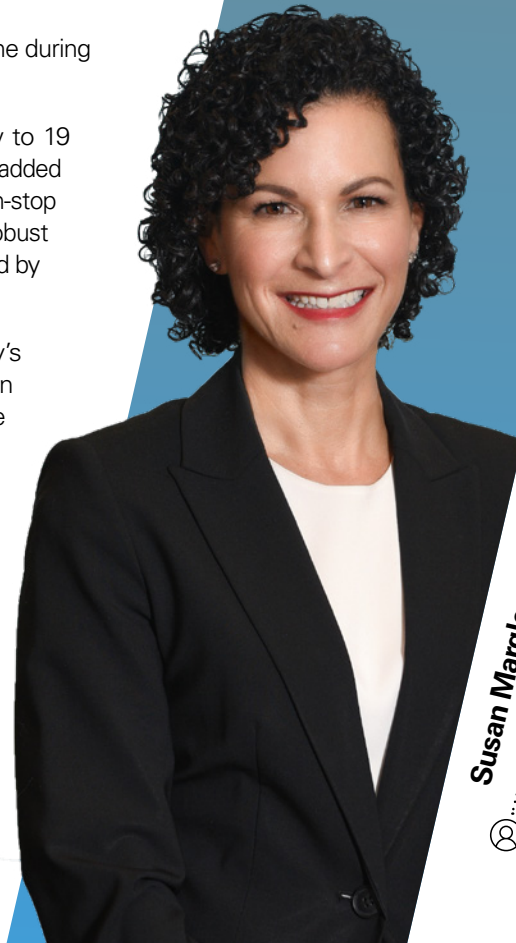
I have now had the privilege to meet many of the team members, and it's evident that they are engaged, passionate about their work, and committed to YOW's continued growth and success. I'm pleased to share the impressive results they achieved in 2024 under Mark Laroche's leadership.

A key highlight was the remarkable recovery in passenger volume during the year, reaching 4.6 million – a 13% increase over 2023.

Growth was fuelled by Porter Airlines, whose network grew to 19 destinations overall, including seasonal charter service. Air Canada added capacity and new destinations, and the success of Air France's non-stop service to Paris added to the healthy volume gains. Additionally, a robust list of sunshine destinations in the Caribbean and Mexico, served by several airlines, helped sustain the positive results.

Higher passenger volumes positively impacted the Authority's revenues, totalling \$162.1 million. Income before depreciation was \$45.7 million, and after depreciation, totalled \$16 million. The Authority maintained a strong balance sheet and credit capacity, meeting all regulatory, operational and debt service obligations throughout the year.

Significant efforts were made to improve the Airport experience for the growing number of users, including new retail and food and beverage concessions. More accessibility features were introduced throughout the year, including the Aira app, designed to assist blind and partially sighted passengers and visitors. ↘



Susan Margles | President and CEO



Growing volumes, changing passenger demographics, new aircraft types and shifts in peak travel times are all placing increasing pressure on existing facilities, and Airport operations must keep pace.

YOW's passenger profile has also shifted considerably over the past four years, further complicating the operation and offering new opportunities. A decline in business travel, both inbound and outbound, can be attributed to many organizations—particularly the federal government—opting for virtual meetings and reducing travel budgets. However, this decline has been partially offset by an increase in connecting passengers, primarily driven by Porter, with a strong emphasis on U.S. destinations. These connections are the hallmark of a hub airport and open markets that Ottawa-Gatineau cannot otherwise sustain on its own. We have and will continue to explore every opportunity where connecting traffic can strengthen our case for new routes and enhanced connectivity for the region.

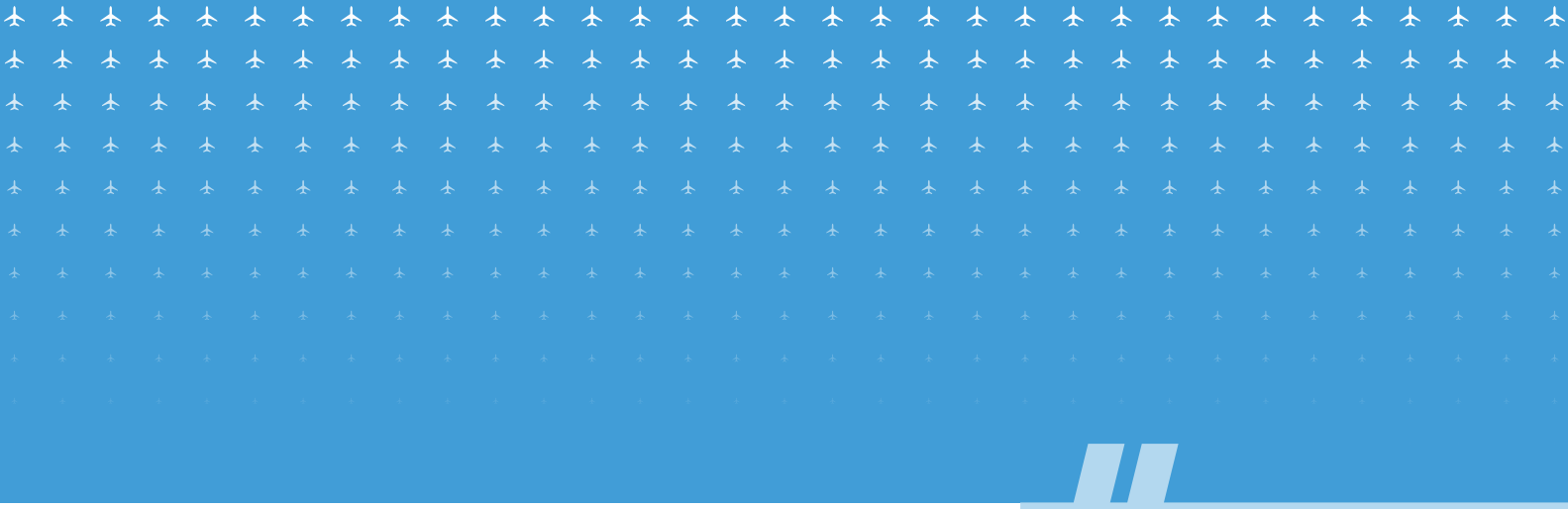
These and other factors emphasize the need for infrastructure upgrades. In response, our Major Capital and Strategic Planning group has been exploring more efficient ways to process connecting passengers and their baggage. The team is also working on long-term solutions to manage the increased volume, all while enhancing the passenger experience as part of a broader Airport expansion program.

The Authority's Purpose Statement, "Building on teamwork and sustainability, YOW safely connects people, moves goods, and

creates economic prosperity for our community," underscores our commitment to fostering growth in Ottawa-Gatineau. Economic prosperity manifests in various ways—whether through job creation, payments in lieu of municipal taxes, or contributing to the local visitor economy, the impact of the Airport on the region is profound. We take our role as an economic engine to heart and will continue to focus on community-building.

One of the first things that impressed me upon joining the Authority was the value placed on safety and security, which is reflected in the Purpose Statement. I appreciate the safety-first approach that is embedded in every aspect of our operation and the lengths our employees, partners, and contractors go to ensure a safe, secure environment for all passengers, employees and visitors. As the Accountable Executive in the Airport's Safety Management System (SMS) program, I am committed to working with the team to ensure that the safety culture continues to guide every project and undertaking at YOW. The Accountability Management System that was launched last May is a prime example of the Airport community working together to ensure safe airside operations

The preceding is a mere glimpse into 2024. The next section of the Report provides a more fulsome view of the many projects and accomplishments that marked the year. I also encourage you to visit the Authority's **2024 ESG Report** for more details concerning our efforts in sustainability, accessibility and employee engagement.



Looking ahead, my focus will be on gaining a deeper understanding of both the industry and our operations. Stakeholder engagement will be a priority, and I look forward to building on the excellent work already underway to strengthen our dialogue with selecting bodies, government, and industry partners. By fostering continued conversation and collaboration, we can ensure that priorities and shared goals remain aligned as we move key initiatives such as Airport expansion forward.

I am equally committed to seeking input from everyone within the organization to ensure our employees are actively involved at every step of our journey. We have encouraged them to learn and reflect on the Purpose Statement in everything they do, and I plan to do the same. I want to sincerely thank the team for their openness and candour during my first few weeks and months in this position. It's been a pleasure getting out into the field to meet so many of our employees, and I will continue to do so regularly. Their insights and contributions are invaluable, and I look forward to working alongside them to achieve our shared goals.

I also want to take a moment to thank and congratulate Mark Laroche for the many accomplishments during his

12 years as President and CEO. I understand that advancing complex files like the LRT's Airport spur, Porter's expansion and the Alt Hotel construction required tenacity and passion. I also appreciate the capable Senior Leadership team he built, and I look forward to continuing the excellent work they've accomplished together. We all wish Mark the best in his well-deserved retirement.

I want to extend my heartfelt thanks to the Board for placing their trust in me to lead the organization into its next chapter. I am eager to collaborate with them to maintain strong governance and transparency.

Finally, I want to express my gratitude to the communities we serve; I've learned early in my tenure that their support is vital to our success. And, as we aim to surpass 5 million passengers in 2025, it will be even more critical. I encourage travellers in Ottawa-Gatineau to include YOW in their travel plans – starting and ending in Ottawa – which will demonstrate that our market is worthy of strong air service. Together, we can ensure that YOW remains a thriving economic generator for our community.

 | **Susan Margles**  
*President and CEO*

**I am equally committed to seeking input from everyone within the organization to ensure our employees are actively involved at every step of our journey.**

# 2024 in Review

Without question, 2024 was an incredible year, marked by considerable growth, celebration and innovation. We are pleased to share the results as reported against the Authority's Strategic Directions.

## To provide additional flight frequencies and destinations

Increased air service and airline activity facilitates economic activity in the community. The team works closely with airline partners using data to demonstrate the potential for new air service, and to ensure new route success in the interest of generating employment, and attracting tourism and visitor spending. ↘

# 4.6 million

Total passenger volume,  
13% increase from 2023.



## 3.4 million

Domestic passengers,  
7% increase from 2023.



## 800,000

Transborder passengers,  
29% increase from 2023.



## 400,000

International passengers,  
37% increase from 2023.

### Airlines and passengers

Passenger volume saw impressive growth in 2024, increasing by 13% over 2023, bringing the total to 4.6 million. Breaking it down by segment, domestic traffic rose by 7% to 3.4 million, transborder traffic surged by 29% to 0.8 million, and international traffic saw a remarkable 37% increase to 0.4 million passengers.

While domestic passengers account for most of YOW's volume, the other segments enjoyed impressive growth thanks to Porter Airlines and United Airlines on the transborder side. Air France's

success with the non-stop flight to Paris, and key sunshine destinations in the Caribbean and Mexico, have contributed to substantial international gains.

The addition of non-stop service is a key driver of growth, and in 2024, YOW saw significant expansion to its route map, with more new route announcements to come.

Porter Airlines led the way unveiling a series of new destinations throughout the year, including several Canadian cities and four Florida cities. By summer 2024, their network had expanded to 15

destinations; for the winter and charter season 2024/2025, it expanded further to 19. For 2025, Porter confirmed year-round service for the previously seasonal Las Vegas and Fort Lauderdale routes and added Victoria to Ottawa's 'capital-to-capital' network in the spring.

Air Canada and WestJet also played a role in boosting service at YOW, increasing both capacity and frequency to popular Canadian destinations. Air Canada also announced the launch of seasonal service to Tulum, Mexico, marking the first-ever non-stop connection between YOW and this popular destination.

Air France's non-stop service to Paris-Charles de Gaulle has performed very well, with strong demand driving an increase in frequency from five flights per week to daily during the summer. We are pleased that the airline is calibrating service to match low and peak seasons to help ensure the long-term sustainability of the popular route.

The request we've heard most often from the travelling public since it was paused in 2020 is to return Air Canada's non-stop service to London Heathrow. We're pleased that the service will relaunch on March 31, 2025. Air Canada will initially operate the route with a Boeing 787-9 Dreamliner, which features 298 seats across three classes, with service 4 times a week during the summer season. In the future, the airline's new fleet of 182-seat Airbus A321XLRs, with first deliveries expected in late 2025 or 2026, may replace the Dreamliner. The A321XLR's smaller size makes it well-suited for operating the YOW-LHR route more frequently.

Porter's significant growth at YOW extends to the impressive hangar facility it opened in the North Field in 2024. The 150,000 ft<sup>2</sup> hangar is a primary maintenance base for the airline's fleet of Embraer E195-E2 jets and a backup for its Dash-8 fleet. It's also allowed Porter to create a crew base and customer service operation to better support its local team. Celebrating the project with the Porter team and many of our collective stakeholders and partners last May was a privilege.

Canadian North continues to connect Ottawa-Gatineau with communities in Canada's eastern Arctic region. The hometown airline broke ground on its warehouse and head office construction project last fall. Initial early works on-site, including connections to the Airport's main stormwater infrastructure, began in October, with full construction beginning in 2025. The project, which is expected to wrap up in 2026, will significantly augment the airline's ability to carry out its essential work, facilitating the movement of people and vital supplies between regions.

## To grow strategically

Developing Airport property to maximize long-term non-aeronautical revenue, ensuring sufficient terminal capacity to accommodate growth, and facilitating a positive passenger experience, all while keeping costs as low as possible, are key to YOW's strategic growth.

### Major capital and strategic planning

As passenger volumes continue to grow, Airport operations must keep pace. The introduction of new aircraft types, shifts in peak travel times, and a significant rise in passenger numbers are placing increasing pressure on existing facilities.

YOW's passenger profile has also shifted considerably over the past four years. A decline in business travel, both inbound and outbound, can be attributed to many organizations—particularly the federal government—opting for virtual meetings and reducing travel budgets. This decline has been partially offset by an increase in connecting passengers, primarily driven by Porter, with a strong emphasis on U.S. destinations. These connections, the hallmark of a hub Airport, open markets that Ottawa-Gatineau cannot otherwise sustain on its own, and we continue to explore every opportunity where connecting traffic can strengthen our case for new routes and enhanced connectivity for the Region.

This evolving passenger dynamic, coupled with the rise in passengers and a changing aircraft mix, underscores the need for infrastructure upgrades. In response, we have and will continue exploring more efficient ways to process connecting passengers and their baggage. The team is also working on long-term solutions to manage the increased volume, all while enhancing the passenger experience as part of a broader Airport expansion program.



**Non-aeronautical revenue generation is directly linked to the Authority's ability to maintain lower aeronautical fees it charges airlines.**



**Information Technology modernization**

The Information Technology (IT) and Cybersecurity team made significant strides in advancing the IT Modernization Plan. Efforts in 2024 included the substantial completion of the multi-year IT strategy that focused on team development, process refinement, technology uplift, data architecture, and enhanced cybersecurity. This project is the cornerstone of YOW's digital strategy, enabling improved scalability, resilience, and positioning the Airport to better integrate emerging technologies such as artificial intelligence, machine learning and digital services. These upgrades benefit not only the Authority but also airlines, agencies and tenants.

**Non-aeronautical revenue generation**

Non-aeronautical revenue generation is directly linked to the Authority's ability to maintain lower aeronautical fees it charges airlines.

Our non-aeronautical revenues rely heavily on customer transportation and parking. Volumes recovered nicely in 2024, with over 600,000 commercial ground transportation transactions completed by various vendors, including taxis, rideshares, motorcoaches and shuttles. Additionally, 350,000 transactions were processed at Authority parking facilities. Parking for more than 2,000 Airport employees brought the total parking and ground transportation revenues to more than \$19.8 million.

# YOW+

## YOW+ terminal enhancement program nearing completion

Food, beverage and retail concessions are another essential source of non-aeronautical revenues. Our concession program has been transforming since 2019 under the YOW+ terminal enhancement banner, though it was paused for several years. We have been re-engaged since 2022 and are making great progress with our concession partners to enhance the offerings and overall customer experience.

Master Concessionaire, SSP Canada (SSP) opened the Canal Market Hall food court in the Canada/International gate area on January 3 to great reviews. True to their "taste of place" theme, the space features hometown favourites La Bottega and their famous panini sandwiches, as well as local coffee star, Bridgehead Coffee, among other locally inspired offerings.

In the fall, SSP added another Bridgehead in the Arrivals area adjacent to a new Relay store opened by our retail Master Concessionaire, Paradies Lagardère. The retailer also opened a new Relay store in the south end where the Canada/International gates are.



In 2024, the Authority completed base building work to facilitate SSP's next wave of projects. These include a new Starbucks in the Canada/International gate area, scheduled to open later in 2025, and the construction of a new and highly anticipated restaurant in the U.S. gate area called Urban Crave, which is progressing well and scheduled to open in Q1 2025. SSP's attention will shift to the final phase in the concession program overhaul, including the demolition of the existing D'Arcy McGee's Irish Pub, located across from Starbucks, to make way for local gem, Zak's Diner.

The City of Ottawa's O-Train Trillium lines 2 and 4 – the latter being the Airport spur – began revenue service on January 6, 2025. We were finally able to host an open house and show off the Airport station, which was designed as an extension of the terminal. We invited employees to visit the station to familiarize themselves with the ease of use and frequent train



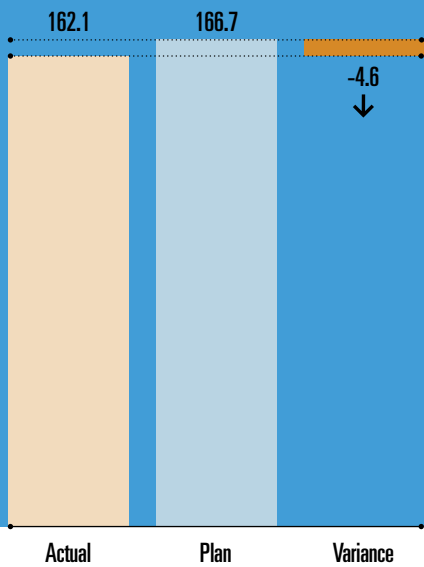
service between the South Keys and Airport stations. Collaboration between the Authority, the City, Province of Ontario and Government of Canada ensured the Airport was included in the Trillium Line. The Airport spur puts Ottawa in an elite group of Canadian airports with rail connections to their city centres.

The Alt Hotel Ottawa Airport construction project remains on track to be completed at the end of 2025 or early in 2026. The 178-room facility will be connected to the terminal via a pedway to the Parkade and will feature 3,000 ft<sup>2</sup> of meeting space and a full-service restaurant, adding to the convenience and amenities for business and leisure travellers.



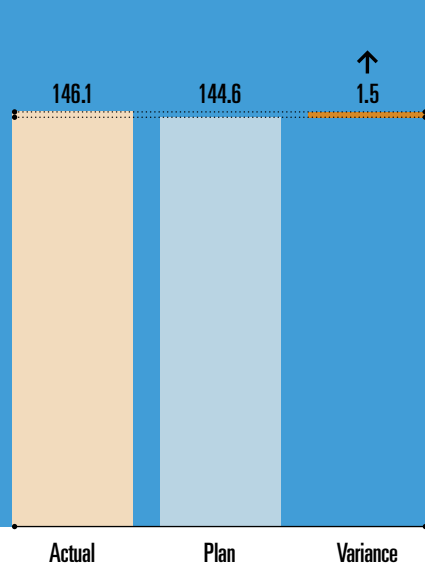
### 2024 Actual vs. Business Plan (in millions of Canadian dollars)

#### Revenue



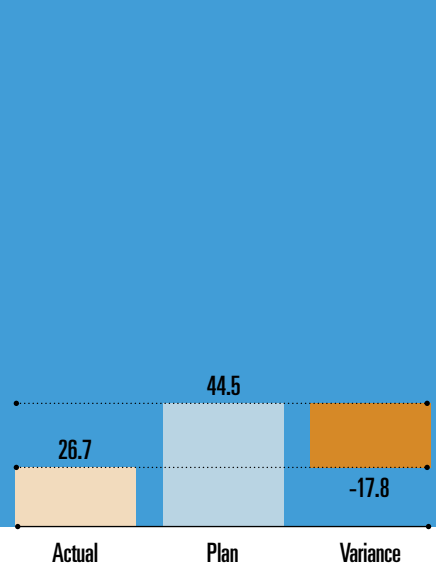
The variance is due to a lower number of passengers than planned combined with a higher number of connecting passengers than planned. Connecting passengers do not pay AIF nor do they spend in areas that are outside of the secure zone at the airport. 2024 revenue includes the recognition of an accounting gain on a finance lease receivable (\$8.6 million) pursuant to IFRS 16 that is related to a long-term land sublease.

#### Expenses



Operational expenses were consistent with the Plan with slightly higher people costs due to higher overtime and favorable recruitment activities.

#### Capital Expenditures



The Authority experienced a combination of delays due to further design and scoping of projects, supply chain and labour capacity with deferred project spending on some projects into 2025.

# To optimize operational performance, ensuring safe and secure operations

## Strong financial performance

The Airport welcomed 4.6 million passengers in 2024 which was 13% higher than in 2023. In 2024, domestic passenger growth increased 7%, transborder volumes increased by 29% and international passenger volumes increased 37%. The Canadian economy experienced growth in 2024 with key financial indicators and employment trends moving positively throughout the year. Despite geopolitical and socio-economic factors including a federal election causing potential volatility in 2025, there are reassuring signs for continued improvements in passenger growth and financial performance in 2025 through strong passenger demand, air carrier schedules and flight capacity.

Revenues in 2024 were \$162.1 million which was 11% higher than 2023. All revenue areas were impacted positively by the increase in passenger volumes. Notably, non-aeronautical revenue includes the impact of an accounting gain of \$8.6 million on the recognition of a finance lease receivable pursuant to IFRS 16 and is related to a long-term land sublease. The Authority finished 2024 by generating income before depreciation of \$45.7 million compared to \$40.0 million in 2023. After depreciation, income of \$16.0 million in 2024 compared to income of \$10.8 million in 2023. In 2024, the Authority continued to leverage its strong balance sheet and credit facility capacity and continued to meet its regulatory, operational and debt service obligations.

## Airside infrastructure improvements

Two airside projects from a long list of infrastructure improvements merit highlighting: apron and deicing pad reconstruction.

The apron project involved the full-depth reconstruction of the pavement base and stormwater piping. As part of this work, affected gates were reconfigured to accommodate larger Code C aircraft to support the aircraft mix now operating from YOW.

The deicing pad project involved a full-depth reconstruction of bays 4, 5, and 6, representing 50% of the entire pad operation. Repairs and replacements were made to the stormwater pipe distribution and inset lighting systems.

## Safety

As in 2023, we continued to track key safety metrics, including bird strikes, runway incursions, main apron vehicle accidents and boarding bridge incidents in 2024. Generally, we have tracked well to our targets, although we experienced minor exceedances in the latter three categories. Thanks to the great work initiated by the airside safety team, the issues that were mostly contained to the beginning of the year, were effectively addressed and well-mitigated throughout the rest of the year.

### Accountability Management System

Last year's report highlighted YOW's partnership with the Edmonton Regional Airports Authority (YEG) to develop an Accountability Management System (AMS). The innovative program brings structure to incident classification and performance review in several key areas and has fostered a collaborative approach to enhancing service level standards across the airport ecosystem. The ultimate goal of the AMS is to improve efficiency and customer service while maintaining the highest safety standards.

We officially launched the AMS in May and have received positive reviews from the participating airlines and ground handlers. The methodology is effectively achieving its intended results. YOW will continue its partnership with YEG to expand its reach, with plans to incorporate additional Canadian airports into the program in 2025.

### Security

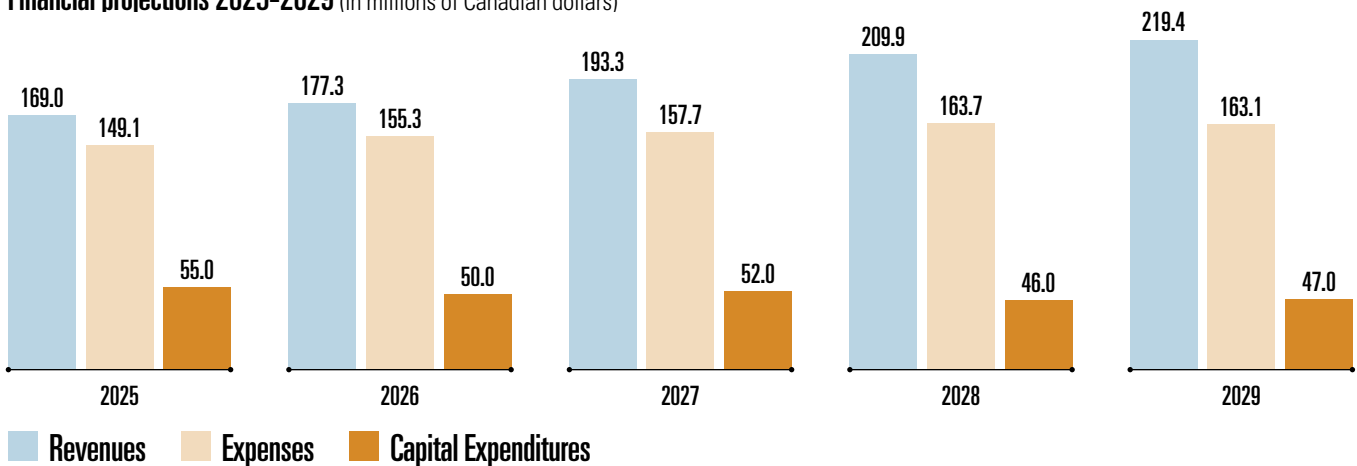
Security in an airport setting is inherently complex and requires vigilance, regular practice and follow-up to ensure a constant state of readiness and strong security posture. This includes exercises and red teaming tests to simulate security threats or breaches.

In April, the Emergency Management team hosted a tabletop exercise that simulated an in-flight emergency for an aircraft with malfunctioning landing gear. During a simulated emergency landing, the nose gear collapsed, causing the plane to veer into the grass near the intersection of Runway 14-32 and Taxiway Kilo. The objective of the exercise was to test the Airport Emergency Coordination Centre (ECC) Control Group's ability to execute the standby notification procedure and fully activate the ECC, test standby notification procedures and resume normal operations.

In July, a selection of the Authority's management team joined the Ottawa Police Service to participate in a comprehensive tabletop exercise to respond to a simulated protest on the Airport campus. The exercise allowed participants to evaluate and practice coordination strategies for managing a disruptive event, including the implementation of contingency plans.

After-action reports (AARs) for exercises captured key lessons learned and areas for improvement. Insights from both events will be used to refine our protocols and improve preparedness for future emergencies and disruptions.

### Financial projections 2025-2029 (in millions of Canadian dollars)



## To pursue excellence

Following best practices, achieving and maintaining high standards, and facilitating continuous improvement across every aspect of the Authority's business are vital as YOW continues to grow.

### Environmental stewardship

We maintained our focus on sustainability and carbon reduction and continued to build on the expansion of our electric vehicle fleet, adding various EV charging locations campus wide. Operational lots, the loading dock, the Hendrick Building and the Parkade have all now been equipped with level 2 charging stations.

Three 100kw DC Fast charging stations have been installed by the Cell Phone Lot. The fee-based facility will be open for public, commercial, and employee use in Spring 2025.

Additional public EV chargers will be added to the Parkade in 2025, following a power service upgrade needed for future expansion.

These are a small sample of the sustainability projects we completed in 2024. A more fulsome overview is available in the ***2024 Environmental, Social and Governance (ESG) Report***.

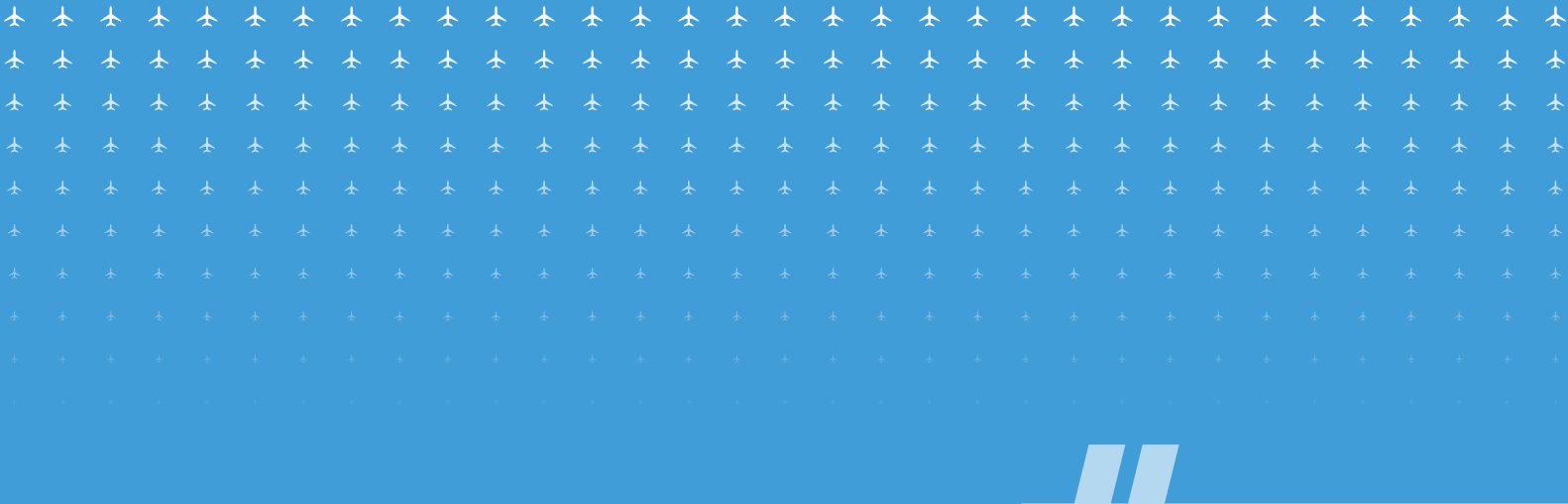


### Summary of amounts spent in the Ottawa region (in millions of Canadian dollars)

	2020 \$	2021 \$	2022 \$	2023 \$	2024 \$	TOTAL \$
Wage bill	23.7	21.8	23.9	28.0	32.7	130.1
Payments in lieu of municipal taxes	5.5	1.5	1.3	3.2	4.4	15.9
Operations costs	24.0	22.0	31.6	42.5	47.4	167.5
Capital costs	16.8	9.8	14.7	20.5	26.7	88.5
<b>Total</b>	<b>70.0</b>	<b>55.1</b>	<b>71.5</b>	<b>94.2</b>	<b>111.2</b>	<b>402.0</b>

Notes:

The wage bill includes benefits and excludes CEWS subsidy. Payments in lieu of municipal taxes (PILT) – paid to the City of Ottawa. Operations costs do not include rent, PILT, payroll, depreciation and interest expenses.



### Airport Fire Service

The Airport Fire Service (AFS) is integral to our ability to respond quickly to emergencies. In 2024, AFS responded to 453 emergencies – up from 378 in 2023 - including 355 medical calls and 15 aircraft emergencies. These increases are reflective of the growing operational demand and our capacity to manage incidents effectively.

AFS has bolstered its operational capabilities by completing Blue Card Incident Command Training. The comprehensive qualification program involved 40 hours of online training, followed by four days of in-class instruction and six days of hands-on practical exercises for all team members.

### Collaboration bolsters excellence

AFS collaborated with the Human Resources (HR) team to develop a new recruitment process that focuses on a fire skills testing component. The innovative program, which has only been implemented at one other airport in Canada, ensures that candidates possess the essential skills and competencies required for the demanding roles of the position.

The AFS campaign was just one of many projects managed by the HR team. From recruitment to training and a substantial pay equity project, 2024 was a highly productive and demanding year. The team managed an incredible 78 recruitment competitions, filling 64 positions, 44 of which were external. An impressive 20 internal resources were promoted, which speaks to the high calibre of talent within the Authority.

Congratulations to the HR team for successfully negotiating a new Collective Agreement with PSAC local 70701 that was subsequently ratified in January 2025. We look forward to continued collaboration with the Local Executive through the monthly Union Management Consultation (UMC) meetings.

Finally, our summer student program was an overwhelming success, with more than 350 applications received. We were pleased to fill all positions across Operations, Finance, HR and Legal, and Groundside Maintenance. The program provided valuable opportunities for students, allowed the Authority to tap into fresh talent and perspectives, enhanced YOW's community engagement, and created exposure for opportunities in aviation.

**AFS has bolstered its operational capabilities by completing Blue Card Incident Command Training.**



## Passenger experience

After a pandemic-imposed hiatus, the Authority launched a new and enhanced customer service program in March. The program uses the services of A.S.P. Incorporated (ASP), a third-party partner who manages a team of Customer Service Representatives (CSRs). This team already provides customer service in the departures area to help with check-in line coordination, in the Canada Border Services Agency's Customs area to assist with the primary inspection kiosks, and in the Canadian Air Transport Security Authority (CATSA) security screening queues. This experience and general Airport knowledge have them well-equipped to assist passengers.

Ensuring barrier-free access throughout the travel process at YOW is a priority for the Authority, as identified in our ESG material topics. The goals are also outlined in the Airport's Accessibility Plan, which the Communications team updates each year in collaboration with Operations and Infrastructure, Passenger Experience, Customer Transportation and Parking Services,



and the Canadian Transportation Agency. While the Accessible Transportation for Persons with Disabilities Regulation outlines many of the requirements included in our plan, we are committed to going beyond these standards.

In this vein, we made a significant improvement to customer-facing parking payment kiosks to add voice modules. Once a customer inserts their ticket, the kiosk will verbally walk them through the payment process step by step.

Another example is the Sunflower lanyard program, which we have integrated into employee training, and for which we continue to build awareness. In support of the program, we participated in the global recognition of World Autism Awareness Day on April 2, promoting YOW as a hidden-disabilities-inclusive business. The initiative brought together terminal staff from CATSA, Air France, SSP and the ASP CSRs, who wore the



white supporter version of the lanyard for the day, signalling their understanding of the program and readiness to assist.

YOW became an Aira service access partner in 2024. Aira is an app designed for individuals who are blind or partially sighted that connects app users on-demand with a trained visual interpreter who can provide assistance navigating the terminal.

Through these initiatives and our ongoing commitment to enhancing accessibility, we are working to create a more inclusive environment where all individuals, regardless of ability, can work and travel with ease and confidence.



### Passenger growth by sector

	YEAR	DOMESTIC		TRANSBORDER		INTERNATIONAL		TOTAL	
		ANNUAL GROWTH %		ANNUAL GROWTH %		ANNUAL GROWTH %		ANNUAL GROWTH %	
ACTUAL	2019	3,993,553	-0.2	686,297	-4.8	426,637	10.0	5,106,487	-0.1
	2020	1,032,037	-74.2	163,093	-76.2	168,382	-60.5	1,363,512	-73.3
	2021	1,143,950	10.8	11,242	-93.1	15,597	-90.7	1,170,789	-14.1
	2022	2,708,999	136.8	190,335	1593.1	93,000	496.3	2,992,334	155.6
	2023	3,202,899	18.2	576,133	202.7	316,883	240.7	4,095,915	36.9
	2024	3,431,500	7.1	741,449	28.7	433,875	36.9	4,606,824	12.5
FORECAST	2025	3,841,710	12.0	835,313	12.7	523,050	20.6	5,200,073	12.9
	2030	5,155,012	34.2	1,447,875	73.3	740,984	41.7	7,343,871	41.2
	2035	5,775,743	10.7	1,622,218	10.7	830,208	10.7	8,228,169	10.7
	2040	6,471,218	10.7	1,817,554	10.7	930,176	10.7	9,218,948	10.7

## Building on teamwork and sustainability, YOW safely connects people, moves goods, and creates economic prosperity for our community.



### Excellence in communications

The Airport website, yow.ca, plays a vital role in enhancing stakeholder and customer experience through the availability of timely and accurate information. In collaboration with IT, the Communications team launched a major project to develop a new site in 2023. After comprehensive user analysis, design and development phases culminated in a secure, user-friendly, visually appealing, intuitive and responsive site that aligns with the YOW brand. The site provides seamless access to flight information and other pages our passengers often visit, and it meets the highest Web Content Accessibility Guidelines (WCAG) accessibility standards. Enhancements in 2025 will include interactive terminal maps that highlight points of interest to further enhance the customer experience.

### Showcasing the community

The Authority's Purpose Statement, "Building on teamwork and sustainability, YOW safely connects people, moves goods, and creates economic prosperity for our community," underscores our commitment to fostering growth in Ottawa-Gatineau. Economic prosperity manifests in various ways—whether through job creation, payments in lieu of municipal taxes, or contributing to the local visitor economy, the impact of the Airport on the region is profound.

In addition to these contributions, YOW also plays a unique role in supporting local businesses and community partners. As the gateway to Canada's Capital Region, the Airport has a platform to showcase local assets to the nearly 5 million passengers who pass through each year. To further this effort, we introduced the YOW Showcase on Level 1, strategically located in the Airport's highest-traffic area. This space allows community partners to display their innovations and highlight their contributions to the region's cultural and economy, reinforcing YOW's role as a key connector of people and businesses in Ottawa-Gatineau. Past participants include Ross Video, the University of Ottawa Heart Institute, and Invest Ottawa, among others.

In 2024, we partnered with Hydro Ottawa to showcase innovation in energy conservation. Their energy-efficient, interactive eco home was designed to highlight the latest sustainable technologies and provide valuable tips on lowering energy consumption and carbon output. Visitors learned about the benefits of renewable energy, smart home technologies, government incentives for green initiatives and practical solutions for a greener future.



Similarly, we partnered with Ottawa Tourism and Hockey Canada to support the promotion of the World Juniors Hockey Championships by providing banners and other assets in the terminal at no cost. By offering these high-visibility spaces, we aim to raise the profile of local events while fostering community engagement and supporting the region's visitor economy.

## Key measurements

	YEAR	PASSENGERS		AIRCRAFT MOVEMENTS		RENT TO TRANSPORT CANADA \$	
			ANNUAL GROWTH %		ANNUAL GROWTH %		ANNUAL GROWTH %
ACTUAL	2019	5,106,487	-0.1	75,799	-2.5	10,530,000	-0.2
	2020	1,363,512	-73.3	23,384	-69.1	439,000	-95.8
	2021	1,170,789	-14.1	17,397	-25.6	—	-100.0
	2022	2,992,334	155.6	39,716	128.3	7,832,000	100.0
	2023	4,095,915	36.9	49,971	25.8	11,032,000	40.9
	2024	4,606,824	12.5	56,196	12.5	11,797,000	6.9
FORECAST	2025	5,200,073	12.9	63,507	13.0	13,373,000	13.4
	2026	5,600,347	7.7	63,925	0.7	14,365,000	7.4
	2027	6,200,400	10.7	68,242	6.8	16,029,000	11.6
	2028	6,800,423	9.7	73,414	7.6	17,704,000	10.4
	2029	7,199,914	5.9	75,812	3.3	18,655,000	5.4

Notes:

Federal Government Net Book Value at time of transfer: \$75.0 million. Total rent projected 1997-2029: \$315 million.

Forecast passenger volumes are as provided by outside consultants. For financial planning purposes, the Authority forecasts on a more conservative basis.

## To increase the economic footprint of the Airport within Canada's Capital Region

Every infrastructure improvement and project mentioned contributes to YOW's ability to grow its economic contribution in the Region. Whether adding passenger amenities, enhancing safety and security or increasing connectivity, YOW's success is the community's success.

### Five-year review (in thousands of Canadian dollars)

	2020 \$	2021 \$	2022 \$	2023 \$	2024 \$
Revenues	48,584	56,638	111,795	145,624	162,050
Expenses before depreciation	68,110	62,029	86,123	105,629	116,315
Income (loss) before depreciation	-19,526	-5,391	25,672	39,995	45,735
Capital expenditures	16,853	9,799	14,728	20,595	26,685
AIF revenues	14,649	19,343	50,265	67,189	70,480

Average daily nonstop departures (based on peak period)

ACTUAL	YEAR	DAILY		WEEKLY
		DOMESTIC	TRANSBORDER	INTERNATIONAL
	2015	78	21	24
	2016	80	20	23
	2017	82	19	23
	2018	85	20	20
	2019	83	19	22
	2020	27	4	11
	2021	34	2	2
	2022	61	5	10
	2023	64	19	38
	2024	68	19	7*

Origin and destination  
96.5% of traffic (estimated)

**Peak travel periods**  
Domestic: August  
Transborder: December  
International: March

\*Daily

## Conclusion

2024 has been a year of milestones in safety, security, and sustainability which reflect YOW’s ongoing commitment to delivering an efficient, barrier-free and safe experience for all travellers. As we look ahead to 2025, we are excited to embark on an expansion plan that will position YOW for continued growth, exceptional service and innovation – an Airport that will continue to spark pride among employees and the community at large.

# Corporate Governance, Accountability, and Transparency

The Authority's mission is to be a leader in providing quality, safe, secure, sustainable, and affordable transportation services to the Airport's customers and communities, and be a driver of economic growth within Canada's Capital Region.

Details about the Board of Directors, including its composition, mandate, [member profiles](#), by-laws, and Committee information, is available in the [Governance section of our website](#). ↘

## Attendance at Board and Committee meetings in 2024

Director	Occupation	Selecting Body and year appointed	Board meetings attended	Committee member	Committee meetings attended while member of a committee
Bonnie Boretsky Chair of the Board Chair, Ad hoc Committee	Retired Executive	Transport Canada 2019	10 out of 10	4, 5, 6, 7, 8	29 out of 29
Shane Bennett <sup>(1)</sup>	Vice President, Bennett Insurance Agency Limited	Government of Ontario 2019	2 out of 2	5	2 out of 2
Dick Brown	Retired Executive	Ottawa Tourism 2016	9 out of 10	5, 6	11 out of 11
Code Cubitt <sup>(1)</sup>	Managing Director, Mistral Venture Partners	Invest Ottawa 2015	2 out of 2	4, 5, 6, 7, 8	12 out of 12
Mario Cuconato	Vice President, Integrated services, Civeo Canada	City of Ottawa 2020	9 out of 9	6, 7	11 out of 11
Marc Joyal	Retired Executive	At Large 2022	10 out of 10	4, 7	11 out of 11
Michèle Lafontaine, Chair, Governance Committee	Strategic Executive Counsel, Groupe Nordik	Ville de Gatineau 2017	10 out of 10	5, 8	18 out of 18
Sylvain Laporte <sup>(2)</sup>	Independent Director, Business Coach and Mentor	Transport Canada 2024	5 out of 6	4	2 out of 3
Bruce Lazenby	Semi-retired Executive Coach	At Large 2022	9 out of 10	6, 7	11 out of 11
Kevin McGarr, Chair, Human Resources and Compensation Committee	Principal, McGarr Advisory Services	At Large 2019	10 out of 10	6, 8	19 out of 19
Sam Michaud <sup>(3)</sup>	Retired Aerospace and Defence Executive	Invest Ottawa 2024	7 out of 8	7	2 out of 2
Deanna Monaghan, Chair, Audit Committee	Retired Executive	At Large 2022	8 out of 10	4, 8	18 out of 19
Laurel Murray <sup>(1)</sup>	President, Murray Consulting Inc.	Transport Canada 2019	1 out of 2	4	1 out of 2
Jagdeep Perhar <sup>(2)</sup>	Broker, Royal LePage Team Realty CEO Perhar Consultants	Government of Ontario 2024	4 out of 6	5	2 out of 2
Vanessa Pilotte	CEO, Choquette Legault Family Office	Chambre de commerce de Gatineau 2023	10 out of 10	4, 5	7 out of 8
John Proctor, Chair, Major Infrastructure and Environment Committee	Business Executive, PwC	Ottawa Board of Trade 2021	9 out of 10	7, 8	17 out of 18
Lisa Stilborn	Vice President, Public Affairs and Government Relations Canadian Fuels Association	City of Ottawa 2016	8 out of 10	5	4 out of 6

(1) Term ended on: April 17, 2024 (2) Term started on: May 10, 2024 (3) Term started on: April 18, 2024 (4) Audit Committee (5) Governance Committee (6) Human Resources and Compensation Committee (7) Major Infrastructure and Environment Committee (8) Ad Hoc Committee

# Director's compensation in 2024

## Annual retainer

- Chair: \$57,889
- Audit Committee Chair: \$28,303
- Committee Chairs: \$25,730
- Other Directors: \$15,437

## Per meeting fee

- \$709 per meeting
- \$257 per teleconference

# Transparency

The Authority accounts for its action in a number of ways and is transparent about its procurement and contracting practices, at-risk pay program for management, fees and charges and public access to documents. More information is available in the [Governance section of our website](#).

Contracts in excess of \$140,670 that were not awarded on the basis of a public competitive process during 2024:

CONTRACTOR	CONTRACT DESCRIPTION	REASON FOR SOLE SOURCE
Hydro Ottawa	Supply and installation of new electrical service including expandable capacity for the Parkade	See B below
ThyssenKrupp (TK USA)	Supply parts for the modernization project of eight passenger boarding bridges ("PBB")	See B below
Averest, Inc.	Supply electric charging infrastructure for Ground Services Equipment (GSE)	See B below
ABB E-Mobility Inc	Supply electric vehicle charging infrastructure	See A below
Storage Systems Construction Corp	Structural repairs on storage dome structure	See A below
Brock Solutions Inc	Upgrade to the baggage handling system	See A below
6362222 Canada Inc (dba "Talan")	License renewal for SAP ByDesign	See A below
Embross North America	Supply and installation of additional primary inspection kiosks at CBSA	See A below
Embross North America	Supply and installation of additional self bag drop units at check-in area	See A below
Brock Solutions Inc.	Supply and installation of Common Use self service bag drop application	See B below
Beumer Group Canada Corporation	Supply and installation of baggage conveyors needed for check-in expansion program	See A below

- A. Sole source to ensure integration, functionality and familiarity with existing systems and regulations and product/services originally purchased following a public competitive process.
- B. Single source for specialized proprietary equipment and/or services are available from only one supplier.

# Executive management salary ranges

The base salary range for the President of the Authority in 2024 was between \$367,000 and \$477,000. The base salary range for Vice Presidents in 2024 was between \$138,593 and \$280,629.

# Financial Review

This Financial Review reports on the results and financial position of the Ottawa International Airport Authority [“Authority”] for its year ended December 31, 2024. This review should be read in conjunction with the audited financial statements and related notes of the Authority. This review contains forward-looking statements, including statements regarding the business and anticipated financial performance of the Authority. These statements are subject to a number of risks and uncertainties that will cause actual results to differ from those contemplated in the forward-looking statements.

## OVERALL PERFORMANCE

The Authority recorded income of \$45.8 million before depreciation for the year ended December 31, 2024 and compares to income of \$40.0 million for the year ended December 31, 2023. The Authority recorded depreciation of \$29.8 million in 2024 compared to \$29.2 million in 2023. After subtracting depreciation, the Authority generated net income of \$16.0 million in 2024 compared to net income of \$10.8 million in 2023.

The Authority’s net operating results for the three years ended December 31, 2024 are summarized as follows:

IN MILLIONS OF CANADIAN DOLLARS	2024	2023	2022
Revenues	162.1	145.6	111.8
Expenses	116.3	105.6	86.1
Income before depreciation	45.8	40.0	25.7
Depreciation	29.8	29.2	30.5
Net income (loss)	16.0	10.8	(4.8)
Total assets	481.2	483.9	488.6
Gross - long-term debt	450.0	465.8	482.8

## RESULTS OF OPERATIONS

### Operating Activities

During 2024, the Airport experienced a 12% increase in passenger volume compared to 2023 and 54% higher than 2022.

The following table summarizes passenger volumes for the last three fiscal years:

	2024	2023	2022	% CHANGE – 2024 VERSUS	
				2023	2022
Domestic	3,431,500	3,202,899	2,708,999	7	27
Transborder	741,449	576,133	190,335	29	290
International	433,875	316,882	93,000	37	367
Total	4,606,824	4,095,914	2,992,334	12	54

Domestic passenger volume was 7% higher on a year over year basis and showed encouraging trends through the year. Volume in each quarter was better on a year over year basis with notable increases with Porter Airlines increasing capacity across existing routes and the introduction of new destinations including Calgary, St. John's and Winnipeg and offset by year over year reductions due to Flair's withdrawal from the Ottawa-Gatineau market in the latter half of 2024.

Transborder volume increased 29% as compared to 2023. Notable increases in Porter capacity to existing destinations combined with new routes to Fort Myers, Las Vegas and Tampa. United increased flows to Chicago and Washington-Dulles and was offset by reduced capacity by Air Canada to Newark and Tampa.

International traffic increased 37% from the comparable period in 2023. The continued success of the Air France non-stop flight to Paris contributed strongly to this growth together with increases in capacity at Air Canada and Air Transat to its Caribbean and Mexican destinations as compared to the prior year.

By sector, a quarterly view of 2024 passenger volumes as compared to 2023 is as follows:

	DOMESTIC	TRANSBORDER	INTERNATIONAL
Q1	Higher by 2%	Higher by 47%	Higher by 31%
Q2	Higher by 5%	Higher by 23%	Higher by 126%
Q3	Higher by 5%	Higher by 25%	Higher by 85%
Q4	Higher by 17%	Higher by 20%	Higher by 4%
Total	Higher by 7%	Higher by 29%	Higher by 37%

By quarter, total passenger volumes were as follows:

	2024	2023	% CHANGE
Q1	<b>1,084,303</b>	951,321	14
Q2	<b>1,114,467</b>	1,001,994	11
Q3	<b>1,206,045</b>	1,107,227	9
Q4	<b>1,202,009</b>	1,035,372	16
Total	<b>4,606,824</b>	4,095,914	12

The size of an aircraft [based on maximum takeoff weight] and the number of "landed" seats on an aircraft [regardless of whether those seats are occupied by passengers] are the most significant drivers of aeronautical revenue. In 2024, the number of landed seats increased by 14% from the comparable period in 2023.

Domestic, transborder and international landed seats increased by 9%, 37% and 32%, respectively, on a year over year basis. Variances in the sectors mirror the variances experienced in passenger volume as explained above.

## REVENUES

In 2024, total revenues increased \$16.4 million to \$162.1 million from \$145.6 million in 2023.

REVENUES BY CATEGORY (IN THOUSANDS OF CANADIAN DOLLARS)	2024	2023	\$	CHANGE	%
Airport improvement fees	<b>70,480</b>	67,189	3,291		5
Terminal fees	<b>23,280</b>	22,875	405		2
Landing fees	<b>11,837</b>	11,345	492		4
Concessions	<b>18,036</b>	16,345	1,691		10
Car parking	<b>14,475</b>	13,739	736		5
Land and space rentals	<b>8,152</b>	7,214	938		13
Other revenue	<b>15,790</b>	6,917	8,873		128
Total	<b>162,050</b>	145,624	16,426		11

Airport improvement fees ["AIF"] of \$70.5 million in 2024 increased \$3.3 million as compared to 2023. The year over year increase of 12% in passenger volume favourably impacted AIF revenue and was offset by an increase in connecting passengers in 2024 (11.8% vs 3.5% in 2023) attributable primarily to the increased flows of Porter Airlines flights and the opportunity to connect in Ottawa to cross-country, transborder and warm weather destinations.

Passengers connecting through YOW are exempt from the AIF. Under an agreement with the air carriers, AIF is collected by the air carriers in the price of a ticket and are remitted to the Authority on an estimated basis, net of air carrier service fees of 6%, on the first of the month following the month of enplanement of passengers. Final settlement based on actual passenger enplanements occurs at the end of the month following the month of enplanement.

Aeronautical revenue of \$35.1 million, encompassing terminal fees, landing fees, security fees and loading bridge charges levied on air carriers, increased 3% over the prior year. The impact of the increase in landed seats in 2024 was offset by the impact of the change in mix from larger gauge aircraft towards smaller gauge aircraft which are subject to lower tariff rates.

Revenue of \$18.0 million from concessions increased 10% over the prior year. The increase was attributable mostly to the higher passenger volume combined with strong food and retail results given the new retail/food offerings in the secure side of the passenger terminal building. This was offset slightly by lower car rental results given the higher number of connecting passengers as a percentage of total passengers who will not spend on car rentals as they remain on the secure side of the terminal building during their connecting period at the Airport.

Parking revenues of \$14.5 million are \$0.7 million higher than 2023 and represent an increase of 5% on a year over year basis. The year over year passenger volume increase of 13% contributed to this favourable variance and, like with rental cars, was offset by the impact of the higher number of connecting passengers who do not require car parking.

Land and space rentals increased \$0.9 million as compared to 2023. The increase was attributable to the annual increase in leasing rates combined with the recognition of revenue related to the commencement of a new finance lease.

Other revenues increased by \$8.9 million as compared to 2023. The increase was attributable to the recognition of a gain on land lease relating to the commencement of a long-term finance lease with a subtenant. This increase was offset slightly by lower interest income for the year due to decreased cash balances and a lower interest rate environment in 2024 as compared to 2023.

## EXPENSES

Total expenses before depreciation increased by 10% to \$116.3 million from \$105.6 million in 2023.

EXPENSES BY CATEGORY (IN THOUSANDS OF CANADIAN DOLLARS)	2024	2023	CHANGE	
			\$	%
Interest	20,041	20,844	(803)	(4)
Ground rent	11,797	11,032	765	7
Materials, supplies and services	47,419	42,519	4,900	12
Salaries and benefits	32,645	28,010	4,635	17
Payments in lieu of municipal taxes	4,413	3,224	1,189	37
<b>Total</b>	<b>116,315</b>	<b>105,629</b>	<b>10,686</b>	<b>10</b>

Interest expense reflected in the statement of operations and comprehensive income results from borrowing to invest in the Authority's capital programs. The \$0.8 million decrease in interest expense in 2024 relates to interest on the declining total principal balance of the three bonds held by the Authority.

Rent payable to the Government of Canada increased by 7% to \$11.8 million in 2024 due to higher revenues. The Authority operates the Airport under the terms of a Ground Lease [as amended, the "Lease"] with the Government of Canada that sets out the formula for calculating annual rent. The amount reflected as rent expense is estimated based on that formula. The formula calculates rent as a royalty based on a percentage of gross annual revenues on a progressive scale. Rent is calculated as a percentage of gross annual revenues as defined in the Lease, with no rent payable on the Authority's first \$5 million in annual revenue and an increasing rent percentage payable as revenue increases, on a cumulative basis. Rent is levied at a maximum 12.0% rate on annual revenues in excess of \$250 million as follows:

GROSS REVENUES	RENT PAYABLE %	CUMULATIVE MAXIMUM RENT \$
On the first \$5 million of revenues	0.0	0
On the next \$5 million	1.0	50,000
On the next \$15 million	5.0	800,000
On the next \$75 million	8.0	6,800,000
On the next \$150 million	10.0	21,800,000
On revenues over \$250 million	12.0	

Based on the Authority's projections, estimated rent payments under the Lease for the next five years are as follows:

2025	\$13.4 million
2026	\$14.4 million
2027	\$16.0 million
2028	\$17.7 million
2029	\$18.7 million

The cost of materials, supplies and services increased \$4.9 million to \$47.4 million in 2024. While continuing to apply strict cost discipline, the Authority continues to adjust its spending on operations to ensure operational readiness aligns to expected passenger and flight volume increases. Contracted and professional services increased \$3.1 million year over year with increases in policing and security, baggage handling services, recruiting, maintenance and cleaning contracts, and other operational services. Repairs and related materials increased \$1.1 million over the prior year due to costs incurred for maintaining aging escalators, elevators, conveyors and heating and air conditioning equipment. Training and other administrative expenses increased \$0.5 million and is related to comprehensive regulatory, safety and security training mandates, insurance increases, governance and telecommunications expenses.

The cost of salaries and benefits increased by \$4.6 million to \$32.6 million in 2024. The annualized impact of hiring employees into new and vacant roles over the course of 2023 and the successful hiring of 2024 roles increased the year over year salaries expense. Furthermore, the impact of annual contracted increases for salaries and related benefit programs was also compounded by higher overtime than the comparable period in 2023. This overtime was required to ensure full staffing in critical positions during staff illness, training events, emergency exercises and seasonal peaks such as winter weather events.

Payments in lieu of municipal taxes has increased by 37% and reflects the impact of the prescribed calculation of this obligation under provincial legislation. Under this legislation, payments in lieu of municipal taxes are based on a fixed legislated rate per passenger for the Authority, multiplied by the previous year's passenger numbers. This legislation was adjusted in 2022 to suspend temporarily the cap that was previously in place in the prescribed formula and which limited the year over year increase in payments to 5%. Upon the return of 2019 passenger volume, the 5% cap will be reinstated within the prescribed calculation. The removal of the cap benefits the municipality as payments in lieu of municipal taxes will rise at the same rate as passenger volume [expected to be higher than 5% per year until 2019 levels are reached]. The Authority agreed to this change. The \$4.4 million paid in 2024 reflects this prescribed calculation.

Depreciation reflects the allocation of cost over the useful life of the assets and investments in property, plant and equipment. In 2024, depreciation of \$29.8 million was \$0.7 million higher than 2023. The depreciation is related to capital projects completed in current and prior years and includes apron and taxiway reconstruction, terminal enhancement projects, major fleet vehicles and information technology initiatives.

## SUMMARY OF QUARTERLY RESULTS

The Authority's quarterly results are influenced by passenger activity, aircraft movements, public health and other factors such as weather and economic conditions and do not necessarily fluctuate consistently over time based on the season. Due to these external factors, the historic results on a quarterly basis cannot be relied upon as a predictor of future trends.

Selected unaudited quarterly financial information for the eight most recently completed quarters is set out below:

QUARTER ENDED (\$ IN MILLIONS)	2023				2024			
	MAR	JUNE	SEPT	DEC	MAR	JUNE	SEPT	DEC
Revenues	35.7	35.8	37.7	36.4	<b>38.9</b>	<b>36.4</b>	<b>37.5</b>	<b>49.3</b>
Expenses	26.2	25.4	25.0	29.0	<b>28.7</b>	<b>28.9</b>	<b>26.5</b>	<b>32.2</b>
Income before depreciation	9.5	10.4	12.7	7.4	<b>10.2</b>	<b>7.5</b>	<b>10.9</b>	<b>17.1</b>
Depreciation	7.2	7.2	7.3	7.5	<b>7.3</b>	<b>7.6</b>	<b>7.3</b>	<b>7.6</b>
Net income (loss)	2.3	3.2	5.4	(0.1)	<b>2.9</b>	<b>(0.1)</b>	<b>3.7</b>	<b>9.5</b>

## CAPITAL EXPENDITURES

In accordance with the Authority's mandate, all net income is retained and reinvested in Airport operations and development, including investment in property, plant, and equipment to meet ongoing operating requirements.

During 2024, the Authority invested \$26.7 million in its capital expenditure program. Significant spending on capital projects includes taxiway refurbishment at \$7.3 million, concession and terminal upgrades at \$9.5 million, technology upgrades of \$3.9 million, major fleet expansion of \$2.4 million, greenhouse gas emission reduction projects of \$1.8 million.

## CONTRACTUAL OBLIGATIONS

In addition to rent payments noted above, the Authority has operating commitments in the ordinary course of business requiring payments, which diminish as contracts expire, as follows:

IN THOUSANDS OF CANADIAN DOLLARS	PAYMENTS FOR YEARS ENDING DECEMBER 31						
	TOTAL	2025	2026	2027	2028	2029	THEREAFTER
Long-term debt <sup>1</sup>	451,773	17,107	18,271	19,509	20,828	22,231	353,827
Operating commitments	28,210	16,177	10,939	703	260	131	
Capital commitments	27,661	27,661					
Total contractual obligations	507,644	60,945	29,210	20,212	21,088	22,362	353,827

<sup>1</sup>Further information on interest rates and maturity dates on long-term debt are provided in Note 7 to the Authority's audited financial statements.

## LIQUIDITY AND CAPITAL RESOURCES

As a non-share capital corporation, the Authority funds its operating requirements, including debt service, through operating and AIF revenues. The Authority manages its operations to ensure that AIF revenues are not used to fund regular operational expenses or operational capital. AIF revenues are used to fund debt service costs and other expenses and cash flows related to the Authority's infrastructure investment programs including Airport expansion projects. The Authority finances infrastructure expenditures by borrowing in the capital markets and by using bank indebtedness.

The Authority maintains access to an aggregate of \$120.0 million in committed credit facilities [“Credit Facilities”] with two Canadian banks. The following table summarizes the amounts available under each of these Credit Facilities, along with their related expiry dates and intended purposes:

TYPE OF FACILITY	DEC 31, 2024 CDN\$ [MILLIONS]	DEC 31, 2023 CDN\$ [MILLIONS]	MATURITY	PURPOSE
Revolver - 364 Day	40.0	40.0	October 13, 2025	General corporate and capital expenditures
Revolver - 3-Year	40.0	40.0	July 4, 2026	General corporate and capital expenditures
Revolver - 5-Year	40.0	40.0	May 31, 2025	General corporate and capital expenditures
Total	120.0	120.0		

The Authority’s cash and cash equivalents decreased by \$8.9 million during 2024 to \$40.4 million as at December 31, 2024.

The Authority issues revenue bonds [collectively, “Bonds”] under a trust indenture dated May 24, 2002 [as amended or supplemented, the “Master Trust Indenture”] setting out the terms of all debt, including bank facilities and revenue bonds. Under the Master Trust Indenture, the Authority is required to maintain with the trustee under the Master Trust Indenture [“Trustee”], a debt service fund [“Debt Service Reserve Fund”] equal to six months’ debt service in the form of cash, qualified investments or letter of credit. At December 31, 2024, the balance of cash and qualified investments held in the Debt Service Reserve Fund for the Series B Amortizing Revenue Bonds and the Series F Revenue Bonds was \$8.7 million.

Furthermore, in order to satisfy the Debt Service Reserve Fund requirement for the Series E Amortizing Revenue Bonds, \$9.5 million of the Authority’s Credit Facility has been drawn from an irrevocable standby letter of credit in favor of the Trustee.

The Master Trust Indenture also requires that the Authority maintain an operating fund [“Operating and Maintenance Reserve Fund”] in an amount equal to 25% of defined operating and maintenance expenses for the previous year. This fund may be maintained in the form of cash and investments held by the Authority or the undrawn availability of a committed credit facility. As at December 31, 2024, \$20.0 million of the Authority’s Credit Facilities had been designated exclusively to the Operating and Maintenance Reserve Fund.

As at December 31, 2024, Credit Facilities available net of designated and drawn amounts is \$90.5 million [2023 - \$92.9 million].

As at December 31, 2024, the Authority was in full compliance with the provisions of its debt facilities, including the Master Trust Indenture provisions related to reserve funds, the flow of funds and the rate covenant requirements.

In 2024, S&P Global upgraded the Authority’s credit rating to A+ in respect of the Authority’s Bonds under the Master Trust Indenture and revised its outlook to “Stable” on the basis of strong passenger recovery trends, positive income levels and trends and the Authority’s track record of systematic debt reduction.

## STATEMENT OF FINANCIAL POSITION AND OTHER HIGHLIGHTS

Accounts receivables decreased \$2.9 million to \$10.9 million at December 31, 2024 reflecting timely collections consistent with prior year.

Finance lease receivable increased by \$9.1 million in 2024. This increase is attributable to the recognition of a new lease receivable relating to the commencement of a long-term finance lease with a subtenant.

Accounts payable and accrued liabilities decreased by \$3.4 million to \$17.6 million on December 31, 2024, and is due to timely payments to vendors which kept the balance comparable to prior year.

## RISKS AND UNCERTAINTIES

### Aviation Activity

The Authority will continue to face certain risks beyond its control which can have a significant impact on its financial condition. The Canadian airports model is based on the user base paying for all Authority activities with no ongoing government funding of operations. Airports establish reasonable rates and charges to its users and stakeholders that must ensure financial sustainability. Airport revenue is largely a function of passenger volume. Air travel demand is the primary driver of supply.

The air transportation industry has been resilient over the course of time. There are events that could negatively affect passenger demand at the Airport and therefore the Authority's revenues. These risks, among others, include: economic conditions and disruption resulting from tariffs, recessionary trends, currency volatility; regulatory actions and legislative changes; air carrier instability; the ability and willingness of airlines to provide air service; the increase in the cost of air fares; labour disputes; the availability and cost of aviation fuel; insurance costs; and environmental regulation.

The financial uncertainty of the airline industry remains an ongoing risk to the Authority given the ongoing impact of new air carriers, evolution of business and leisure traveller profiles, traveller discretion on mode of travel and associated environmental impact and volatility of political and economic factors that present risks to expected activity levels. At YOW, Porter Airlines is notable due to its rapid growth in number of destinations served and passenger volume – inclusive of increased connectivity. Air Canada remains a significant operator and has also increased capacity. The Airport continues to see high levels of origin and destination passenger activity [88.2% - 2024; 96.5% - 2023] and this continues to be a strong driver and predictor of the strength of the National Capital Region as a market.

### Aviation Liability Insurance

The availability of adequate insurance coverage is subject to the conditions of the overall insurance market and the Authority's claims and performance record. The Authority participates with an insurance buying group that also includes airport authorities from Vancouver, Edmonton, Calgary, Winnipeg, Montreal, and Halifax. This group has been successful in placing all of its insurance needs.

# Financial Statements

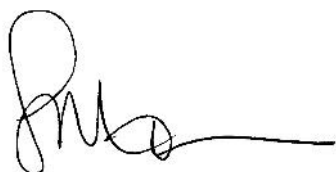
## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

Management of Ottawa Macdonald-Cartier International Airport Authority is responsible for the integrity of the accompanying financial statements and all other information in this Annual Report. The financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles, which for publicly accountable enterprises, and in the case of the Authority, require International Financial Reporting Standards. Their preparation necessarily involves the use of management's best estimates and careful judgement, particularly in those circumstances where transactions affecting a current period are dependent upon future events. All financial information in the Annual Report is consistent with the information and data contained in the financial statements.

To discharge its responsibilities for financial reporting and safeguarding of assets, management believes that it has established appropriate systems of internal accounting control which provide reasonable assurance that the financial records are reliable and form a proper basis for the timely and reliable preparation of financial statements.

The Board of Directors discharges its responsibilities for the financial statements primarily through its Audit Committee, which is composed solely of directors who are neither officers nor employees of the Authority. This committee meets periodically with management and the independent auditors to review performance and to discuss audit, internal control, accounting policy, and financial reporting matters. The Audit Committee reports its findings to the Board of Directors which reviews and approves the annual financial statements. These financial statements were reviewed by the Audit Committee and approved by the Board of Directors.

The financial statements have been audited by Ernst & Young LLP, who were appointed at the annual general meeting. Their report is presented below.



Susan Margles  
President and Chief Executive Officer



Rob Turpin, CPA, CA, CPA (Illinois, USA)  
Vice President, Finance and Chief Financial Officer

Ottawa Ontario Canada, February 26, 2025

## Independent auditor's report

To the Directors of  
**Ottawa Macdonald-Cartier International Airport Authority**

### Opinion

We have audited the financial statements of **Ottawa Macdonald-Cartier International Airport Authority** [the "Authority"], which comprise the statement of financial position as at December 31, 2024, and the statement of operations and comprehensive income, statement of changes in equity (deficiency) 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 the Authority as at December 31, 2024, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ["IFRSs"].

### 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 the Authority 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

The other information obtained at the date of the auditor's report is the section "Financial Review" included in the annual report. Management is responsible for the other information.

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 on the other information obtained prior to the date of this auditor's report, 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 IFRSs, 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 the Authority'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 the Authority or to cease operations, or has no realistic alternative but to do so.

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



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### 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 the Authority'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 the Authority'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 the Authority 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.



Chartered Professional Accountants  
Licensed Public Accountants

Ottawa, Canada  
February 26, 2025



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## Ottawa Macdonald-Cartier International Airport Authority

### Statement of financial position

[expressed in thousands of dollars]

As at December 31

	2024	2023
	\$	\$
<b>Assets</b>		
<b>Current</b>		
Cash and cash equivalents <i>[note 2]</i>	40,398	48,991
Trade and other receivables <i>[note 11]</i>	10,884	13,807
Consumable supplies	4,656	4,330
Prepaid expenses	4,704	2,654
<b>Total current assets</b>	<b>60,642</b>	<b>69,782</b>
<b>Non-current</b>		
Debt Service Reserve Fund <i>[note 7[a]]</i>	8,656	8,631
Finance lease receivables <i>[note 12]</i>	20,781	11,687
Property, plant and equipment, net <i>[notes 3 and 13]</i>	385,540	388,776
Other assets <i>[note 4]</i>	5,501	5,035
Post-employment pension benefit asset <i>[note 9]</i>	105	-
	<b>481,225</b>	<b>483,911</b>
<b>Liabilities and equity (deficiency)</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	17,578	20,988
Current portion of long-term debt <i>[note 7]</i>	17,107	16,014
<b>Total current liabilities</b>	<b>34,685</b>	<b>37,002</b>
<b>Non-current</b>		
Other post-employment benefit liability <i>[note 9]</i>	6,711	6,399
Long-term debt <i>[note 7]</i>	432,880	449,726
<b>Total liabilities</b>	<b>474,276</b>	<b>493,127</b>
Commitments and contingencies <i>[note 15]</i>		
<b>Equity (deficiency)</b>		
Retained earnings (deficit)	13,271	(2,701)
Accumulated other comprehensive loss	(6,322)	(6,515)
<b>Total equity (deficiency)</b>	<b>6,949</b>	<b>(9,216)</b>
	<b>481,225</b>	<b>483,911</b>

See accompanying notes

On behalf of the Board:

Director

Director

## Ottawa Macdonald-Cartier International Airport Authority

### Statement of operations and comprehensive income

[expressed in thousands of dollars]

Year ended December 31

	2024	2023
	\$	\$
<b>Revenue</b>		
Airport improvement fees <i>[note 8]</i>	70,480	67,189
Terminal fees and loading bridge charges	23,280	22,875
Landing fees	11,837	11,345
Concessions	18,036	16,345
Car parking	14,475	13,739
Land and space rentals <i>[note 12]</i>	8,152	7,214
Other <i>[note 12]</i>	15,790	6,917
	<b>162,050</b>	145,624
<b>Expenses</b>		
Interest and financing cost <i>[note 7[b]]</i>	20,041	20,844
Ground rent <i>[note 12]</i>	11,797	11,032
Materials, supplies and services	47,419	42,519
Salaries and benefits <i>[note 9]</i>	32,645	28,010
Payments in lieu of municipal taxes	4,413	3,224
	<b>116,315</b>	105,629
Income before depreciation	45,735	39,995
Depreciation <i>[note 3]</i>	29,763	29,151
<b>Net income for the year</b>	<b>15,972</b>	10,844
<b>Other comprehensive income</b>		
Item that will never be reclassified subsequently to net income		
Remeasurement of defined benefit plans <i>[note 9]</i>	193	908
<b>Comprehensive income for the year</b>	<b>16,165</b>	11,752

See accompanying notes

## Ottawa Macdonald-Cartier International Airport Authority

### Statement of changes in equity (deficiency)

[expressed in thousands of dollars]

Year ended December 31

	2024 \$	2023 \$
<b>Deficit, beginning of year</b>	<b>(2,701)</b>	(13,545)
Net income for the year	<b>15,972</b>	10,844
<b>Retained earnings (deficit), end of year</b>	<b>13,271</b>	(2,701)
<b>Accumulated other comprehensive loss, beginning of year</b>	<b>(6,515)</b>	(7,423)
Item that will never be recycled into net income		
Income on remeasurement of defined benefit plan <i>[note 9]</i>	<b>193</b>	908
<b>Accumulated other comprehensive loss, end of year</b>	<b>(6,322)</b>	(6,515)
<b>Total equity (deficiency)</b>	<b>6,949</b>	(9,216)

See accompanying notes

## Ottawa Macdonald-Cartier International Airport Authority

### Statement of cash flows

[expressed in thousands of dollars]

Year ended December 31

	2024	2023
	\$	\$
<b>Operating activities</b>		
Net income for the year	15,972	10,844
Add (deduct) items not involving cash		
Other revenue – finance lease gain	(8,556)	—
Depreciation	29,763	29,151
Interest and financing costs	20,041	20,844
Interest income	(4,049)	(3,833)
Amortization of tenant inducements	(466)	64
Increase in other post-employment benefit liability	400	338
	<u>53,105</u>	<u>57,408</u>
Changes in non-cash working capital balances related to operations		
Trade and other receivables	2,923	239
Prepaid expenses and consumable supplies	(2,376)	(1,281)
Accounts payable and accrued liabilities	(2,042)	(2,251)
<b>Cash provided by operating activities</b>	<u>51,610</u>	<u>54,115</u>
<b>Investing activities</b>		
Purchase of property, plant and equipment	(26,685)	(20,592)
Proceeds on disposal of property, plant and equipment	157	63
Lease payments received from finance leases	534	527
Change in accounts payable and accrued liabilities related to investing activities	(1,368)	1,095
Interest received	3,025	3,215
<b>Cash used in investing activities</b>	<u>(24,337)</u>	<u>(15,692)</u>
<b>Financing activities</b>		
Interest paid	(19,852)	(20,664)
Repayment of long-term debt	(16,014)	(14,988)
<b>Cash used in financing activities</b>	<u>(35,866)</u>	<u>(35,652)</u>
<b>Net increase (decrease) in cash during the year</b>	<b>(8,593)</b>	<b>2,772</b>
Cash and cash equivalents, beginning of year	<u>48,991</u>	<u>46,219</u>
<b>Cash and cash equivalents, end of year</b>	<u><b>40,398</b></u>	<u><b>48,991</b></u>

See accompanying notes

## Ottawa Macdonald-Cartier International Airport Authority

### Notes to financial statements

[expressed in thousands of dollars, unless otherwise noted]

December 31, 2024

#### 1. Description of business

Ottawa Macdonald-Cartier International Airport Authority [the "Authority"] was incorporated January 1, 1995 as a corporation without share capital under Part II of the *Canada Corporations Act* and continued under the *Canada Not-for-profit Corporations Act* on January 17, 2014. All earnings of the Authority are retained and reinvested in airport operations and development.

The objectives of the Authority are:

- [a] To manage, operate and develop the Ottawa Macdonald-Cartier International Airport [the "Airport"], the premises of which are leased to the Authority by the Government of Canada [note 12], and any other airport in the National Capital Region for which the Authority becomes responsible, in a safe, secure, efficient, cost-effective and financially viable manner with reasonable airport user charges and equitable access to all carriers;
- [b] To undertake and promote the development of the Airport lands, for which it is responsible, for uses compatible with air transportation activities; and
- [c] To expand transportation facilities and generate economic activity in ways that are compatible with air transportation activities.

The Authority is governed by a 14-member Board of Directors, 10 of whom are nominated by the Minister of Transport for the Government of Canada, the Government of the Province of Ontario, the City of Ottawa, the City of Gatineau, the Ottawa Chamber of Commerce, the Ottawa Tourism and Convention Authority, Chambre de commerce de Gatineau and Invest Ottawa. The remaining four members are appointed by the Board of Directors from the community at large.

On January 31, 1997, the Authority signed a 60-year ground lease [that was later extended to 80 years in 2013] with the Government of Canada and assumed responsibility for the management, operation and development of the Airport.

The Authority is exempt from federal and provincial income taxes and Ontario capital tax. The Authority is domiciled in Canada. The address of the Authority's registered office and its principal place of business is Suite 2500, 1000 Airport Parkway Private, Ottawa, Ontario, Canada, K1V 9B4.

#### 2. Basis of preparation and summary of accounting policies

The financial statements were authorized for issue by the Board of Directors on February 26, 2025. The financial statements and amounts included in the notes to the financial statements are presented in Canadian dollars, which is the Authority's functional currency.

The Authority prepares its financial statements in accordance with International Financial Reporting Standards ["IFRS"]. These financial statements have been prepared on a going-concern basis using the historical-cost basis.

## Ottawa Macdonald-Cartier International Airport Authority

### Notes to financial statements

[expressed in thousands of dollars, unless otherwise noted]

December 31, 2024

#### Cash and cash equivalents

Cash and cash equivalents are defined as cash and short-term investments with original terms to maturity of 30 days or less and other short-term investments, such as redeemable guaranteed investment certificates ["GICs"].

	2024 \$	2023 \$
Cash	40,398	13,991
Cash equivalents	—	35,000

#### Consumable supplies

Inventories of consumable supplies are valued at the lower of cost, determined on a first-in, first-out basis, and net realizable value, based on estimated replacement cost.

#### Property, plant and equipment

Property, plant and equipment are recorded at cost, and include only the amounts expended by the Authority. These assets will revert to the Government of Canada upon the expiration or termination of the Authority's ground lease with the Government of Canada. Property, plant and equipment do not include the cost of facilities that were included in the original ground lease with the Government of Canada. Incremental borrowing costs incurred during the construction phase of qualifying assets are included in the cost. During the years ended December 31, 2024 and 2023, no incremental borrowing costs were capitalized.

Amounts initially recognized in respect of an item of property, plant and equipment are allocated to its significant parts and depreciated separately when the cost of the component is significant in relation to the total cost of the item and when its useful life is different from the useful life of the item. The method of depreciation and useful lives of assets are reviewed annually and adjusted if appropriate.

Depreciation is provided on a straight-line basis over the useful lives of individual assets and their component parts as follows:

Buildings and support facilities	3–40 years
Runways, roadways and other paved surfaces	10–50 years
Information technology, furniture and equipment	2–25 years
Vehicles	3–20 years
Land improvements	10–25 years

Construction-in-progress is recorded at cost and is capitalized to buildings and support facilities and other asset categories as appropriate when the project is complete and the asset is available for use, or is written off when, due to changed circumstances, management does not expect the project to be completed. Construction-in-progress is not subject to depreciation until the project is completed and the relevant asset is available for use.

## Ottawa Macdonald-Cartier International Airport Authority

### Notes to financial statements

[expressed in thousands of dollars, unless otherwise noted]

December 31, 2024

The carrying amount of an item of property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use. The gain or loss arising from derecognition [determined as the difference between net disposal proceeds and the carrying amount of the item] is included in net income when the item is derecognized.

#### Impairment of non-financial assets

Property, plant and equipment are tested for impairment at the cash-generating unit level when events or changes in circumstances indicate that their carrying amount may not be recoverable. A cash-generating unit is the smallest group of assets that generates cash flows from continuing use that are largely independent of the cash flows of other assets or groups of assets. An impairment loss is recognized when the carrying value of the assets in the cash-generating unit exceeds the recoverable amount of the cash-generating unit.

Because the Authority's business model is to provide services to the travelling public, none of the property, plant and equipment of the Authority are considered to generate cash flows that are largely independent of the other assets and liabilities of the Authority. Consequently, all property, plant and equipment are considered part of the same cash-generating unit. In addition, the Authority's unfettered ability to raise its rates and charges as required to meet its obligations mitigates its risk of impairment losses. Management regularly reviews indicators and has assessed that there are no indicators of impairment affecting non-financial assets.

Additionally, the interest in 4160 Riverside Drive [note 4] is tested for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable.

#### Deferred financing costs

Bond discounts and transaction costs relating to the issuance of long-term debt including underwriting fees, professional fees, are deferred and amortized using the effective interest rate method over the term of the related debt. Under the effective interest rate method, amortization is recognized over the life of the debt at a constant rate applied to the net carrying amount of the debt. Amortization of deferred financing costs is included in interest expense. Deferred financing costs are reflected as a reduction in the carrying amount of related long-term debt.

#### Leases

At inception of a contract, the Authority assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

##### *Ground lease*

The Authority recognizes its ground lease in the similar manner as a short-term lease given the payments are variable in nature. Rent imposed under the ground lease with the Government of Canada is calculated based on airport revenues for the year as defined in the lease and is considered contingent rent. Ground rent expense is accounted for as a short-term lease in the net income.

## Ottawa Macdonald-Cartier International Airport Authority

### Notes to financial statements

[expressed in thousands of dollars, unless otherwise noted]

December 31, 2024

#### *The Authority as lessee*

Except for the ground lease, the Authority elected not to recognize right-of-use assets and lease liabilities for short-term leases of machinery and equipment that have a lease term of 12 months or less and leases of low-value assets, including photocopiers and printers. The Authority recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

#### *The Authority as lessor*

When the Authority acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Authority makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Authority considers certain indicators, such as whether the lease is for the major part of the economic life of the asset.

The Authority recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of land and space rentals.

The amount receivable from the lessee in accordance with a finance lease is recognized at an amount equal to the net investment of the Authority in the lease. Payments received from finance leases are recognized over the term of the lease in order to reflect a constant periodic return on the Authority's net investment in the finance lease as part of other revenue. Finance lease receivables are tested for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable using simplified approach.

#### **Revenue recognition**

The Authority's principal sources of revenue comprise revenue from the rendering of services for landing fees, terminal fees and loading bridge charges, Airport improvement fees ["AIF"], car parking, concessions, land and space rentals, and other revenue.

Revenue is measured by reference to the transaction price agreed to by the Authority and the customer for services rendered, net of rebates and discounts.

Revenue is recognized when or as, the Authority satisfies a performance obligation by transferring control of a product or service to a customer, which occurs when the criteria for each of the Authority's different revenue activities have been met, as described below.

Landing fees, terminal fees, loading bridge charges and car parking revenues are recognized as the Airport facilities are utilized.

AIF are recognized upon the enplanement of origination and destination passengers using information from air carriers obtained after enplanement has occurred. AIF revenue is remitted to the Authority based on airlines self-assessing their passenger counts. The Authority performs an annual reconciliation with air carriers.

## Ottawa Macdonald-Cartier International Airport Authority

### Notes to financial statements

[expressed in thousands of dollars, unless otherwise noted]

December 31, 2024

Concession revenue is recognized on the accrual basis and calculated using agreed percentages of reported concessionaire sales, with specified minimum annual guarantees for some concession contracts.

Land and space rentals revenue is recognized on a straight-line basis over the lives of respective leases. Tenant inducements associated with leased premises, including the value of rent-free periods, are deferred and amortized on a straight-line basis over the term of the related lease.

Other revenue includes income from other sources, including interest income, and is recognized as earned.

#### **Pension plan and other post-employment benefits**

The post-employment pension benefit asset (liability) recognized on the statement of financial position is the fair value of plan assets less the present values of defined pension benefit obligations as at the statement of financial position date subject to the asset ceiling test. The accrued benefit obligation is discounted using the market interest rate on high-quality corporate debt instruments as at the measurement date, approximating the terms of the related pension liability.

The Authority accrues its obligations under pension and other post-employment benefit plans as employees render the services necessary to earn these benefits. The costs of these plans are actuarially determined using the projected unit credit method based on length of service. This determination reflects management's best estimates at the beginning of each fiscal year of the rate of salary increases and various other factors including mortality, termination, retirement rates and expected future health care costs. For the purpose of calculating the net interest cost on the pension obligations net of pension plan assets, the pension plan assets are valued at fair value.

The other post-employment benefit liability recognized on the statement of financial position is the present value of the defined benefit obligation as at the statement of financial position date. The accrued benefit obligation is discounted using the market interest rate on high-quality corporate debt instruments as at the measurement date, approximating the terms of the related other post-employment benefit liability.

Pension expense for the defined benefit pension plan includes current and past service cost and the net interest cost on the pension obligations, net of pension plan assets calculated using the market interest rate on high-quality corporate debt instruments as determined for the previous statement of financial position date. Current and past service costs are recognized immediately in the net income. Pension expense is included in salaries and benefits in net income.

Actuarial gains and losses [experience gains and losses that arise because actual experience for each year will differ from the beginning-of-year assumptions used for purposes of determining the cost and liabilities of these plans] and the effect of the asset ceiling are recognized in full as remeasurements of defined benefit plans in the period in which they occur in other comprehensive income ["OCI"] without recycling to the statement of operations and comprehensive income in subsequent periods.

Pension expense for the defined contribution pension plan is recorded as the benefits are earned by the employees covered by the plan.

## Ottawa Macdonald-Cartier International Airport Authority

### Notes to financial statements

[expressed in thousands of dollars, unless otherwise noted]

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#### Employee benefits other than post-employment benefits

The Authority recognizes the expense related to compensation and compensated absences, such as sick leave and vacations, as short-term benefits in the period the employee renders the service. Costs related to employee health, dental and life insurance plans are recognized in the period that expenses are incurred. The liabilities related to these benefits are not discounted due to their short-term nature.

#### Financial instruments

##### *Financial assets*

The Authority's financial assets, consisting of cash and cash equivalents, trade and other receivables [excluding sales taxes receivable] and the Debt Service Reserve Fund, are classified at amortized cost.

##### *Financial liabilities*

The Authority's financial liabilities, including accounts payable and accrued liabilities and long-term debt, are classified at amortized cost.

##### *Measurement of ECLs*

Expected credit loss ["ECL"] is defined as the weighted average of credit losses determined by evaluating a range of possible outcomes using reasonable supportable information about past events, and current and forecasted future economic conditions.

The Authority has developed an impairment model to determine the allowance for ECL on trade and other receivables [excluding sales taxes receivable] classified at amortized cost. The Authority determines an allowance for ECL at initial recognition of the financial instrument that is updated at each reporting period throughout the life of the instrument.

The Authority assesses, on a forward-looking basis, the ECL associated with its financial instruments carried at amortized cost. The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Authority uses judgment in making these assumptions and selecting the inputs to the impairment calculation based on the Authority's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period.

The Authority has adopted the simplified approach and, as such, the Authority does not track changes in its customers' credit risk but instead recognizes a loss allowance based on Lifetime ECLs at each reporting date. The Authority has established a provision that is based on its historical credit loss experience adjusted for forward-looking factors specific to the debtors and the economic environment.

Therefore, the Authority recognizes impairment and measures ECL as Lifetime ECL. The carrying amount of these assets in the statement of financial position is stated net of any loss allowance. Impairment of trade and other receivables is presented within materials, supplies and services expenses in the statement of operations and comprehensive income.

## Ottawa Macdonald-Cartier International Airport Authority

### Notes to financial statements

[expressed in thousands of dollars, unless otherwise noted]

December 31, 2024

#### Estimation uncertainty and key judgments

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, commitments and contingencies as at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Accounting estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant.

These accounting estimates and assumptions are reviewed on an ongoing basis. Actual results could significantly differ from those estimates. Adjustments, if any, will be reflected in the statement of operations and comprehensive income in the period of settlement or in the period of revision and future periods if the revision affects both current and future periods.

Key judgment areas, estimations and assumptions include leases, the useful lives of property, plant and equipment, and the cost of employee future benefits.

#### *Leases*

The Authority applies judgment in reviewing each of its contractual arrangements to determine whether the arrangement contains a lease within the scope of IFRS 16, *Leases* that are recognized subject to further judgment and estimation in various areas specific to the arrangement.

When a lease contract contains an option to extend or terminate a lease, the Authority must use its best estimate to determine the appropriate lease term. The Authority will consider all facts and circumstances to determine if there is an economic benefit to exercise an extension option or to not exercise a termination option.

#### *Useful lives of property, plant and equipment*

Critical judgments are used to determine depreciation rates, useful lives of assets that impact depreciation amounts.

#### *Cost of employee future benefits*

The Authority accounts for pension and other post-employment benefits based on actuarial valuation information provided by the Authority's independent actuaries. These valuations rely on statistical and other factors in order to anticipate future events. These factors include discount rates and key actuarial assumptions, such as expected salary increases, expected retirement ages and mortality rates.

#### Payment in lieu of municipal taxes

In December 2000, the Province of Ontario amended the *Assessment Act* to change the methodology for determining payments in lieu of taxes ["PILT"] for airports in Ontario. Under regulations signed in March 2001, PILT paid by airport authorities designated under the *Airport Transfer (Miscellaneous Matters) Act* are based on a fixed rate specific to each airport multiplied by the airport's prior year passenger volumes. This legislation effectively removes airports in Ontario from the effects of market value assessment.

## Ottawa Macdonald-Cartier International Airport Authority

### Notes to financial statements

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#### **New and amended standards and interpretations**

The Authority actively monitors new standards and amendments to existing standards that have been issued by the International Accounting Standards Board. The Authority has consistently applied the accounting policies to all periods presented in these financial statements.

The Authority has adopted the following amendments effective January 1, 2024. These changes were made in accordance with the applicable transitional provisions.

#### *Amendments to IAS 1, Presentation of Financial Statements ["IAS 1"] – Classification of Liabilities as Current or Non-Current*

The Authority evaluated the Amendments to IAS 1 and concluded that this amendment did not result in any changes or additional disclosures to the financial statements. Under this amendment, an entity will classify a liability as non-current if it has a right to defer settlement for at least 12 months after the reporting date. The entity is required to disclose information about the timing of settlement to enable users of the financial statements to understand the impact of the liability on the entity's financial position. In addition, a requirement has been introduced to require disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within 12 months. The amendment is effective for annual periods beginning on or after January 1, 2024.

Ottawa Macdonald-Cartier International Airport Authority

Notes to financial statements

[expressed in thousands of dollars, unless otherwise noted]

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3. Property, plant and equipment

	Buildings and support facilities \$	Runways, roadways and other paved surfaces \$	Information technology, furniture and equipment \$	Vehicles \$	Land improvements \$	Construction- in-progress \$	Total \$
<b>Gross value</b>							
As at January 1, 2024	561,465	135,875	59,482	36,204	12,137	8,043	813,206
Additions	—	—	—	—	—	26,685	26,685
Transfers	10,461	6,501	2,394	2,695	615	(22,666) <sup>1</sup>	—
Disposals	(331)	(21)	(2,891)	(1,087)	(546)	—	(4,876)
<b>As at December 31, 2024</b>	<b>571,595</b>	<b>142,355</b>	<b>58,985</b>	<b>37,812</b>	<b>12,206</b>	<b>12,062</b>	<b>835,015</b>
<b>Accumulated depreciation</b>							
As at January 1, 2024	286,559	60,569	44,860	22,496	9,946	—	424,430
Depreciation	19,244	4,799	2,914	2,221	585	—	29,763
Disposals	(331)	(21)	(2,891)	(929)	(546)	—	(4,718)
<b>As at December 31, 2024</b>	<b>305,472</b>	<b>65,347</b>	<b>44,883</b>	<b>23,788</b>	<b>9,985</b>	<b>—</b>	<b>449,476</b>
<b>Net book value</b>							
<b>As at December 31, 2024</b>	<b>266,123</b>	<b>77,008</b>	<b>14,102</b>	<b>14,024</b>	<b>2,221</b>	<b>12,062</b>	<b>385,540</b>

<sup>1</sup> Transfers from construction-in-progress to capital categories upon completion relate primarily to booster pump station, concessions, and taxiway and apron refurbishment projects.

Ottawa Macdonald-Cartier International Airport Authority

Notes to financial statements

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December 31, 2024

	Buildings and support facilities \$	Runways, roadways and other paved surfaces \$	Information technology, furniture and equipment \$	Vehicles \$	Land improvements \$	Construction- in-progress \$	Total \$
<b>Gross value</b>							
As at January 1, 2023	561,465	135,875	59,482	36,204	11,937	14,747	819,710
Additions	—	—	—	—	—	20,595	20,595
Transfers	17,003	6,149	3,042	868	237	(27,299) <sup>1</sup>	—
Disposals	(143)	(157)	(758)	(235)	(37)	—	(1,330)
<b>As at December 31, 2023</b>	<b>578,325</b>	<b>141,867</b>	<b>61,766</b>	<b>36,837</b>	<b>12,137</b>	<b>8,043</b>	<b>813,206</b>
<b>Accumulated depreciation</b>							
As at January 1, 2023	267,691	56,067	42,636	20,571	9,581	—	396,546
Depreciation	19,011	4,659	2,982	2,097	402	—	29,151
Disposals	(143)	(157)	(758)	(172)	(37)	—	(1,267)
<b>As at December 31, 2023</b>	<b>286,559</b>	<b>60,569</b>	<b>44,860</b>	<b>22,496</b>	<b>9,946</b>	<b>—</b>	<b>424,430</b>
<b>Net book value</b>							
<b>As at December 31, 2023</b>	<b>274,906</b>	<b>75,306</b>	<b>14,622</b>	<b>13,708</b>	<b>2,191</b>	<b>8,043</b>	<b>388,776</b>

<sup>1</sup>Transfers from construction-in-progress to capital categories upon completion relate primarily to the light rail train station, concessions, and taxiway and apron refurbishment projects.

## Ottawa Macdonald-Cartier International Airport Authority

### Notes to financial statements

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#### 4. Other assets

	2024	2023
	\$	\$
Interest in 4160 Riverside Drive, at cost	2,930	2,930
Tenant inducements, net of amortization	2,571	2,105
	<b>5,501</b>	<b>5,035</b>

#### Interest in 4160 Riverside Drive

In an agreement signed on May 27, 1999, the Authority agreed to assist the Regional Municipality of Ottawa-Carleton [now the City of Ottawa, or the “City”] in acquiring lands municipally known as 4160 Riverside Drive by contributing to the City 50% of the funds required for the acquisition. In return, the City agreed to place restrictions on the use of the lands to ensure the lands are used for purposes that are compatible with the operations of the Authority. In addition, the Authority will receive 50% of the net proceeds from any future sale, transfer, lease or other conveyance of the lands.

#### Tenant inducements

In 2011 and in 2021, the Authority entered into long-term lease agreements with subtenants that included multi-year rent-free periods and in one situation the Authority provided, as a tenant inducement, a payment of \$1.5 million towards the cost of utilities infrastructure and other site improvements. The value of the tenant inducements are being amortized over the term of the respective leases.

#### 5. Credit facilities

The Authority maintains access to an aggregate of \$120.0 million [2023 – \$120.0 million] in committed credit facilities [“Credit Facilities”] with two Canadian banks. The 364-day Credit Facilities that expired on October 13, 2024 have been extended for another 364-day term expiring on October 13, 2025. The Credit Facilities are secured under a trust indenture dated May 24, 2002 [as amended or supplemented, the “Master Trust Indenture”] [note 7[a]] and are available by way of overdraft, prime rate loans or bankers’ acceptances. Indebtedness under the Credit Facilities bears interest at rates that vary with the lender’s prime rate and bankers’ acceptance rates, as appropriate.

The following table summarizes the amounts authorized under each of the Credit Facilities, along with their related expiry dates and intended purposes:

Type of facility	Maturity	Purpose	2024	2023
			\$ millions	\$ millions
Revolver – 364-day	October 13, 2025	General corporate and capital expenditures	40	40
Revolver – 3-year	July 4, 2026	General corporate and capital expenditures	40	40
Revolver – 5-year	May 31, 2025	General corporate and capital expenditures	40	40
			<b>120</b>	<b>120</b>

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As at December 31, 2024, there is no bank indebtedness under these facilities.

As at December 31, 2024, \$20.0 million [2023 – \$17.6 million] of the Credit Facilities has been designated to the Operating and Maintenance Reserve Fund [note 7[a]].

In order to satisfy the Debt Service Reserve Fund requirement for the Series E Amortizing Revenue Bonds, an irrevocable standby letter of credit in favour of the trustee under the Master Trust Indenture ["Trustee"] in the amount of \$9.5 million has been drawn from the available Credit Facilities.

As at December 31, 2024, Credit Facilities available net of designated and drawn amounts total \$90.5 million [2023 – \$92.9 million].

#### 6. Capital management

The Authority is continued without share capital under the *Canada Not-for-profit Corporations Act* and, as such, all earnings are retained and reinvested in airport operations and development. Accordingly, the Authority's only sources of capital for investing in airport operations and development are long-term debt and accumulated net income included on the Authority's statement of financial position as retained earnings.

The Authority incurs debt, including long-term debt, to finance development. It does so on the basis of the amount that it considers it can afford and manage based on revenue from AIF and to maintain appropriate debt service coverage and long-term debt per enplaned passenger ratios. This provides for a self-imposed limit on what the Authority can spend on major development of the Airport, such as the Authority's major infrastructure construction programs.

The Authority manages its rates and charges for aeronautical and other fees to safeguard the Authority's ability to continue as a going concern and to maintain a conservative capital structure. It makes adjustments to these rates in light of changes in economic conditions, operating expense profiles and regulatory environment to maintain sufficient net yes to meet ongoing debt coverage requirements.

The Authority is not subject to capital requirements imposed by a regulator, but manages its capital to comply with the covenants of the Master Trust Indenture [note 7[a]] and to maintain its credit ratings in order to secure access to financing at a reasonable cost.

**Ottawa Macdonald-Cartier International Airport Authority**

**Notes to financial statements**

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**7. Long-term debt**

	<b>2024</b>	<b>2023</b>
	\$	\$
6.973% Amortizing Revenue Bonds, Series B, due May 25, 2032, interest payable on May 25 and November 25 of each year until maturity commencing November 25, 2002, scheduled accelerating semi-annual instalments of principal payable on each interest payment date commencing November 25, 2004 through to May 25, 2032	<b>86,651</b>	94,377
3.933% Amortizing Revenue Bonds, Series E, due June 9, 2045, interest payable on June 9 and December 9 of each year commencing December 9, 2015 followed by scheduled fixed semi-annual instalments of \$9,480 including principal and interest payable on each interest payment date commencing December 9, 2020 through to June 9, 2045	<b>265,122</b>	273,410
2.698% Revenue Bonds, Series F, due May 5, 2031, interest payable on May 5 and November 5 of each year until maturity commencing November 5, 2021 through to May 5, 2031	<b>100,000</b>	100,000
	<b>451,773</b>	467,787
Less deferred financing costs	<b>1,786</b>	2,047
	<b>449,987</b>	465,740
Less current portion	<b>17,107</b>	16,014
	<b>432,880</b>	449,726

**[a] Bond issues**

The Authority issues revenue bonds [collectively, “Bonds”] under the Master Trust Indenture. In May 2002, the Authority completed its original \$270.0 million revenue bond issue with two series, the \$120.0 million Revenue Bonds, Series A at 5.64% due on May 25, 2007, and the \$150.0 million Amortizing Revenue Bonds, Series B at 6.973% due on May 25, 2032. In May 2007, the Authority completed the \$200.0 million Revenue Bonds, Series D at 4.733%, in part to refinance the Series A Revenue Bonds repaid on May 25, 2007.

On June 9, 2015, the Authority completed the \$300.0 million Amortizing Revenue Bonds, Series E, which bear interest at a rate of 3.933% and are due on June 9, 2045. Part of the net proceeds from this offering were used to prefund the repayment of the \$200.0 million Series D Bonds, which matured and were repaid on May 2, 2017.

On May 5, 2021, the Authority completed the issuance of the Series F \$100.0 million Revenue Bonds that bear interest at a rate of 2.698% and are due on May 5, 2031. Part of the net proceeds from this offering were used for the repayment of \$35.0 million in bank indebtedness, and \$1.4 million was allocated to satisfy the Debt Service Reserve Fund requirement for the Series F Revenue Bonds.

## Ottawa Macdonald-Cartier International Airport Authority

### Notes to financial statements

[expressed in thousands of dollars, unless otherwise noted]

December 31, 2024

The Series B Amortizing Revenue Bonds and the Series F Revenue Bonds are redeemable, in whole or in part, at the option of the Authority at any time, and the Series E Amortizing Revenue Bonds are redeemable until six months prior to the maturity date, upon payment of the greater of:

- [i] The aggregate principal amount remaining unpaid on the Bonds to be redeemed; and
- [ii] The value that would result in a yield to maturity equivalent to that of a Government of Canada bond of equivalent maturity plus a premium. The premium is 0.24% for the Series B Amortizing Revenue Bonds and 0.42% for the Series E Amortizing Revenue Bonds and 0.27% for the Series F Revenue Bonds. If the Series E Amortizing Revenue Bonds are redeemed within six months of the maturity date, the Series E Amortizing Revenue Bonds will be redeemable at a price equal to 100% of the principal amount outstanding plus any accrued and unpaid interest.

The net proceeds from these offerings were used to finance the Authority's infrastructure construction programs, and for general corporate purposes. These purposes included refinancing existing debt and bank indebtedness incurred by the Authority in connection with these construction programs and funding of the Debt Service Reserve Fund [see below].

Under the Master Trust Indenture, all of these bond issues are direct obligations of the Authority ranking *pari passu* with all other indebtedness issued. All indebtedness, including indebtedness under Credit Facilities, is secured under the Master Trust Indenture by an assignment of revenues and related book debts, a security interest on money in reserve funds and certain accounts of the Authority, a security interest in leases, concessions and other revenue contracts of the Authority, and an unregistered mortgage of the Authority's leasehold interest in airport lands.

For the year ended December 31, 2024, the Authority is compliant with all provisions of its debt facilities, including the Master Trust Indenture provisions related to reserve funds, the flow of funds and the rate covenant requirements.

Under the terms of the Master Trust Indenture, the Authority is required to maintain with the Trustee a Debt Service Reserve Fund equal to six months' debt service in the form of cash, qualified investments or letter of credit. As at December 31, 2024, the balance of cash and qualified investments held to satisfy the Debt Service Reserve Fund requirements is \$8.7 million [2023 – \$8.6 million] and includes the Debt Service Reserve Fund requirement for the Series B Amortizing Revenue Bonds of \$7.3 million [2023 – \$7.2 million] and the Debt Service Reserve Fund requirement for the Series F Revenue Bonds of \$ 1.4 million [2023 – \$1.4 million]. Furthermore, in order to satisfy the Debt Service Reserve Fund requirement for the Series E Amortizing Revenue Bonds, an irrevocable standby letter of credit in favour of the Trustee in the amount of \$9.5 million has been drawn from the available Credit Facilities. These trust funds are held for the benefit of the bondholders for use and application in accordance with the terms of the Master Trust Indenture. In addition, the Authority is required to maintain an Operating and Maintenance Reserve Fund equal to 25% of defined operating and maintenance expenses from the previous 12 months. As at December 31, 2024, \$20.0 million [2023 – \$17.6 million] of the Credit Facilities has been designated to the Operating and Maintenance Reserve Fund [note 5].

**Ottawa Macdonald-Cartier International Airport Authority**

**Notes to financial statements**

[expressed in thousands of dollars, unless otherwise noted]

December 31, 2024

**[b] Interest and financing costs**

	<b>2024</b>	<b>2023</b>
	\$	\$
Bond interest	<b>19,755</b>	20,564
Other interest and deferred financing expense	<b>286</b>	280
	<b>20,041</b>	20,844

**[c] Future annual principal payments for all long-term debt**

	\$
2025	17,107
2026	18,271
2027	19,509
2028	20,828
2029	22,231
Thereafter	353,827
	<b>451,773</b>

**[d] Deferred financing costs**

	<b>2024</b>	<b>2023</b>
	\$	\$
Deferred financing costs	<b>5,155</b>	5,155
Less accumulated amortization	<b>3,369</b>	3,108
	<b>1,786</b>	2,047

**8. Airport improvement fees**

AIF are collected by the air carriers in the price of a ticket and are paid to the Authority on an estimated basis, net of air carrier administrative fees of 6% [2023 – 6–7%], on the basis of estimated enplaned passengers under an agreement between the Authority, the Air Transport Association of Canada and the air carriers serving the Airport. Under the agreement, AIF revenue may only be used to pay for the capital and related financing costs of airport infrastructure development. AIF revenue is recorded at its gross amount in net income. Administrative fees paid to the air carriers were \$4.3 million [2023 – \$4.5 million].

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### Notes to financial statements

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December 31, 2024

AIF funding activities in the year are outlined below:

	2024 \$	2023 \$
Earned revenue	70,480	67,189
Air carrier administrative fees	(4,229)	(4,530)
<b>Net AIF revenue earned</b>	<b>66,251</b>	<b>62,659</b>
Eligible capital asset purchases	(26,685)	(21,465)
Eligible interest expense	(19,380)	(20,352)
Eligible other expenses	(275)	(311)
<b>Excess of AIF revenue over AIF expenditures</b>	<b>19,911</b>	<b>20,531</b>

AIF funding activities on a cumulative basis since inception of the AIF are outlined below:

	2024 \$	2023 \$
Earned revenue	918,182	847,702
Air carrier administrative fees	(56,319)	(52,090)
<b>Net AIF revenue earned</b>	<b>861,863</b>	<b>795,612</b>
Eligible capital asset purchases	(808,330)	(781,645)
Eligible interest expense	(487,285)	(467,905)
Eligible other expenses	(3,645)	(3,370)
<b>Deficiency of AIF revenue over AIF expenditures</b>	<b>(437,397)</b>	<b>(457,308)</b>

The AIF will continue to be collected until the cumulative excess of expenditures over AIF revenue is reduced to zero.

### 9. Pension plan and other post-employment benefits

The amounts recognized as the post-employment liabilities on the statement of financial position as at December 31 are as follows:

	2024 \$	2023 \$
Post-employment pension benefit asset, net	105	—
Other post-employment benefit liability	6,711	6,399

## Ottawa Macdonald-Cartier International Airport Authority

### Notes to financial statements

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The Authority sponsors and funds a pension plan for its employees, which has defined benefit and defined contribution components.

Under the defined contribution plan, the Authority pays fixed contributions into an independent entity to match certain employee contributions. The Authority has no legal or constructive obligation to pay further contributions after its payment of the fixed contribution.

The defined benefit plan includes employees who were employees of the Authority on the date of transfer of the responsibility for the management, operation and development of the Airport from Transport Canada on January 31, 1997 [note 1], including former Transport Canada employees, the majority of whom transferred their vested benefits from the Public Service Superannuation Plan to the Authority's pension plan. Pension benefits payable under the defined benefit component of the plan are based on members' years of service and the average of the best six years' consecutive earnings near retirement up to the maximum allowed by law. Benefits are indexed annually to reflect the increase in the consumer price index to a maximum of 8% in any one year.

Pension plan costs are charged to operations as services are rendered based on an actuarial valuation of the obligation.

In addition to pension plan benefits, the Authority provides other post-employment and retirement benefits to some of its employees, including health care insurance and payments upon retirement or termination of employment. The Authority accrues the cost of these future benefits as employees render their services based on an actuarial valuation. This plan is not funded.

As at the date of the most recent actuarial valuation of the pension plan, which was as at December 31, 2023, and was completed and filed in June 2024 as required by law, the plan had a surplus on a funding [going concern] basis of \$3,248 assuming a discount rate of 3.5% [2022 – \$4,347 assuming a discount rate of 3.50%]. This amount differs from the amount reflected below primarily because the obligation is calculated using the discount rate that represents the expected long-term rate of return of assets. For accounting purposes, it is calculated using an interest rate determined with reference to market rates on high-quality debt instruments with cash flows that match the timing and amount of expected benefit payments.

*The Pension Benefits Standards Act, 1985* [the "Act"] requires that a solvency analysis of the plan be performed to determine the financial position [on a "solvency basis"] of the plan as if it were fully terminated on the valuation date due to insolvency of the sponsor or a decision to terminate. As at December 31, 2023, the plan had a surplus on a solvency basis of \$1,416 [2022 – \$64 deficit] before considering the present value of additional solvency payments required under the Act.

The next required actuarial valuation of the defined benefit pension plan, which will be as at December 31, 2024, is scheduled to be completed and filed by its June 2025 due date. The plan's funded position and the amounts of solvency payments required under the Act are subject to fluctuations in interest rates. It is expected that, once the actuarial valuation is completed, the additional solvency payments that are required for 2025 will be nil [2024 – nil]. In addition, the Authority expects to contribute approximately \$145 [2024 actuals – \$193] on account of current service in 2025 to the defined benefit component of the pension plan for the year ending December 31, 2025.

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Based on the most recent actuarial determination of pension plan benefits completed as at December 31, 2023 and extrapolated to December 31, 2024 by the Authority's actuaries, the estimated status of the defined benefit pension plan is as follows:

	2024	2023
	\$	\$
<b>Accrued benefit obligation – defined benefit pensions</b>		
<b>Balance, beginning of year</b>	<b>54,348</b>	51,328
Employee contributions	37	38
Benefits paid	(2,971)	(2,832)
Current service cost	157	153
Interest cost on accrued benefit obligation	2,520	2,505
Actuarial loss – change in economic assumptions	544	2,410
Actuarial loss (gain) – change in plan experience	(584)	746
<b>Balance, end of year</b>	<b>54,051</b>	54,348
<b>Plan assets – defined benefit pensions</b>		
<b>Fair value, beginning of year</b>	<b>58,803</b>	55,454
Employee contributions	37	38
Employer contributions	193	252
Employer contributions, special solvency payments	—	13
Benefits paid	(2,971)	(2,832)
Interest on plan assets [net of administrative expenses]	2,590	2,603
Actuarial gain (loss) on plan assets	(122)	3,275
Fair value – plan assets	58,530	58,803
Effect of limiting the net defined benefit asset to the asset ceiling	(4,374)	(4,455)
<b>Fair value, end of year</b>	<b>54,156</b>	54,348
<b>Post-employment pension benefit asset, net</b>	<b>105</b>	—

The net defined benefit pension plan expense for the year ended December 31 was as follows:

	2024	2023
	\$	\$
Current service cost	157	153
Interest cost on accrued benefit obligation, net of interest on effect of limiting ceiling	2,732	2,711
Interest on plan assets [net of administrative expenses]	(2,590)	(2,603)
<b>Defined benefit pension plan expense recognized in salaries and benefits expense in net income</b>	<b>299</b>	261

**Ottawa Macdonald-Cartier International Airport Authority**

**Notes to financial statements**

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In addition to pension benefits, the Authority provides other post-employment benefits to its employees. The status of other post-employment benefit plans, based on the most recent actuarial reports, measured as of December 31 is as follows:

	2024	2023
	\$	\$
<b>Accrued benefit obligation – other post-employment benefits</b>		
<b>Balance, beginning of year</b>	<b>6,399</b>	6,969
Benefits paid	<b>(316)</b>	(307)
Past service cost	<b>(53)</b>	—
Current service cost	<b>296</b>	282
Interest cost	<b>308</b>	354
Actuarial loss (gain) – change in economic assumptions	<b>77</b>	(899)
<b>Balance, end of year</b>	<b>6,711</b>	6,399

The net expense for other post-employment benefit plans for the year ended December 31 was as follows:

	2024	2023
	\$	\$
Current service cost	<b>296</b>	282
Interest cost	<b>308</b>	354
<b>Expense recognized in salaries and benefits expense in net income</b>	<b>604</b>	636

The amount recognized in OCI for defined benefit pension plans and other post-employment benefit plans for the year ended December 31 was as follows:

	2024	2023
	\$	\$
<b>Defined benefit pension plans</b>		
Actuarial loss – change in economic assumptions	<b>544</b>	2,410
Actuarial loss (gain) – change in plan experience	<b>(584)</b>	746
Actuarial loss (gain) on plan assets	<b>122</b>	(3,275)
Effect of limiting the net defined benefit asset to the asset ceiling	<b>(352)</b>	110
<b>Other post-employment benefit plans</b>		
Actuarial loss (gain) – change in economic assumptions	<b>77</b>	(899)
<b>Total income recognized in OCI</b>	<b>(193)</b>	(908)

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The costs of the defined benefit component of the pension plan and of other post-employment benefits are actuarially determined using the projected benefit method prorated on services. This determination reflects management's best estimates of the rate of return on plan assets, rate of salary increases and various other factors, including mortality, termination and retirement rates.

The significant economic assumptions used by the Authority's actuaries in measuring the Authority's accrued benefit obligations as at December 31 are as follows:

	<b>2024</b>	<b>2023</b>
	%	%
<b>Defined benefit pension plan</b>		
Discount rate to determine expense	<b>4.75</b>	5.00
Discount rate to determine year-end obligations	<b>4.75</b>	4.75
Interest rate on plan assets	<b>4.75</b>	5.00
Rate of average compensation increases	<b>3.10</b>	3.00
Rate of inflation indexation post-retirement [consumer price index] – represents 3.00% for next two years and 2.10% thereafter	<b>3.00/2.10</b>	3.00/2.00
<b>Other post-employment benefit plans</b>		
Discount rate to determine expense		
Health care	<b>4.75</b>	5.00
Severance program	<b>4.75</b>	5.00
Discount rate to determine year-end obligation		
Health care	<b>4.75</b>	5.00
Severance program	<b>4.50</b>	4.75
Rate of average compensation increases	<b>3.00</b>	3.00
Rate of increases in health care costs		
Trend rate for the next fiscal year	<b>5.10</b>	5.30
Ultimate trend rate	<b>3.90</b>	3.90
Fiscal year the ultimate trend rate is reached	<b>2039</b>	2039

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The Authority's defined benefit pension plans and post-retirement benefit plans face a number of risks, including inflation, but the most significant of these risks relates to changes in interest rates [discount rate]. The defined benefit pension plan's liability is calculated for various purposes using discount rates set with reference to corporate bond yields. If plan assets underperform this yield, this will increase the deficit. A decrease in this discount rate will increase plan liabilities, although this will be partially offset by an increase in the value of the plan's bond holdings. In addition to the risks of fluctuations in interest rates [discount rate] outlined above, the Authority's pension plans are subject to a number of other risks. Relative to the actuarial assumptions noted above, the financial impact of changes in key assumptions is outlined below:

	Change in assumption %/year	Impact on obligation after increase in assumption \$	Impact on obligation after decrease in assumption \$
<b>Defined benefit pension plan</b>			
Discount rate	1%	(1,327)	1,662
Inflation	1%	1,566	(1,262)
Compensation	1%	15	(72)
Life expectancy	1 year	189	n/a
Discount rate – solvency liability as at December 31, 2023	1%	(1,458)	1,853
<b>Other post-employment benefit plans</b>			
Discount rate			
Health care	1%	(523)	665
Severance program	1%	(201)	234
Health care costs	1%	667	(531)
Life expectancy	1 year	161	(165)

The Authority's pension and other post-employment benefit plans are designed to provide benefits for the life of the member. Increases in life expectancy will result in an increase in the plans' liabilities. The obligations for these plans as at December 31, 2024 have been estimated by the Authority's actuaries using the most recent mortality tables available [Canadian Pensioner Mortality 2014 Combined Sector Mortality Table].

The investment policy for the pension plan's defined benefit funds was revised in 2018 to adopt a strategy based on plan maturity with segmentation based on retirees as at December 31, 2018 and all other members at that date. This approach involved setting up a liability-matching fund for retired members who were receiving a pension as at December 31, 2018 and a balanced growth fund for managing the assets related to the liabilities of all other members.

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Under the liability-matching fund, all assets are fully invested in a buy-in annuity contract purchased in December 2018 for 57 retired members. Under the balanced growth fund, the pension plan purchased, in October 2020, a fully indexed buy-in annuity contract for five additional retired members as at December 1, 2020 with a further fully indexed buy-in annuity contract completed in October 2022 for five additional retired members as at November 1, 2022.

As at December 31, 2024, 94% [2023 – 97%] of all retired members are covered by fully indexed buy-in annuity contracts. For future retirements of active and deferred members, additional buy-in or buy-out annuities may be considered depending on market conditions. The defined benefit plan is a closed plan. As at the date of the most recent actuarial valuation as at December 31, 2023, the average age of the five active members was 57 years. The average age of the 69 retired members was 71 years.

Responsibility for governance of the plans, including overseeing aspects of the plans such as investment decisions, lies with the Authority through a Pension Committee. The Pension Committee in turn has appointed experienced independent experts such as investment advisors, investment managers, actuaries and a custodian for assets.

The financial instruments measured at fair value are to be classified according to the following hierarchy:

- Level 1 – Valuation based on quoted prices [unadjusted] in active markets for identical assets or liabilities;
- Level 2 – Valuation techniques with significant observable market parameters; and
- Level 3 – Valuation techniques with significant unobservable market parameters.

The percentage distribution of total fair value of assets of the pension plans by major asset category as at December 31 is as follows:

	<b>Level</b>	<b>2024</b> %	<b>2023</b> %
Fixed-income fund	2	<b>17</b>	17
Commercial mortgages fund	2	<b>2</b>	2
Annuity buy-in contract	3	<b>75</b>	76
Equity funds – Canadian funds	2	<b>1</b>	1
Equity funds – International and global funds	2	<b>3</b>	2
Emerging market fund	2	<b>1</b>	1
Real estate fund	2	<b>1</b>	1

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The Authority's contribution to the defined contribution component of the pension plan is a maximum of 8% of the employee's gross earnings to match employee contributions.

Information on this component is as follows:

	2024	2023
	\$	\$
Employer contributions – defined contribution plan	1,521	1,299
Employee contributions – defined contribution plan	1,688	1,450
<b>Net expense recognized in salaries and benefits expense in net income</b>	<b>1,521</b>	<b>1,299</b>

#### 10. Fair value measurement

Fair values are measured and disclosed in relation to the fair value hierarchy that reflects the significance of inputs used in determining the estimates.

The Authority has assessed that the fair values of cash and cash equivalents, trade and other receivables [except for sales tax receivable/payable], and accounts payable and accrued liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The Authority's long-term debt is reflected in the financial statements at amortized cost [note 7]. As at December 31, 2024, the estimated fair value of the long-term Series B and Series E Amortizing Revenue Bonds and Series F Revenue Bonds is \$94.5 million, \$243.7 million and \$91.1 million, respectively [2023 – \$102.0 million, \$248.6 million and \$88.4 million, respectively]. The fair value of the bonds is estimated by calculating the present value of future cash flows based on year-end benchmark interest rates and credit spreads for similar instruments.

#### 11. Financial instruments and risk management

The Authority is exposed to a number of risks as a result of the financial instruments on its statement of financial position that can affect its operating performance. These risks include interest rate risk, liquidity risk, credit risk and concentration risk. The Authority's financial instruments are not subject to foreign exchange risk or other price risk.

##### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

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The following financial instruments are subject to interest rate risk as at December 31:

	2024		2023	
	Carrying value \$	Effective year-end interest rate %	Carrying value \$	Effective year-end interest rate %
Cash and cash equivalents [floating rates] <sup>1</sup>	49,054	4.32	57,622	4.96
Long-term debt [at fixed cost]	449,987	See note 7	465,740	See note 7

<sup>1</sup> Includes Debt Service Reserve Fund of \$8,656 [2023 – \$8,631]

The Authority has entered into fixed rate long-term debt and, accordingly, the impact of interest rate fluctuations has no effect on interest payments until such time as this debt is to be refinanced. Changes in prevailing benchmark interest rates and credit spreads, however, may impact the fair value of this debt. The Authority's most significant exposure to interest rate risk relates to its future anticipated borrowings and refinancing.

In addition, the Authority's cash and cash equivalents and its Debt Service Reserve Fund are subject to floating interest rates. Management has oversight over interest rates that apply to its cash and cash equivalents and the Debt Service Reserve Fund. These funds are invested from time to time in short-term bankers' acceptances and guaranteed investment certificates as permitted by the Master Trust Indenture, while maintaining liquidity for purposes of investing in the Authority's capital programs. Management has oversight over interest rates that apply to its bank indebtedness and fixes these rates for short-term periods of up to 90 days based on bankers' acceptance rates.

If interest rates had been 50 basis points [0.50%] higher/lower and all other variables were held constant, including timing of expenditures related to the Authority's capital expenditure programs, the Authority's income for the year would have increased/decreased by \$0.3 million as a result of the Authority's exposure to interest rates on its floating rate assets and liabilities. The Authority believes, however, that this exposure is not significant and that interest income is not essential to the Authority's operations as these assets are intended for reinvestment in airport operations and development, and not for purposes of generating interest income.

#### Liquidity risk

The Authority manages its liquidity risk by maintaining adequate cash, bank indebtedness and Credit Facilities, by updating and reviewing multi-year cash flow projections on a regular and as-needed basis, and by matching its long-term financing arrangements with its cash flow needs. The Authority believes it has a strong credit rating that gives it access to sufficient long-term funds as well as committed lines of credit through Credit Facilities with two Canadian banks.

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The Authority has unfettered ability to raise its rates and charges as required to meet its obligations. Under the Master Trust Indenture entered into by the Authority in connection with its debt offerings [note 7[a]], the Authority is required to take all lawful measures, such as increasing its rates, to maintain its compliance with the gross debt service coverage ratio of 1.25 and the debt service coverage ratio of 1.0. If this gross debt service covenant ratio is not met in any year, the Authority is not in default of its obligations under the Master Trust Indenture as long as the test is met in the subsequent year. Because of the unfettered ability to increase rates and charges and with strong cash balances, the Authority expects to continue to have sufficient liquidity to cover all of its obligations as they come due, including interest payments of approximately \$19.8 million per year. The future annual principal payment requirements of the Authority's obligations under its long-term debt are described in note 7[c].

#### Credit risk and concentration risk

The Authority is subject to credit risk through its cash and cash equivalents, its Debt Service Reserve Fund, and its trade and other receivables [except for sales tax receivable/payable]. The counterparties of cash and cash equivalents and the Debt Service Reserve Fund are highly rated Canadian financial institutions. The trade and other receivables [except for sales tax receivable/payable] consist primarily of current aeronautical fees and AIF owing from air carriers. The majority of the Authority's trade and other receivables [except for sales tax receivable/payable] are paid within 31 days [2023 – 35 days] of the date that they are due. A significant portion of the Authority's revenue, and resulting receivable balances, is derived from air carriers. The Authority performs ongoing credit valuations of receivable balances and maintains an allowance for potential credit losses. The Authority's right under the *Airport Transfer (Miscellaneous Matters) Act* to seize and detain aircraft until outstanding aeronautical fees are paid mitigates the risk of credit losses. ECLs are maintained, consistent with the credit risk, historical trends, general economic conditions and other information, as described below, and are taken into account in the financial statements.

Impairment analysis is performed at each reporting date using a credit loss provision model to measure ECLs. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns [i.e. airlines, concessionaires, land tenants, etc.]. The calculation reflects the probability-weighted outcome, the time value of money, and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity.

The Authority has adopted the simplified method to evaluate the required ECL provision for trade and other receivables [except for sales tax receivable/payable]. Approximately, 94% of the Authority's trade and other receivables are in the current category [less than 30 days overdue]. The Authority has recognized \$106 in 2024 as an ECL provision [2023 – \$98], which is largely represented by the 1.25% [2023 – 1.25%] of ECL rate in the less than 30 days overdue category.

The Authority derives 70% [2023 – 64%] of its passenger flow from Air Canada and its affiliates, and Porter Airlines. Management believes, however, that the Authority's long-term exposure to two air carriers is mitigated by the fact that approximately 88.0% [2023 – 96.5%] of the passenger traffic through the Airport is origin and destination traffic and, therefore, other carriers are likely to absorb the traffic of any carrier that ceases operations. The Authority will continue to monitor its concentration exposure going forward, acknowledging the Authority's unfettered ability to increase its rates and charges can mitigate the financial impact of this risk.

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**Industry risk**

Industry risk is related to events that could occur within or to the air transportation industry that could negatively affect passenger demand at the airport and therefore the Authority's revenues. These risks, among others, include: economic conditions and disruption resulting from tariffs, recessionary trends, currency volatility; regulatory actions and legislative changes; air carrier instability; the ability and willingness of airlines to provide air service; the increase in the cost of air fares; labour disputes; the availability and cost of aviation fuel; insurance costs and environmental regulation.

**12. Leases**

**The Authority as lessee**

On January 31, 1997, the Authority signed a 60-year ground lease [as amended, the "Lease"] with the Government of Canada [Transport Canada] for the management, operation and development of the Airport. The Lease contains provisions for compliance with a number of requirements, including environmental standards, minimum insurance coverage, specific accounting and reporting requirements, and various other matters that have a significant effect on the day-to-day operation of the Airport. The Authority believes that it has complied with all requirements under the Lease.

On February 25, 2013, the Minister of Transport for the Government of Canada signed an amendment to the Lease to extend the term from 60 years to 80 years ending on January 31, 2077. At the end of the renewal term, unless otherwise extended, the Authority is obligated to return control of the Airport to the Government of Canada.

The Authority recognizes its ground lease in the similar manner as a short-term lease given the payments are variable in nature. Rent imposed under the ground lease with the Government of Canada is calculated based on airport revenue for the year as defined in the Lease and is considered contingent rent. Ground rent expense is accounted for as a lease in the net income.

Based on forecasts of future revenues, which are subject to change depending on economic conditions, passenger volumes and changes in the Authority's rates and fees, estimated rent payments for the next five years are approximately as follows:

	\$
2025	13,373
2026	14,365
2027	16,029
2028	17,704
2029	18,655

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#### The Authority as lessor

##### *Finance leases*

The Authority has entered into three land lease arrangements as a lessor that are considered finance leases. This is the result of the Authority transferring substantially all of the risks and rewards of ownership of these assets to the lessee, and Authority, as the lessor, recognizes these agreements as finance lease receivables. During the year, the Authority recognized finance lease receivable for a long-term land lease in the amount of \$8.6 million commencing on January 1, 2024, which was recorded in other revenue as the leased assets have a net book value of nil.

The maturity analysis of the finance lease receivables, including the undiscounted lease payments to be received, is as follows:

	2024 \$
Less than 1 year	542
1–2 years	550
2–3 years	558
3–4 years	566
4–5 years	574
Over 5 years	66,880
Total undiscounted lease payments receivable	69,670
Unearned finance income	(48,889)
<b>Finance lease receivables</b>	<b>20,781</b>

##### *Operating leases*

In addition, the Authority also leases out, under operating leases, land and certain assets that are included in property, plant and equipment. Many leases include renewal options, in which case they are subject to market price revision. The lessee does not have the possibility of acquiring the leased assets at the end of the lease.

The estimated lease revenue under operating leases for the next five years is approximately as follows:

	\$
2025	8,370
2026	8,762
2027	9,071
2028	9,835
2029	10,586
Thereafter	241,191

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#### 13. Government assistance

##### Airport Critical Infrastructure Program

On May 11, 2021, the Government of Canada launched a new contribution funding program to help Canada's airports recover from the effects of the COVID-19 pandemic. The Airport Critical Infrastructure Program ["ACIP"] will financially assist Canada's larger airports with investments in critical infrastructure related to safety, security or connectivity.

In 2021, the Authority qualified for a maximum of \$10.4 million in federal government ACIP funding to support capital spending on two major construction projects and has received \$10.4 million as of December 31, 2024. During 2024, \$0.3 million [2023 – \$1.1 million] of this subsidy was applied as a reduction to capitalized construction costs included in property, plant and equipment incurred by the Authority.

#### 14. Related party transactions

Compensation paid, payable or provided by the Authority to key management personnel during the year ended December 31 is recorded at cost and is as follows:

	2024	2023
	\$	\$
Salaries and short-term benefits	2,738	2,729
Post-employment benefits	271	220
	<b>3,009</b>	<b>2,949</b>

Key management includes the Authority's Board of Directors and members of the executive team, including the President and CEO, and seven vice-presidents.

The defined benefit pension plan referred to in note 9 is a related party to the Authority. The Authority's transactions with the pension plan include contributions paid to the plan, which are disclosed in note 9. The Authority has not entered into other transactions with the pension plan.

#### 15. Commitments and contingencies

##### Ground lease commitments

The Lease requires the Authority to calculate rent payable to Transport Canada utilizing a formula reflecting annual airport revenues [note 12].

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#### Operating and capital commitments

As at December 31, 2024, the Authority has total operating commitments from the ordinary course of business in the amount of \$28.2 million [2023 – \$25.1 million], for which payments of \$16.1 million relate to 2025, and diminishing in each year over the next five years as contracts expire. In addition to these operating commitments, there are further capital investment commitments related to contracts for the purchase of property, plant and equipment of approximately \$27.7 million that expire in 2025.

The operating commitments from the ordinary course of business for the next five years are approximately as follows:

	\$
2025	16,177
2026	10,939
2027	703
2028	260
2029	131

#### Contingencies

The Authority may, from time to time, be involved in legal proceedings, claims and litigation that arise in the ordinary course of business. The Authority does not expect the outcome of any proceedings to have a material adverse impact on the financial position or results of operations of the Authority.

#### 16. Comparative figures

Certain comparative figures have been reclassified, where necessary, to conform with 2024 presentation. During the year, the Authority revised amounts presented on the statement of cash flows and reclassified interest income by \$3.8 million between activities and the related amount of interest received of \$3.2 million and other immaterial adjustments. These adjustments did not result in changes to either the net income for the year and statement of financial position.