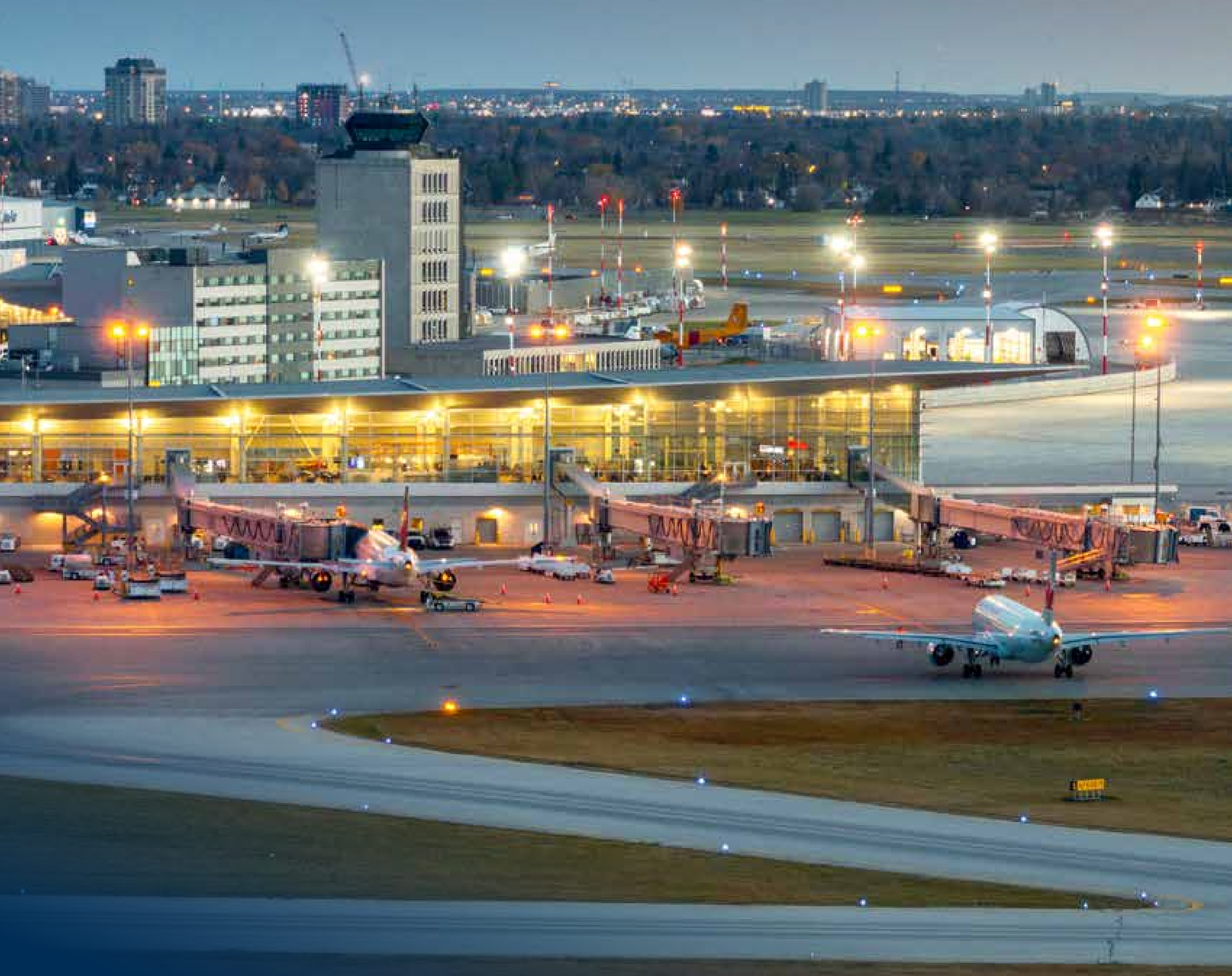
2024 Financial Report



WINNIPEG
AIRPORTS AUTHORITY

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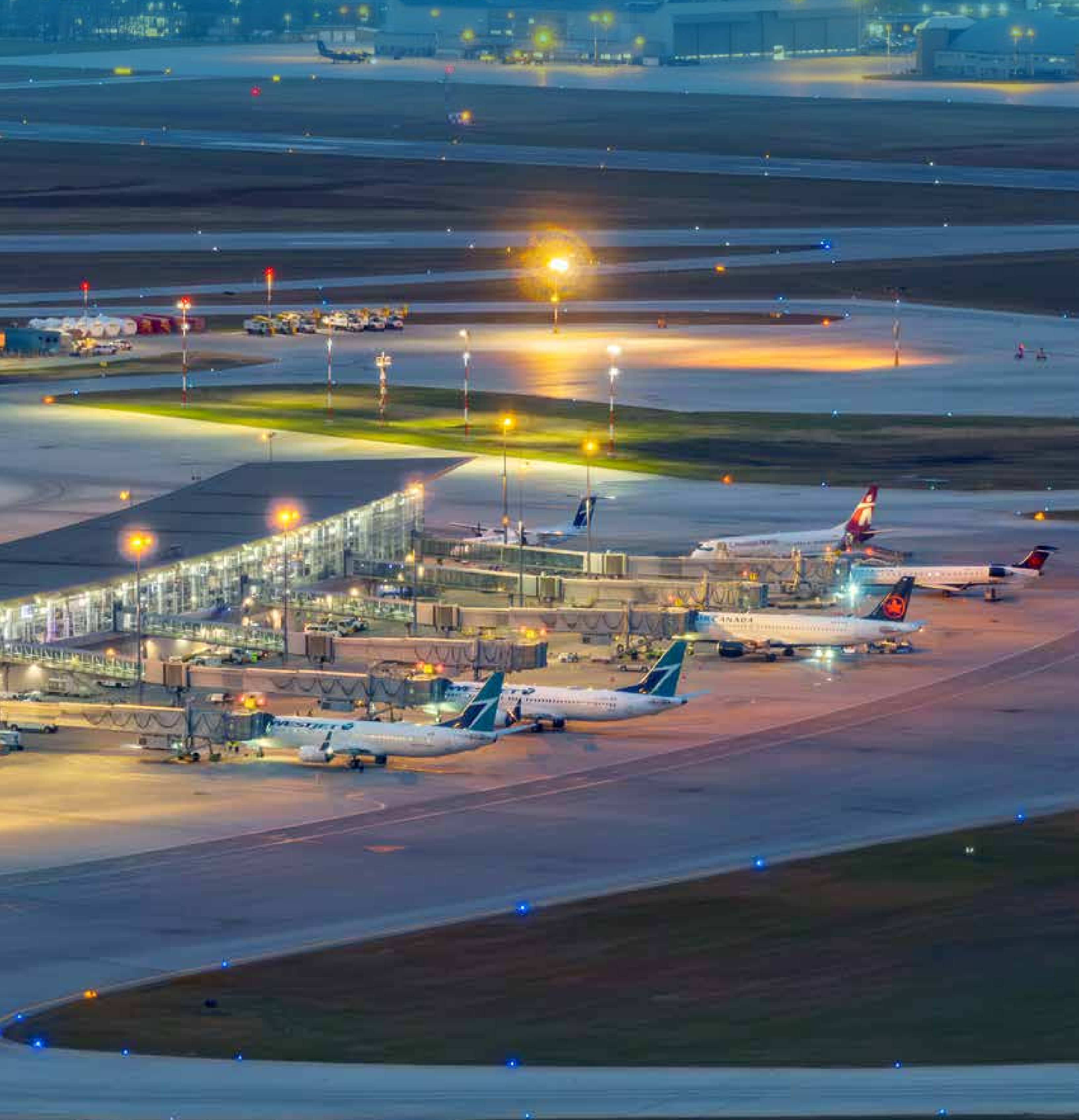


2024 FINANCIAL REVIEW

(In thousands of Canadian dollars)	2020	2021	2022	2023	2024
Revenue	$ 66,232	$ 75,139	$ 131,833	$ 163,862	$ 173,750
Operating expenses[1]	50,250	46,909	64,618	75,342	80,562
Ground lease rent	535	-	8,773	12,752	11,880
Earnings before interest, income taxes & depreciation	15,447	28,230	58,442	75,768	81,308
Depreciation	32,784	35,179	35,296	35,712	36,456
Earnings[2]	(17,337)	(6,949)	23,146	40,056	44,852
Net Income (Loss)	(40,296)	(34,211)	(5,458)	14,855	19,306
Capital expenditures	$ 10,620	$ 8,503	$ 26,420	$ 32,946	$ 66,336

1 – Operating expenses excluding ground lease rent and depreciation
2 – Earnings before net finance expense and income taxes

This review discusses the financial and operating results of Winnipeg Airports Authority Inc. (the "Company" or "WAA") for the year ended December 31, 2024 and should be read in conjunction with the Consolidated Financial Statements of the Company for the years ended December 31, 2024 and 2023. The financial statements have been prepared in accordance with IFRS Accounting Standards and provide additional information on certain matters that may or may not be discussed in this review.

Corporate Profile

The Company is a Canadian Airport Authority and a corporation without share capital under the *Canada Not-for-profit Corporations Act*. The Company is authorized to manage and operate airports in the Winnipeg area on a commercial basis, to set fees for their use and to develop and improve the facilities. In accordance with this mandate, the Company currently manages and operates Winnipeg James Armstrong Richardson International Airport (the "YWG") under a ground lease with the federal government, which was executed in December 1996 (the "Ground Lease"). The Company also operates ancillary businesses outside of these demised premises.

Operating Results

2024 was a year best described as a return to normal. 4.3 million passengers passed through YWG in 2024, representing another significant step forward to returning to pre-pandemic levels. Significant passenger growth in transborder (43.3%), international (23.1%) as well as positive domestic growth (0.7%) helped drive an overall passenger increase of 4.9%.

Cargo landings decreased by 3.2% in 2024 but was offset by up gauged aircraft which resulted in gross tonnage being flat versus last year. Flat cargo volumes were a result of network optimization undertaken by a specific carrier, the impact from the Canada Post strike in late 2024 and a minor cargo carrier ceasing operations during the year.

WAA's operating results are primarily driven by passenger volumes, with cargo activity representing an increasingly important part of the business. The strong passenger volumes in 2024 led to positive operating results and helps WAA continue to recover from the significant losses sustained throughout the pandemic.

WAA ended 2024 with net income of $19.3 million following net income of $14.9 million in 2023. This improvement is a result of stronger revenue growth despite an increase in operating expenses, driven by inflationary pressures and the additional impact on key contract renewals.

Revenues

Revenue for the year is $173.8 million, which is an increase of $9.9 million from 2023. The change is attributed to an overall increase in capacity as airlines added seats across all sectors, as well as higher load factors leading to fuller flights. Domestic growth was led by WestJet, Air Canada and Porter adding capacity during the year, offsetting the loss of Lynx Airlines which ceased operations in early 2024. Transborder growth was led by United Airlines return of Chicago and Denver service as well as the annualization of WestJet's Atlanta service, which started in late 2023. International growth was driven by increased service to sun destinations such as Cancun and Los Cabos.

Key revenue sources include Airport Improvement Fees (AIF), Aeronautical Revenue and Non-Aeronautical Revenue.

Improvements to airport infrastructure are funded through the collection of AIF from passengers originating from the airport in Winnipeg. This fee is collected by the air carriers at the point of sale and remitted to the Company based on the date passengers fly out of Winnipeg. The air carriers retain a handling fee based on the volume of passengers. WAA received $73.7 million in AIF in 2024, up $3.6 million over 2023. In 2024, the AIF funds were used to fund long-term debt principal and interest payments related to the terminal building as well as several capital projects, the most significant being the runway 18/36 resurfacing project.

The largest component of airfield revenue is landing fees billed to air carriers on the basis of gross take-off weight ("GTOW") as specified by the aircraft manufacturer. Airfield revenue for 2024 was $23.1 million an increase of 5.5% compared to the previous year at $21.9 million.

Passenger processing revenue of $21.7 million increased by $2.9 million or 15.4%. Revenue is mostly based on landed seats on aircraft using the main air terminal building at YWG. The increase in landed seats was smaller than the increased passenger volumes as airline load factors were higher, continuing the trend from 2023. Other revenue items in this category include ground handling fees and passenger boarding bridge fees charged per use.

The increased passenger volumes also had an impact on non-aeronautical revenue. Revenue from groundside activities (e.g., parking, car rentals and ground transportation services such as ride-sharing services, taxis, limousines, and shuttle buses) increased by $1.8 million to $21.3 million, representing a 9.0% increase year-over-year. The largest contributor to the increase was parking revenue as a result of consistent passenger demand and longer-duration parking stays.

Concession revenues are generated from restaurants and retail sales in Winnipeg's air terminal building. Concession revenue increased from $5.0 million to $5.5 million in 2024, which is correlated to passenger traffic and two new concession offerings opening during the year.

Leasing revenue represents land and building space the Company sub-leases to tenants on WAA's land under the terms of the Ground Lease. Leasing revenue for 2024 is $9.8 million compared to $9.4 million, $0.4 million higher than in the prior year. The increase relates to a key airline increasing their office footprint as well as inflationary rate increases for existing agreements.

The Company emphasizes diversifying its revenue sources and operates ancillary business including the provision of safety management system audits and consulting as well as airport operations for smaller remote airports. The single largest contract is the management of Iqaluit International Airport, which generated $11.8 million of revenue in 2024. Total Airport Management Contracts revenue of $12.9 million has increased from $12.0 million in 2023 and remains a stable source of revenue.

Other revenue of $5.7 million is lower than 2023 by $1.5 million, due to less government grant revenue recognized from the Air Transportation Support Fund, which is used to offset the costs of attracting new routes to the community.

Operating Expenses

Overall operating expenses, excluding ground rent and depreciation, are $80.6 million, which represents an increase of $5.3 million or 7% over 2023, relating primarily to salaries and benefits as well as services and repairs.

Salaries and benefits costs were $31.6 million in 2024, which represents an increase of $2.8 million over 2023. The increase is mainly a result of inflationary and union step salary increases combined with some headcount additions needed to support operations and to deliver on the strategic plan.

Services and repairs costs of $31.7 million are higher than 2023 by $1.2 million. The increase is attributed to several factors, including increased policing costs at YWG, increased scope of security services, a higher AIF handling fee associated with increased revenue, as well as upwards pressure on contract pricing tied to some service provider collective agreements being settled during the year.

Ground lease rent is calculated using a graduated rate formula that increases the percentage rent as increased levels of gross revenue are earned by the Company. Ground lease rent paid to the Government of Canada in 2024 was $11.9 million, which was less than 2023 due to an overpayment in the prior year that was refunded in 2024.

Supplies represent chemical usage on the airfield, fuel costs, and various materials for maintenance and cleaning in the terminal. In 2024, supplies costs were $6.7 million, $0.8 million higher than in 2023. The increase is attributed to inflationary increases, additional airfield chemical usage primarily in the first quarter due to mild weather conditions, and higher freight cost in Iqaluit for an unplanned delivery.

Utility costs are comprised of expenses for consumption of natural gas, electricity, and water. Overall utility costs were $2.9 million which is comparable to 2023.

Property Taxes, Insurance and Other expenses increased from $7.3 million to $7.7 million. The increase is attributed to higher insurance premiums, increased merchant fees associated with increases in parking revenue and an adjustment to the bad debt provision following Lynx Air ceasing operations.

Liquidity and Financing

The Company continues to maintain a healthy cash reserve, driven by the deferral of several capital projects throughout the pandemic, most notably the new Multi-Tenant Air Cargo Logistics Facility, which broke ground in 2024. The Company invests excess cash in a high interest bank account and GICs with a Canadian Chartered Bank and earned $7.8 million in interest income in 2024 (2023: $7.8 million).

Throughout the year, the Company drew down on these reserves as large projects such as the Multi-Tenant Cargo and Logistics Facility and Runway 18/36 resurfacing were undertaken. This resulted in a cash and short-term investment balance of $104.6 million which is $27.2 million lower than as at December 31, 2023.

Separately, the Company maintains restricted cash balances of $14.7 million for debt services requirements, which is in line with the previous year.

To provide further liquidity, the Company has access to $150 million in committed credit facilities with $118.6 million available as of December 31, 2024. The available facility has increased by $4.9 million compared to 2023 as a result of the defined benefit pension plan no longer requiring a letter of credit to support its solvency position. The facility is a three-year term expiring in August 2025.

The Company's total revenue bond debt at the end of the year was $627.2 million compared to $638.5 million at December 31, 2023, a net decrease of $11.3 million related to principal payments on Series A and D. Most of the Company's debt is in the form of revenue bonds. The Company also has a loan outstanding with the Manitoba Industrial Opportunity Program for $10.8 million, which reflects a reduction through principal payments of $0.6 million from 2023. Specialized airfield mobile equipment is financed through a leasing program with a total outstanding of $0.06 million, which reflects a decrease of $0.6 million related to monthly lease payments and a settlement of $0.3 million to facilitate the sale of equipment to another Canadian Airport.

Capital Investments

2024 was a significant capital investment year for the Company. Total additions to capital assets were $66.3 million compared to $32.9 million the previous year. A total of $37.5 million was spent on airfield paving including a major rehabilitation project for Runway 18/36. A further $14.0 million was spent on the new multi-tenant air cargo logistics facility, which included erecting the external building structure.

The Company also invested $3.8 million on replacement of airfield mobile equipment and $2.3 million on expanding the economy parking lot. The remaining spend relates to baggage handling system upgrades, terminal related maintenance, IT upgrades and other smaller projects.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

Year ended December 31, 2024

The accompanying consolidated financial statements of Winnipeg Airports Authority Inc. have been prepared by management and approved by the Board of Directors of Winnipeg Airports Authority Inc.

Management is responsible for the preparation and representations contained in these financial statements and other sections of this Annual Report. The Board of Directors is responsible for reviewing and approving the financial statements and overseeing management's performance of its financial reporting responsibilities. An Audit Committee, comprised entirely of independent directors of the Company, reviews the financial statements, the adequacy of internal controls, the audit process and financial reporting with management and the external auditors. The Audit Committee reports to the Board of Directors prior to the approval of the audited consolidated financial statements.

Winnipeg Airports Authority Inc. maintains appropriate systems of internal control, policies and procedures, which provide management with reasonable assurance assets are safeguarded and financial records are reliable and form a proper basis for the preparation of the consolidated financial statements.

Winnipeg Airports Authority Inc.'s independent auditors, PricewaterhouseCoopers LLP, have been appointed by the Members of the Authority to express their professional opinion on the fairness of these consolidated financial statements.

March 20, 2025

NStefaniuk

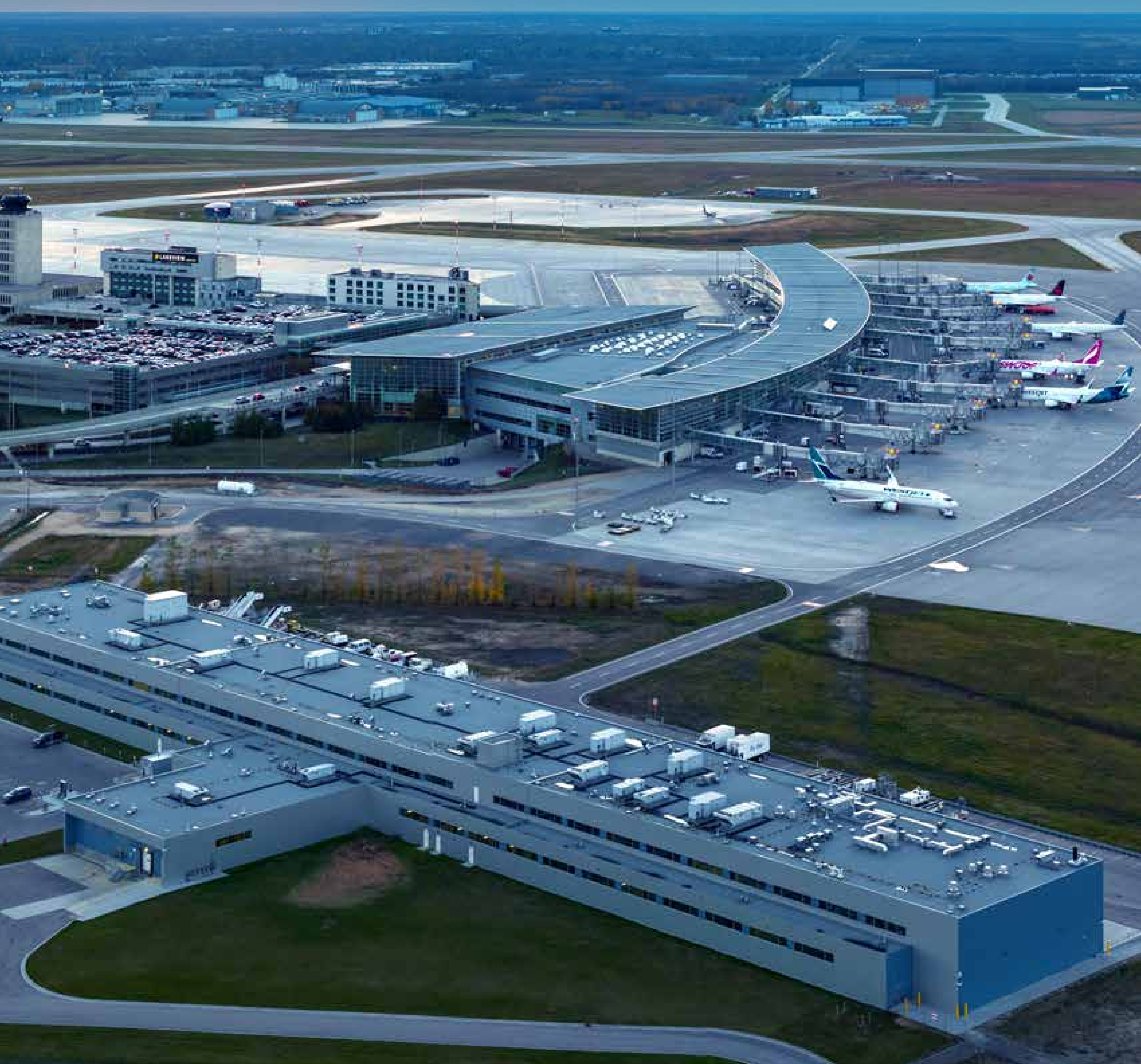
Nick Hays
President &
Chief Executive Officer

Nicole Stefaniuk
Chief Financial Officer &
Senior Vice President, Corporate Services

Consolidated Financial Statements of

WINNIPEG AIRPORTS AUTHORITY INC.

Year ended December 31, 2024



To the Board of Directors of Winnipeg Airports Authority Inc.

Our Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Winnipeg Airports Authority Inc. and its subsidiaries (together, the Company) as at December 31, 2024 and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards.

What we have audited

The Company's consolidated financial statements comprise:

- the consolidated balance sheet as at December 31, 2024;
- the consolidated statement of operations for the year then ended;
- the consolidated statement of comprehensive income (loss) for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

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 consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Other Information

Management is responsible for the other information. The other information comprises the information, other than the consolidated financial statements and our auditor's report thereon, included in the financial report.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Company'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 Company'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 consolidated 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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.

PricewaterhouseCoopers LLP

Chartered Professional Accountants

Winnipeg, Manitoba
March 20, 2025

CONSOLIDATED BALANCE SHEET

As at December 31, 2024 (In thousands of Canadian dollars)

	2024	2023
Assets		
Current:		
Cash	$ 74,189	$ 68,352
Short-Term Investments	30,433	63,412
Accounts Receivable (note 6)	22,386	18,278
Prepaid Expenses	3,303	2,906
Current Portion of Financing Lease Receivable (note 11)	725	725
Income Tax Receivable	109	304
Inventory	5,848	4,781
Restricted Cash (note 8)	14,743	14,753
	151,736	173,511
Non-Current:		
Property and Equipment (note 7)	643,771	615,030
Investments (note 9)	2,410	2,455
Investments in Associates (note 10)	24	24
Financing Lease Receivables (note 11)	22,087	22,795
Post-Employment Benefits	1,409	-
Contract Assets	5,452	3,423
	$ 826,889	$ 817,238
Liabilities and Equity		
Current:		
Accounts Payable and Accrued Liabilities	$ 43,751	$ 38,271
Income Taxes Payable	-	-
Deferred Revenue (note 17)	4,706	9,849
Current Portion of Long-Term Debt (note 14)	13,009	12,757
	61,466	60,877
Non-Current:		
Deferred Revenue (note 17)	3,220	4,740
Deferred Income Tax (note 21)	1,425	990
Post-Employment Benefits (note 19)	8,044	7,457
Long-Term Debt (note 14)	625,048	637,818
	$ 637,737	$ 651,005
Equity:		
Retained Earnings	142,375	121,740
Accumulated Other Comprehensive Loss (note 20)	(14,689)	(16,384)
	127,686	105,356
	$ 826,889	$ 817,238

The accompanying notes are an integral part of these financial statements

_________________________ Director

_________________________ Director

CONSOLIDATED STATEMENT OF OPERATIONS

Year ended December 31, 2024 (In thousands of Canadian dollars)

		2024		2023
Revenue:				
Airport Improvement Fees (note 13)	$	73,699	$	70,059
Passenger Processing		21,663		18,778
Airfield		23,109		21,942
Groundside		21,323		19,554
Concessions		5,486		4,978
Leasing		9,819		9,362
Airport Management Contracts		12,937		12,043
Other (note 16)		5,714		7,146
		173,750		163,862
Operating Expenses:				
Salaries and Benefits		31,629		28,825
Services and Repairs		31,655		30,490
Ground Lease Rent (note 11)		11,880		12,752
Supplies		6,678		5,887
Utilities		2,858		2,832
Property Taxes, Insurance and Other		7,742		7,308
Depreciation		36,456		35,712
	$	128,898	$	123,806
Income before Other (Income) Expense, Net Finance Expense and Income Taxes		44,852		40,056
Investment Income (note 9)		(108)		(108)
(Gain)/Loss on Disposal of Property and Equipment		240		(207)
Loss on Disposal of Investments (note 10)		-		50
Interest Income		(7,752)		(7,847)
Interest Expense (note 14)		32,588		33,038
Net Income Before Income Tax		19,884		15,130
Income Tax Expense				
Current		144		63
Deferred (note 21)		434		212
		578		275
Net Income	$	19,306	$	14,855

The accompanying notes are an integral part of these financial statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended December 31, 2024 (In thousands of Canadian dollars)

	2024	2023
Net Income	$ 19,306	$ 14,855
Other Comprehensive Income:		
Items Subsequently Reclassified to Profit or Loss		
Recognition of Loss on Previously Settled Cash Flow Hedges	1,745	1,727
Items that will not be Reclassified to Profit or Loss		
Employee Benefit Plan Re-Measurements (note 19)	1,329	(2,096)
Unrealized Loss on Fair Value Investments	(45)	(9)
Foreign exchange adjustments	(5)	3
Comprehensive Income	$ 22,330	$ 14,480

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended December 31 (In thousands of Canadian dollars)

	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total Equity
Balance – January 1, 2023	$ (18,105)	$ 108,981	$ 90,876
Net Loss	-	14,855	14,855
Other Comprehensive Income			
Unrealized Loss in Fair Value Investments	(9)	-	(9)
Foreign exchange adjustments	3	-	3
Employee Benefit Plan Re-Measurements	-	(2,096)	(2,096)
Recognition of Loss on Previously Settled Cash Flow Hedges	1,727	-	1,727
Balance - December 31, 2023	$ (16,384)	$ 121,740	$ 105,356
Net Income	-	19,306	19,306
Other Comprehensive Income			
Unrealized Loss in Fair Value Investments	(45)	-	(45)
Foreign exchange adjustments	(5)	-	(5)
Employee Benefit Plan Re-Measurements	-	1,329	1,329
Recognition of Loss on Previously Settled Cash Flow Hedges	1,745	-	1,745
Balance – December 31, 2024	$ (14,689)	$ 142,375	$ 127,686

The accompanying notes are an integral part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended December 31, 2024 (In thousands of Canadian dollars)

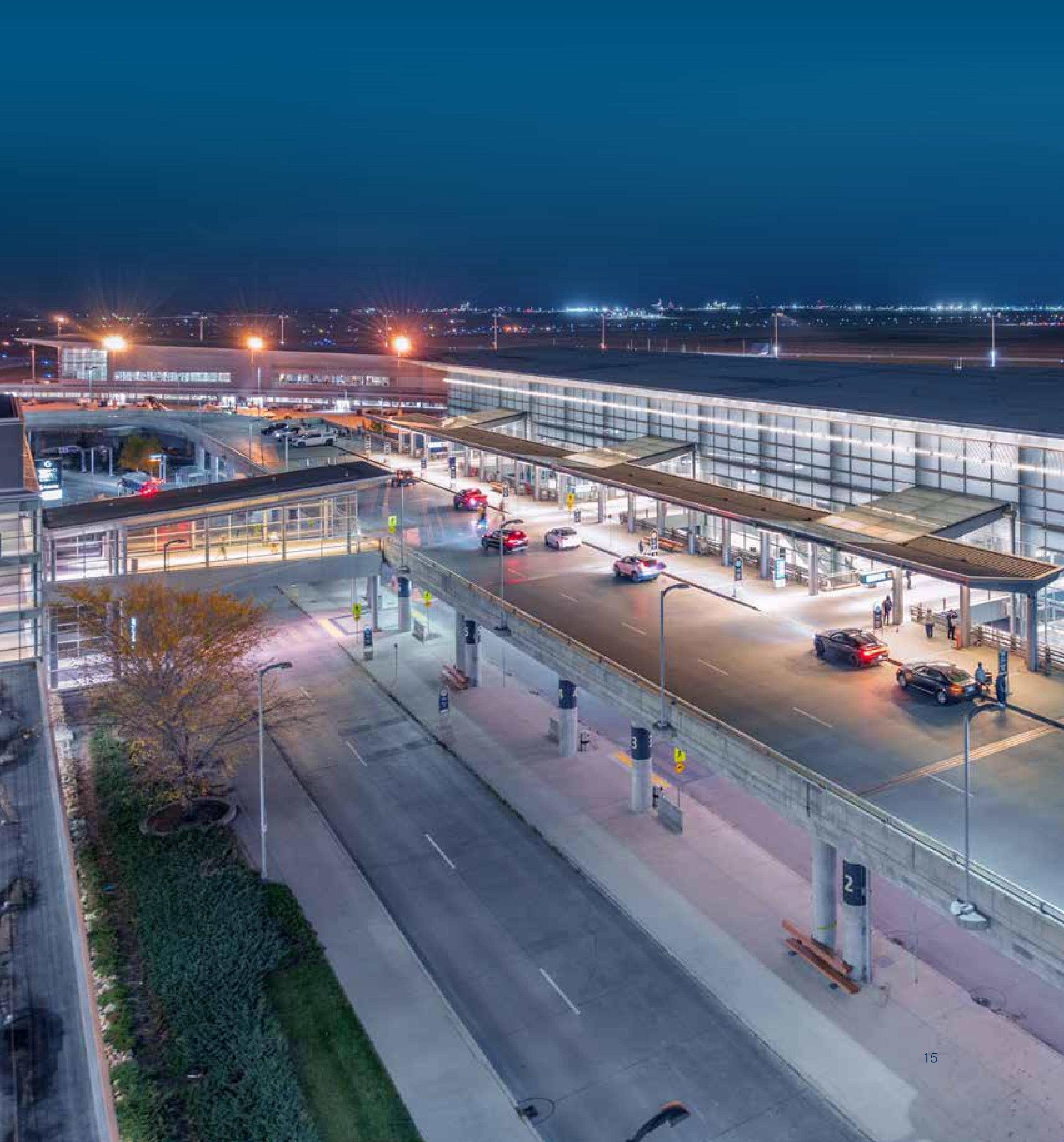
	2024	2023
Operating Activities:		
Net Income	$ 19,306	$ 14,855
Adjustments for:		
Depreciation	36,456	35,712
Gain on Disposal of Property and Equipment	240	(207)
Deferred Income Taxes	434	212
Non-Cash Interest Expense (note 14)	2,067	2,035
Post-Employment Benefit Expense in Excess of Funding	506	(68)
Decrease (Increase) in Contract Asset	(2,029)	(842)
Long-Term Debt Financing Costs	-	(767)
Change in Non-Cash Operating Working Capital	(4,370)	19,898
	52,610	70,828
Investing Activities:		
Additions to Property and Equipment	(72,479)	(49,126)
Proceeds from Government Grants	3,949	15,176
Proceeds from Disposal of Property and Equipment	899	213
Purchase of Short-Term Investments	(431)	(3,412)
Disposal of Short-Term Investments	33,410	-
Decrease in Financing Lease Receivables	708	709
Decrease in Restricted Cash	10	1,486
	(33,934)	(34,954)
Financing Activities:		
Proceeds from Long-Term Debt	-	100,000
Repayment of Long-Term Debt	(12,839)	(112,331)
	(12,839)	(12,331)
Increase in Cash	5,837	23,543
Cash, Beginning of Year	68,352	44,809
Cash, End of Year	$ 74,189	$ 68,352
Interest Paid	24,432	29,792
Interest Received	7,498	8,054

The accompanying notes are an integral part of these financial statements

Notes to Consolidated Financial Statements of

WINNIPEG AIRPORTS AUTHORITY INC.

Year ended December 31, 2024



1. Nature of Operations:

The Corporation:

Winnipeg Airports Authority Inc. (the "Company") is incorporated under the *Canada Not-for-profit Corporations Act*. The address of the Company and its principal place of business is 249 – 2000 Wellington Avenue, Winnipeg, Manitoba, Canada R3H 1C2.

The Company operates the Winnipeg James Armstrong Richardson International Airport (the "Winnipeg Airport"), under a long-term lease with the Government of Canada for the benefit of the community (the "Ground Lease").

The Company is governed by a 15-member Board of Directors of whom eleven members are nominated by the City of Winnipeg, the Rural Municipality of Rosser, Economic Development Winnipeg, the Winnipeg Chamber of Commerce, The Assiniboia Chamber of Commerce and the Federal and Provincial governments, with the remaining members appointed by the Board from the community at large.

The Company has the following wholly owned for-profit subsidiaries:

(a) Airport City Winnipeg Ltd. (ACW) provides property development services at the Winnipeg Airport.

(b) Nunavut Airport Services Ltd. (NASL) provides operations, maintenance services, and lifecycle rehabilitation of the Iqaluit International Airport under an agreement that terminates in December 31, 2047.

(c) Winnipeg Airport Services Corp. (WASCO) provides airport operations, management, facility maintenance, technical and airport safety management systems services to Canadian airports.

(d) WASCO North Ltd. provides airport safety management systems services to airports in Nunavut. While this subsidiary wound down operations in 2023 and will be dissolved in early 2025, its work will continue as part of WASCO.

(e) YWG Inc. provides airport management services at the Winnipeg Airport. This subsidiary wound down operations in 2024 and will be dissolved in 2025.

2. Basis of Presentation:

The Company prepares its annual consolidated financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board. These financial statements were approved for issuance by the Board of Directors on March 20, 2025.

Basis of Measurement:

These consolidated financial statements are prepared using the historical cost method, except for certain financial instruments and investments measured at fair value.

Principles of Consolidation:

The financial statements include the accounts of the Company and its wholly owned subsidiaries and the Company's share of the results of joint arrangements (note 4[m]).

All intercompany balances and transactions have been eliminated on consolidation.

3. Changes in Accounting Policies:

There are no changes in accounting policies that have a material impact on the Company's financial statements for the year ending December 31, 2024.

The following accounting standards were effective January 1, 2024:

IAS 1 - Presentation of Financial Statements-Classification of Liabilities as Current or Non-current

From 2020-2021, the International Accounting Standards Board published amendments to IAS 1, which clarified the requirement for an entity to have the right to defer settlement when classifying current vs. non-current liabilities as well as replacing the requirement for entities to disclose their significant accounting policies with the requirement to disclosure their material accounting policy information. In October 2022, the International Accounting Standards Board published further amendments to the Classification of Liabilities as Current or Non-current in IAS 1 Presentation of Financial Statements. The amendments aim to improve the information companies provide when the right to defer settlement of a liability for at least 12 months is subject to the entity complying with covenants after the reporting date. The amendments specify that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. The amendments require an entity to disclose information about these covenants in the notes to the financial statements. The amendments are effective for annual periods beginning on or after January 1, 2024, with earlier application permitted. The Company has included a new covenant disclosure in Note 14 (Long-term debt).

The following accounting standards have been issued but are not yet effective:

IFRS 18 – Presentation and Disclosure in Financial Statements

In April 2024, the International Accounting Standards Board issued IFRS 18 which sets out requirements for the presentation and disclosure of information in the financial statements. IFRS 18 will replace IAS 1 Presentation of Financial Statements but carries forward many of the requirements from IAS1. The standard introduces new defined subtotals to be presented in the consolidated statement of operations, disclosure of management-defined performance measures related to the income statement and requirements for grouping of information. IFRS 18 is effective for annual periods beginning on or after January 1, 2027, with earlier adoption permitted.

4. Material Accounting Policies:

The material accounting policies used in the preparation of the consolidated financial statements are described below:

(a) Cash and Short-Term Investments:

Cash includes cash on hand and deposits held with banks. Investments that have maturities of less than one year are classified as short-term investments.

(b) Restricted Cash:

Restricted cash represents funds held by financial institutions relating to debt service reserves.

(c) Inventory:

Inventory is valued at the lower of cost and net realizable value. Cost is determined using the first-in, first-out method for all inventory categories.

(d) Leases:

Company as a Lessee:

Leases are recognized as a right-of-use asset and corresponding liability at the date of which the leased asset is available for use by the Company.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that are based on an index or a rate;
- The exercise price of a purchase or extension option if the lessee is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Variable lease payments that are not based on an index or rate, such as those that are based on usage, have been excluded from the asset and liability and will continue to be recorded as incurred. Each lease payment is allocated between the liability and interest expense. The interest cost is charged to the consolidated statement of operations over the lease period to produce a constant rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are accounted for under IAS 16 Property, Plant and Equipment. Right-of-use assets have the same accounting policies as directly owned assets, meaning the right-of-use assets are componentized and depreciated over the lease term, as applicable.

Ground Lease:

Annual operating lease payments under the Ground Lease (note 11) are variable as they are calculated based on revenues of the Company as defined in the lease agreement, and are recognized as an expense in the year in which they are incurred.

Company as a Lessor:

Subleases are classified by the lessor as operating or financing by comparing the characteristics of the sublease to the right-of-use asset resulting from the head lease. In circumstances where the head lease is accounted for as an operating lease due to the variable nature of the payments, upon inception of the sublease, a financing lease receivable equal to the present value of all future lease payments under the sublease is recorded with the offset recognized in the statement of operations.

Income related to direct financing leases is recognized in a manner that produces a constant rate of return on the investment in the leases. The lease receivables are comprised of net minimum lease payments less unearned finance income.

For all other leases, leasing revenue is recognized straight-line over the duration of the respective agreements. The Company recognizes contingent rent receivable based on the year in which it is incurred.

(e) Property and Equipment:

Property and equipment are measured at cost less accumulated depreciation and impairment losses. Property and equipment include items such as improvements to leased land, runways, building and roadways. These assets will revert to Transport Canada upon the expiration or termination of the Ground Lease (note 11). Amounts are depreciated on a straight-line basis over their useful lives but not exceeding the term of any related lease.

The Company allocates the amount initially recognized in respect of an item of property and equipment to its significant parts and depreciates each part separately. Residual values, the method of depreciation and estimated useful lives of the assets are reviewed annually and adjusted if appropriate. Property and equipment are depreciated on a straight-line basis as follows:

Assets	Term
Civil Infrastructure	10 to 40 years
Buildings and Other Structures	10 to 40 years
Vehicles, Machinery and Equipment	5 to 20 years
Technology	3 to 10 years
Artwork	not depreciated

Assets under construction are not depreciated and are transferred to property and equipment when the asset is available for use. Normal repairs and maintenance are expensed as incurred. Expenditures constituting enhancements to the assets by way of change in capacity or extension of useful lives are capitalized.

(f) Contract Assets:

The Company has contract assets related to certain long-term contracts with customers whereby the amount of revenue recognized to date has exceeded the payments required (note 4(o)). The performance obligations within the contracts will be achieved over the term of the contracts. Airfield paving repair costs in the NASL subsidiary are also included in contract assets and will be recognized once the performance obligation is determined through settlement with the original builder.

(g) Deferred Revenue:

Deferred Revenue is comprised of a long-term contract in one of the subsidiaries (note 4[o]), funding received for the Air Transportation Support Fund (note 16) and Customer Deferred Revenue. Under the long-term contract, receipts received in advance of assets purchased are held in deferred revenue and are recognized as revenue over the life of the underlying asset based on the expected total contract profit margin. For the Air Transportation Support Fund, receipts received in advance of air carrier route seasons are held in deferred revenue and recognized as they are earned. The remainder of Deferred Revenue relates to customer receipts received in advance, such as pre-payment of parking or security deposits. These receipts are recognized as they are earned.

(h) Costs:

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are recognized in financing costs in the period in which they are incurred.

(i) Government Grants:

Government grants are recognized when there is reasonable assurance that the Company has complied with the conditions associated with the relevant government program. Depending on the nature of the programs, the grants are recorded as a reduction to the carrying amount of the related asset, as other revenue, or net of operating expenses.

Government grants receivable are recorded in trade and other receivables in the statement of financial position.

(j) Investment in Associates:

The Company uses the equity method of accounting for investments in associates over which it has significant influence. The original investment in associates is initially recorded at cost and is subsequently increased or decreased to account for the Company's share of comprehensive income or loss of the investee company and is reduced by dividends received.

(k) Joint Arrangements:

Joint arrangements are assessed at the inception of the agreement based on the structure as well as the legal and contractual terms. Where the arrangement meets the definition of a joint operation, the Company recognizes its share of assets and liabilities of the joint operation. Where the arrangement meets the definition of a joint venture, the equity method of accounting is used.

(l) Impairment:

Property and equipment are tested for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash inflows and written down to the recoverable amount.

The recoverable amount of an asset or cash generating unit (CGU) is the higher of an asset or CGU's fair value less costs of disposal (FVLCD) or its value in use, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. The loss is charged to the consolidated statement of operations.

The Company assesses at each balance sheet date whether there is any objective evidence that its investments in associates are impaired. If so, the carrying value of the Company's share of the underlying assets of associates is written down to its recoverable amount and the loss is charged to the consolidated statement of operations.

(m) Revenue Recognition:

Revenue from providing services is recognized over time in the accounting period in which the services are rendered.

The Company's principal sources of revenues are comprised of revenue from the rendering of aeronautical activities, commercial activities, airport improvement fees, real estate and other activities.

Airfield, passenger processing and groundside revenue are recognized as airport facilities are used. Airport improvement fees are accrued based on the enplanement of passengers. Concession revenue is earned on a monthly basis and is recognized based on a percentage of sales or specified minimum annual guarantees. Leasing revenue is recognized over the duration of the respective lease agreements.

In the case of fixed-price stand-ready contracts, the customer pays the fixed amount based on a payment schedule. Revenues from these contracts are recognized on a straight-line basis over the contract period as this depicts the Company's progress towards completion in satisfying the performance obligation. If the amount of revenue recognized to date exceeds the payments required, a contract asset is recognized. If the payments received to date exceed the revenue recognized, a contract liability is recognized.

The Company has entered into several airport management contracts. Certain management contract revenue is recognized as services are rendered.

For airport management contracts which have several components, revenue is recognized as the service obligation is performed. Revenue recognized related to services from such contracts are recognized as the services are rendered based on the total expected contract profit margin.

Revenue related to life-cycle payments for assets where the Company takes ownership are recognized into revenue over the useful life of the asset purchased, with a margin determined based on the total expected contract profit margin.

Revenue related to life-cycle payments for assets purchased on behalf of the contracting party are recognized into revenue when the asset is purchased, with the cost of the asset being expensed based on the total expected contract profit margin.

(n) Post-Employment Benefit Obligations:

The Company sponsors defined benefit pension plans, defined contribution pension plans and other post-employment benefit plans on behalf of its employees.

The cost of defined benefit pension plans, other post-retirement and post-employment benefits earned by employees is actuarially determined annually as at December 31. The cost is determined using the projected unit credit method and assumptions including market interest rates, salary escalation, retirement ages of employees, mortality rates, and health care costs. Past service costs are recognized immediately in income.

Gains and losses on curtailments or settlements are recognized in the period in which the curtailment or settlement occurs.

Net actuarial gains and losses are recognized immediately in other comprehensive income (loss) without subsequent reclassification to income. The current service cost and recognized element of any past service cost of employee benefits expense is recorded in salaries and benefits.

Certain of the Company's pension plans are subject to minimum funding requirements. The liability in respect of minimum funding requirements is determined using the projected minimum funding requirements, based on management's best estimates of the actuarially determined funded status of the plan, market discount rates and salary escalation estimates. The liability, if any, in respect of the minimum funding requirement and any subsequent re-measurement of that liability are recognized immediately in other comprehensive income (loss) without subsequent reclassification to income.

The amount recognized in the balance sheet at each year end reporting date represents the present value of the defined benefit obligation reduced by the fair value of plan assets.

Any recognized asset or surplus is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions. To the extent that there is uncertainty regarding entitlement to the surplus, no asset is recorded.

Contributions to the Company's defined contribution pension plan are expensed as incurred.

(o) Financial Instruments:

Initial Recognition and Measurement

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. At initial recognition, the Company measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issuance of the financial asset or financial liability, such as fees and commissions. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss. Immediately after initial recognition an expected credit loss allowance (ECL) is recognized for financial assets measured at amortized cost and investments in debt instruments measured at fair value through other comprehensive income, which results in an accounting loss being recognized in profit or loss when an asset is recognized.

The Company classifies its financial assets at amortized cost, fair value through other comprehensive income ("FVOCI") and fair value through profit or loss ("FVTPL"). The classification of financial assets for debt instruments depends on the business model for managing the financial assets and the contractual terms of the cash flows. Financial liabilities are classified and measured based on two categories: amortized cost or FVTPL.

The Company's cash, restricted cash, accounts receivable, financing lease receivable and contract assets are classified as financial assets at amortized cost. Accounts payable and accrued liabilities and long-term debt are classified as financial liabilities at amortized cost.

Financial assets at amortized cost

Financial assets at amortized cost are debt instruments that are held for collection of contractual cash flows when those cash flows represent solely payments of principal and interest.

Financial assets at amortized cost are initially recorded at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset and are subsequently measured at amortized cost using the effective interest method. Interest income from these financial assets is included in the statement of operations.

Financial liabilities at amortized cost

Financial liabilities at amortized cost are initially recorded at fair value, net of transaction costs incurred, and are subsequently measured at amortized cost using the effective interest method. Interest expense from these financial liabilities is included in the statement of operations.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income comprise debt instruments that have been acquired for the purpose of both collecting contractual cash flows and selling the specified assets. The financial assets are measured at fair value plus transaction costs that are directly attributable to the acquisition of the financial asset, with any subsequent changes in fair value recognized through other comprehensive income.

Interest income (calculated using the effective interest rate method), and impairment gains or losses are recognized directly in profit or loss. Upon derecognition, changes in fair value accumulated in equity through other comprehensive income are reclassified to profit or loss.

Financial assets at fair value through other comprehensive income also comprise equity investments at fair value when the Company has made an irrevocable election on initial recognition to classify the instrument as FVOCI. Where the Company has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognized in profit or loss as other income when the Company's right to receive payments is established. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

The Company has elected to record its investment in Security Services Corp at FVOCI.

Impairment

Financial assets, other than those at fair value through profit or loss, are assessed for impairment at each balance sheet date. The Company assesses all information available, including on a forward-looking basis, the expected credit losses ("ECL") associated with its financial assets carried at amortized cost and FVOCI.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The Company applies the simplified approach of the ECL model to recognize lifetime ECL for accounts receivable. For finance lease receivables, the Company recognizes 12 months of ECL unless there has been a significant increase in credit risk since initial recognition.

An impairment loss is recognized in the statement of operations in accordance with the policy outlined in note 4(n).

Derecognition

Financial assets are derecognized when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either the Company has transferred substantially all of the risk and rewards of ownership or the Company neither transfers nor retains substantially all the risk and rewards of ownership and the Company has not retained control. Financial liabilities are derecognized when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

Fair Value

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

- Level 1: valuation based on quoted prices in active markets for identical assets or liabilities obtained from the investment custodian, investment managers or dealer markets;
- Level 2: valuation techniques with significant observable market parameters including quoted prices for assets in markets that are considered less active;
- Level 3: valuation techniques with significant unobservable market parameters.

(p) Income Taxes:

The Company is exempt from income taxes. Subsidiaries are taxable corporations and follow the asset and liability method of accounting for income taxes. Under this method, deferred tax assets and liabilities are recognized based on expected future tax consequences of differences between the carrying amount of the balance sheet items and their corresponding tax basis, using the substantively enacted income tax rates for the years in which the differences are expected to reverse. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the date of enactment or substantive enactment.

(q) Provisions:

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is management's best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

When the effect of the time value of money is material, provisions are measured at the present value of the expenditure expected to settle the Company's present obligation.

Provisions for litigation and claims are recognized in cases where legal actions, proceedings and other claims are pending or may be instituted or asserted in the future against the Company which are a result of past events, where it is probable that an outflow of resources embodying economic benefits will be required for the settlement and a reliable estimate of the obligation amount can be made.

5. Critical Accounting Judgments and Estimates:

In applying the Company's accounting policies (note 4) management is required to make judgments, estimates and assumptions about the carrying amount of assets and liabilities. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from those estimates.

Accounting estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

The following are the critical judgments and estimates that management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the financial statements.

(a) Depreciation of Property and Equipment:

Critical judgments and estimates are utilized in determining depreciation rates and useful lives of property and equipment. Depreciation is calculated to the estimated residual values based on the straight-line method over the estimated useful lives. Estimates of residual value and useful lives are based on data and information from various sources including vendors, industry practice and Company-specific history. A change in any of the significant assumptions or estimates could result in a material change in the depreciation amount.

(b) Post-Employment Benefit Obligations:

The Company accounts for pension and other post-employment benefits in accordance with actuarial valuations. These valuations rely on statistical and other assumptions in order to anticipate future events.

These factors include key actuarial assumptions, including discount rates, expected salary increases and mortality rates. Actual results may differ from results which are estimated based on assumptions.

(c) Leases:

The Company accounts for its Ground Lease (note 11) as an operating lease. In consideration of the terms of the lease, the Company has concluded that a right-of-use asset and related lease liability should not be recognized due to the variable nature of the rental formula. Certain long-term leases where the Company acts as the lessor are classified as finance lease receivables and calculated based on the present value of future lease payments discounted at a rate representing the estimated borrowing rate for a similar term.

6. Accounts Receivable:

		2024		2023
Trade Accounts	$	13,281	$	14,267
Government Funding Receivable		9,614		4,626
Other Receivables		44		54
		22,939		18,947
Expected Credit Loss		(553)		(669)
Total Accounts Receivable	$	22,386	$	18,278

The aging analysis of these trade receivables and the expected credit losses as at December 31, 2024 and 2023 are as follows:

	2024		2023	
Current	20,405	(302)	17,021	(114)
30 – 60 days	1,354	(34)	1,070	(182)
60 – 90 days	458	(87)	278	(142)
Greater than 90 days	678	(130)	524	(231)
Total	22,895	(553)	18,893	(669)

7. Property and Equipment:

	Vehicles, Machinery & Equipment	Technology	Buildings & Other Structures	Civil Infrastructure	Artwork	Construction in Progress	2024 Total
Gross Value							
Balance, January 1, 2024	$ 62,760	$ 52,376	$ 597,061	$ 263,687	$ 1,282	$ 34,167	$ 1,011,333
Additions	5,509	2,601	4,952	4,373	-	48,901	66,336
Transfers	3	(807)	(180)	37,477	-	(36,493)	-
Disposals	(1,449)	-	-	-	-	-	(1,449)
At December 31, 2024	$ 66,823	$ 54,170	$ 601,833	$ 305,537	$ 1,282	$ 46,575	$ 1,076,220
Accumulated Depreciation							
Balance, January 1, 2024	$ 34,496	$ 37,348	$ 195,706	$ 128,753	$ -	$ -	$ 396,303
Depreciation	3,359	3,712	17,256	12,129	-	-	36,456
Disposals	(310)	-	-	-	-	-	(310)
At December 31, 2024	$ 37,545	$ 41,060	$ 212,962	$ 140,882	$ -	$ -	$ 432,449
Net Value at							
December 31, 2024	$ 29,278	$ 13,110	$ 388,871	$ 164,655	$ 1,282	$ 46,575	$ 643,771

Additions are presented net of Government Grant funding.

	Vehicles, Machinery & Equipment	Technology	Buildings & Other Structures	Civil Infrastructure	Artwork	Construction in Progress	2023 Total
Gross Value							
Balance, January 1, 2023	$ 68,157	$ 48,630	$ 595,017	$ 255,918	$ 1,282	$ 21,925	$ 990,929
Additions	2,598	3,919	2,261	10,584	-	13,537	32,899
Transfers	52	227	(217)	1,233	-	(1,295)	-
Disposals	(8,047)	(400)	-	(4,048)	-	-	(12,495)
At December 31, 2023	$ 62,760	$ 52,376	$ 597,061	$ 263,687	$ 1,282	$ 34,167	$ 1,011,333
Accumulated Depreciation							
Balance, January 1, 2023	$ 39,342	$ 34,442	$ 178,617	$ 120,678	$ -	$ -	$ 373,079
Depreciation	3,194	3,306	17,089	12,123	-	-	35,712
Disposals	(8,040)	(400)	-	(4,048)	-	-	(12,488)
At December 31, 2023	$ 34,496	$ 37,348	$ 195,706	$ 128,753	$ -	$ -	$ 396,303
Net Value at							
December 31, 2023	$ 28,264	$ 15,028	$ 401,355	$ 134,934	$ 1,282	$ 34,167	$ 615,030

Additions are presented net of Government Grant funding.

8. Restricted Cash:

		2024		2023
Debt Service Reserve	$	14,743	$	14,753
Total Restricted Cash	$	14,743	$	14,753

Under the terms of a Master Trust Indenture, the Company is required to maintain a debt service reserve to cover principal and interest payments to be made on the long-term bonds (note 14). The company satisfies this requirement by using cash for the Series A and D bonds. A letter of credit is used to satisfy this requirement for the Series F, G and H bonds (note 15).

9. Investments:

The Company holds shares in Security Services Corp, a publicly traded company listed on the TSX Venture Exchange. The investment is accounted for on a fair value basis. As of December 31, 2024, the shares had a fair value of $2.4 million (2023: $2.5 million), with an unrealized loss of $0.1 million recognized in other comprehensive income (2023: no gain or loss).

During the year, the Company received cash dividends of $0.1 million (2023: $0.1 million).

10. Investments in Associates:

The Company has investments in associates of $24 (2023: $24), which are accounted for using the equity method of accounting. In 2024, Churchill Transportation Inc. ceased operations and was wound down after several years of dormancy. In 2023, the Company disposed of its investment in Northstar Robotics.

Name of Entity	Principal Activity	Place of Incorporation	Ownership %
Winnipeg Airport Lands Corp.	Land Development	Canada	50%
ATR Cargo One LP	Real Estate	Canada	25%

Summarized financial information in respect of these associates, which primarily consists of ATR Cargo One LP, is set out below:

		2024		2023
Financial Position:				
Total assets	$	30,825	$	39,537
Total liabilities		23,271		24,884
Company's share of associates' net assets		11		11
Financial Performance:				
Total sales and other revenues		3,953		4,092
Total profit for the year		1,013		2,240

The Company has a long-term sub-lease with ATR Cargo One LP that is classified as a financing lease. In 2020, a lease receivable was set up equal to the present value of future lease payments in the amount of $9,660 with the offset recognized as a Gain on long-term land lease in the Consolidated Statement of Operations. The lease receivable as at December 31, 2024 is $9,389 (2023: $9,494).

Of the total assets, $30,825 relate to ATR Cargo One LP (2023: $39,537).

11. Leases:

Company as a Lessee:

The Winnipeg Airport lands are rented under a long-term lease entered into on December 31, 1996 with Transport Canada (Ground Lease). The lease is for a term of 80 years and can be terminated only in the event of default. The lease is on an "absolute net" basis, allowing the Company peaceful possession of the leased premises. The rent relating to this lease is calculated by formula based on revenues of the Company as defined in the Ground lease. In 2024, the Company recorded an expense in the amount of $11.9 million in accordance with the Ground lease agreement (2023: $12.8 million).

The Company has entered into certain equipment leases that result in the recognition of a right-of-use asset and lease liability, which are described in note 14. The net book value of those assets included in property and equipment and associated with a lease liability is $1,989 (2023: $3,299).

Company as a Lessor:

The Company leases out, under operating leases and subleases, land and certain assets that are included in property and equipment. Many leases include renewal options and are subject to market price revision. The lessee does not have the possibility to acquire the leased assets at the end of the lease.

The estimated contractual fixed lease revenue for the next five years is approximately as follows:

2025	**$**	**9,742**
2026		9,954
2027		10,171
2028		10,393
2029		10,621

Company as a Lessor – Finance Leases:

The Company's net investment in financing leases is:

		2024		2023
Total Minimum Lease Payments Receivable	$	45,710	$	47,568
Unearned Interest Income		22,898		24,048
		22,812		23,520
Current Portion		725		725
Long-Term Portion of Financing Lease Receivable	$	22,087	$	22,795

Finance income earned on the leases was $494 (2023: $495).

12. Investments in Joint Operations:

The Company has entered into a joint arrangement to provide operational services at the Winnipeg Airport. The arrangement meets the definition of a joint operation and is accounted for by recording the Company's share of assets and liabilities. The intergroup profit has been eliminated and 50% of the remaining operational results are consolidated, as follows:

		2024		2023
Financial Position:				
Total Assets	$	372	$	513
Total Liabilities		350		482
Financial Performance:				
Total Sales and Other Revenues		2,473		2,286
Total Expenses		2,177		1,670

13. Airport Improvement Fees:

The Company charges Airport Improvement Fees (AIF) of $38 dollars (2023: $38) per local boarded passenger through an agreement with the Air Transport Association of Canada and major air carriers serving the Winnipeg Airport. AIF revenue is collected by the airlines, at a handling fee of 6%, for the benefit of the Company. AIF revenues are used to pay for airport infrastructure development and related financing costs as jointly agreed with air carriers operating at the Winnipeg Airport.

14. Long-Term Debt:

	2024	2023
Revenue bonds series A, 5.205%, due September 28, 2040, semi-annual blended principal and interest payments of $8,221 payable March 28 and September 28 of each year until maturity	$ 175,903	$ 182,749
Revenue bonds series D, 6.102%, due November 20, 2040, semi-annual blended principal and interest payments of $6,393 payable on May 20 and November 20 of each year until maturity	128,525	133,124
Revenue bonds series F, 3.659%, due September 30, 2047, interest payable semi-annually on March 30 and September 30 of each year until maturity	124,273	124,241
Revenue bonds series G, 3.04%, due February 3, 2051, interest payable semi-annually on February 3 and August 3 of each year until maturity	99,163	99,131
Revenue bonds series H, 4.788%, due March 9, 2033, interest payable semi-annually on March 9 and September 9 of each year until maturity	99,373	99,297
Manitoba Industrial Opportunity Program	10,766	11,438
Lease Liability	54	595
	638,057	650,575
Current Portion	13,009	12,757
Long-term portion of debt	$ 625,048	$ 637,818

Changes to the Company's long-term debt for the years ended December 31, 2024 and 2023 are as follows:

	2024	2023
Balance beginning of year	$ 650,575	$ 663,364
Repayment of long-term debt	(12,839)	(112,331)
Proceeds from long-term debt, net of financing costs	-	99,233
Non-cash interest expense - deferred financing costs	321	309
Balance end of year	$ 638,057	$ 650,575

(a) Revenue Bonds:

The revenue bonds are direct obligations of the Company ranking pari passu with all other indebtedness issued under a Master Trust Indenture (MTI). All indebtedness, including indebtedness under bank credit facilities, are secured under the MTI by assignment of revenue and related accounts receivable, a security interest in the debt service reserve and certain accounts of the Company, and an unregistered mortgage of the Company's leasehold interest in the Winnipeg Airport.

Under the terms of the MTI, the Company is required to establish and maintain with a trustee a debt service reserve with a balance equal to at least 50 percent of annual debt service costs. These trust funds, which total approximately $14.7 million in cash (note 8), plus a letter of credit of $6.2 million, are held for the benefit of the bond holders in accordance with the terms of the MTI. In addition, the Company is required to maintain an operating and maintenance reserve of approximately $20.2 million. The operating and maintenance reserve is satisfied by availability under a committed credit facility (note 15).

The MTI outlines financial covenants that must be maintained. If the Company were to breach these covenants, the debt is callable by the bond holders and would be re-classified to current liabilities. The Company can defer settlement if a successful waiver is granted by bond holders.

In March 2023, the Company issued $100 million of privately placed bonds to re-finance the maturity of its Series E revenue bonds. The Series H bonds are due March 2033 and bear interest at 4.788% per annum. Interest payments are due semi-annually.

(b) Finance Lease Obligation:

The Company leases equipment with an effective interest rate of 1.7% over a five-year term ending in 2025.

(c) Manitoba Industrial Opportunity Program Loan:

The loan is secured and repayable to the Province of Manitoba in equal monthly installments until December 2040 at 5.88% interest.

(d) The future annual principal and interest payments of long-term debt as at year-end are as follows:

	Principal	Interest
2025	**$ 13,009**	**$ 29,841**
2026	13,643	29,102
2027	14,381	28,323
2028	15,155	27,503
2029	15,974	26,636

(e) Interest Expense:

	2024	2023
Revenue Bond Interest	$ 31,958	$ 32,510
Other Interest and Financing Costs	630	528
	$ 32,588	$ 33,038

Revenue bond interest includes non-cash interest of $2,067 (2023: $2,035) due to the amortization of deferred financing costs and settled cash flow hedges.

15. Credit Facilities:

The Company has authorized credit facilities of $150 million (2023: $150 million) with a Canadian chartered bank, expiring on August 8, 2025. The facility is secured under the Master Trust Indenture (note 14) and is available by way of overdraft, prime rate loans, bankers' acceptances and letter of credit.

	2024	2023
Senior Facility	$ 150,000	$ 150,000
Reductions to available balance:		
Outstanding letters of credit	(11,269)	(17,687)
Allocation to operating and maintenance reserve (note 14)	(20,167)	(18,875)
Available unsecured bank operating line	$ 118,564	$ 113,438

16. Government Assistance:

Airport Critical Infrastructure Program

In May 2021, the federal government announced the Airport Critical Infrastructure Program ("ACIP"), a new contribution funding program to help Canada's larger airports make critical investments in safety and security.

The Company has applied and been approved for 50% funding towards an airfield paving and terminal security project. In 2024, the Company recognized $2.3 million (2023: $9.0 million) in eligible funding, which has been recorded as an offset to the cost of the asset.

National Trade Corridor Funding

In September 2019, the Company was awarded $30.4 million in funding towards a cargo expansion project under the National Trade Corridor Funding Program ("NTCF"). In December of 2023, an additional $19.4 million was awarded, bringing the total award to $49.8 million. This project includes a new multi-tenant air cargo logistics facility and additional airfield paving that will take place over multiple years. To date, the Company has spent $69.6 million towards this project and recognized $27.0 million ($9.2 million in 2024 and $0.15 million in 2023) in funding as an offset to the asset. $9.2 million of funding is included in accounts receivable at year-end (2023: nil).

Air Transportation Support Fund

In August 2022, the Manitoba government partnered with the Company to establish the Air Transportation Support Fund ("ATSF") with the objective of establishing new direct routes to U.S. and International destinations. The funding received by the government is used by the Company to partner with various air carriers to achieve this objective.

In 2024, the Company did not receive funding from the Manitoba government (2023: $9.8 million). Funding from this program is recognized in other revenue as it is earned ($3.2 million in 2024 and $4.9 million in 2023). Funding is recognized as airlines earn the incentive.

17. Deferred Revenue:

		2024		2023
Current				
Subsidiary Long-Term Contract	$	310	$	283
Air Transportation Support Fund (note 16)		2,118		6,814
Customer Deferred Revenue		2,278		2,752
		4,706		9,849
Non Current				
Subsidiary Long-Term Contract		3,220		4,740
Total Deferred Revenue	$	7,926	$	14,589

Customer Deferred Revenue refers to receipts received from customers under normal course of business.

18. Contingencies, Commitments and Guarantees:

(a) Contingencies:

The Company is involved in various claims and litigation arising in the ordinary course and conduct of business. Although such matters cannot be predicted with certainty, management does not consider the Company's exposure to such litigation to be material to these financial statements.

(b) Subsidiary Guarantee:

The Company guarantees the operational performance of its subsidiary NASL in accordance with the contract, up to a maximum of $18.8 million partially secured by a letter of credit of $5.0 million (2023: $4.9 million). This is a long-term contract ending December 31, 2047 and includes specific price indexing parameters. The contract is to provide airport operations, maintenance services and life-cycle rehabilitation to Iqaluit International Airport.

(c) Director and Officer Indemnity:

The Company maintains Director and Officer insurance and has agreed to indemnify its directors and officers to the extent permitted by law against any and all charges, costs, expenses, amounts paid in settlement and damages incurred by them as a result of any lawsuit or any other judicial administrative or investigative proceeding in which they are sued as a result of their service as long as they have acted honestly and in good faith. These indemnification claims will be subject to any statutory or other legal limitation period.

19. Post-Employment Benefit Plans:

The Company sponsors defined benefit pension plans and other post-employment benefit plans on behalf of its employees. The plans provide benefits to members in the form of a guaranteed level of pension payable for life. All of the plans have similar risk characteristics and operate under the same regulatory framework. The level of benefit payable depends on members' length of service and their salary in the final years leading up to retirement. The responsibility for the governance of the plans lies with the Company, including overseeing contribution schedules and investment decisions. The plan assets are held in trust and governed by federal regulation. The Company has a pension committee to assist in the management of the plans.

Information for the post-employment benefit plans, based on the latest actuarial reports, measured as of December 31 is as follows:

	Defined Benefit Pension Plans		Post-Employment Plans	
	2024	2023	2024	2023
Change in Defined Benefit Obligation:				
Balance, Beginning of Year	$ 71,060	$ 64,828	$ 5,473	$ 4,788
Current Service Cost	1,130	1,154	272	255
Employee Contributions	261	275	-	-
Interest Cost	3,297	3,299	254	242
Re-Measurements:				
Loss (Gain) recognized from Changes in Economic Assumptions	(844)	4,271	141	208
Gain recognized from Experience	383	696	-	-
	-	-	-	-
Benefits Paid	(3,265)	(3,463)	(20)	(20)
Balance, End of Year	$ 72,022	$ 71,060	$ 6,120	$ 5,473
Change in Fair Value of Plan Assets:				
Fair Value, Beginning of Year	$ 75,830	$ 76,366	$ -	$ -
Interest Income	3,471	3,827	-	-
Re-Measurements:				
Return on Plan Assets, excluding any amounts included in Interest Income	898	(2,902)	-	-
Contributions:				
Employer	1,335	1,891	20	20
Plan Participants	261	275	-	-
Benefits Paid	(3,265)	(3,463)	(20)	(20)
Administrative Expenses	(67)	(164)	-	-
Fair Value, End of Year	$ 78,463	$ 75,830	$ -	$ -
Funded Status:				
Plan Surplus (Deficit)	$ 6,441	$ 4,770	$ (6,120)	$ (5,473)
Impact of Asset Ceiling	(6,956)	(6,754)	-	-
Net Accrued Liability	$ (515)	$ (1,984)	$ (6,120)	$ (5,473)

The net defined benefit pension plans' accrued liability of $515 is comprised of post-employment benefit assets of $1,409 and post-employment benefit liabilities of $1,924.

The Company's net benefit plan (income) expense is as follows:

	Defined Benefit Pension Plans				Post-Employment Plans			
		2024		2023		2024		2023
Net Benefit Plan Cost:								
Current Service Cost	$	1,130	$	1,154	$	272	$	255
Net Finance Expense relating to Employee Benefits		139		28		254		242
Administrative Expense		67		164		-		-
Net Benefit Plan Expense recognized	$	1,336	$	1,346	$	526	$	497
Actual Return on Plan Assets	$	4,369	$	925	$	-	$	-
Amounts recognized in Other Comprehensive Income (Loss):								
Re-Measurements	$	1,470	$	(1,888)	$	(141)	$	(208)
Cumulative re-measurements recognized in other comprehensive income (loss):								
Cumulative Amount, Beginning of Year	$	2,741	$	4,629	$	(2,937)	$	(2,729)
Recognized		1,470		(1,888)		(141)		(208)
Cumulative Amount, End of Year	$	4,211	$	2,741	$	(3,078)	$	(2,937)

The significant weighted average assumptions used are as follows:

	2024	2023
Defined Benefit Obligation:		
Discount Rate	4.7%	4.6%
Long-Term Average Rate of Compensation Increase	3.0%	3.0%
Long-Term Average Rate of Health Benefit Cost Increase		
Initial Trend Rate	7.0%	7.0%
Annual Decrease	0.3%	0.3%
Ultimate Trend Rate	4.5%	4.5%
Year of Ultimate Trend Rate	2032	2032
Benefit Costs:		
Discount Rate	3.0%	3.0%
Long-Term Average Rate of Compensation Increase	3.0%	3.0%

The sensitivity of the defined benefit obligation (DBO) to changes in assumptions is set out below. The effects on each plan of a change in an assumption are weighted proportionately to the total plan obligations to determine the total impact for each assumption presented.

	Impact on Defined Benefit Obligation		
	Change in Assumption	Increase in Assumption	Decrease in Assumption
Discount Rate	1.00%	$ (9,249)	$ 11,703
Salary Growth Rate	1.00%	$ 1,564	$ (1,529)
Life Expectancy	1 year	$ 2,056	$ (2,100)

Each sensitivity analysis is based on changing one assumption, while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the DBO to variations in actuarial assumptions, the same method has been applied as for calculating the liability recognized.

The plans' assets consist of the following asset mix:

	2024	2023
Equity Funds	11%	10%
Debt and Mortgage Funds	24%	23%
Real Estate Funds	12%	12%
Buy-in Annuities	52%	54%
Cash	1%	1%

Through its defined benefit plans, the Company is exposed to a number of risks, the most significant of which are detailed below:

Asset Volatility: The plans' liabilities are calculated using a discount rate set with reference to corporate bond yields; if the plans' assets underperform this yield, this may create a deficit.

Changes in Bond Yield: A change in corporate bond yields will increase or decrease plan liabilities, although this will be partially offset by an opposite change in the value of the plans' bond holdings.

Inflation Risk: The majority of the plans' benefit obligations are linked to inflation, and higher inflation will lead to higher liabilities. The majority of the plans' assets are either unaffected by (annuities and fixed interest bonds) or loosely correlated with (equities) inflation, meaning that an increase in inflation will also increase the deficit, or reduce the surplus.

Life Expectancy: The majority of the plans' obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plans' liabilities.

The investment positions are managed within an asset-liability matching that has been developed to achieve long-term investments that are in line with obligations under the pension plans. The Company monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the pension obligations. Investments are diversified such that the failure of any single investment would not have a material impact on the overall level of assets.

The effective date of the most recent actuarial valuation for funding purposes was December 31, 2023 for all plans with an extrapolation to December 31, 2024. Based on most recent actuarial valuations, the Company does not require a letter of credit (2023: $6.6 million) to satisfy funding requirements for the defined benefit pension plans.

Contributions to the defined contribution pension plan were $818 during the year (2023: $656).

20. Accumulated Other Comprehensive Loss:

Accumulated other comprehensive loss (AOCI) includes the recognized loss on previously settled cash flow hedges related to Series A and D revenue bonds, and unrealized changes in fair value of investments. The components of AOCI are as follows:

	2024	2023
Recognized Loss on Previously Settled Cash Flow Hedges	$ (14,089)	$ (15,828)
Unrealized Loss on Fair Value of Investments	(600)	(556)
	$ (14,689)	$ (16,384)

21. Income Taxes:

Income tax expense differs from the amount that would be computed by applying the federal and provincial statutory rates of 27% (2023: 27%) to the earnings before income taxes. The reasons for the differences and related tax effects are as follows:

	2024	2023
Income (Loss) before income taxes	$ 19,884	$ 15,130
Expected (recovery) provision for income taxes at the statutory rate	5,369	4,085
Increase (decrease) in taxes resulting from:		
Tax effect of not-for-profit earnings	(4,810)	(3,883)
Impact of tax rate on investment income	(29)	(29)
Tax effect of non-deductible expenses	15	4
Other	33	98
	$ 578	$ 275

22. Financial Instruments:

Fair Value:

The fair value of cash, short-term investments, restricted cash, accounts receivable, accounts payable and accrued liabilities approximates their carrying value due to their relatively short term to maturity. The fair value of other financial instruments is as follows:

	2024	2023	Level
Liabilities			
Revenue Bonds Series A	184,572	190,266	Level 2
Revenue Bonds Series D	141,090	144,255	Level 2
Revenue Bonds Series F	105,980	104,865	Level 2
Revenue Bonds Series G	74,778	74,435	Level 2
Revenue Bonds Series H	104,895	104,480	Level 2
Manitoba Industrial Opportunity Program Loan	10,053	10,276	Level 3

The fair value of the Revenue Bonds and Manitoba Industrial Opportunity Program loan is determined through current market rate yield calculations.

Risk Management:
The Company is exposed to a number of risks as a result of the financial instruments on its balance sheet that can affect its operating performance. These risks include liquidity risk, credit and concentration risk, and market risk which comprises interest rate risk and price risk. The Company's financial instruments are not subject to significant foreign exchange risk.

Liquidity Risk:
The Company continues to update and review its multi-year cash flow projections on a regular basis and matches its long-term financing arrangements with its cash flow needs. In view of its credit ratings (Moody's: A1 and Standard & Poors: A+), the Company has ready access to sufficient long-term funds as well as committed lines of credit through credit facilities with a Canadian bank. The future annual principal payment requirements of the Company's obligations under its long-term debt are described in note 14.

Credit and Concentration Risks:
The Company is subject to credit risk through its cash, restricted cash, accounts receivable, finance lease receivable and investments in the event that the counterparty defaults.

The Company manages the exposure for cash, restricted cash and investments by contracting only with financial institutions that maintain a very high credit rating, and therefore generally considers the exposure to be low.

The Company performs ongoing credit assessments of its accounts receivable and financing lease balances and maintains valuation allowances for expected credit loss. The investments are limited to short-term and medium-term debt instruments with high quality credit ratings in order to minimize credit exposure.

The Company derives a substantial portion of its revenues from airlines through airfield and passenger processing fees and through airlines' collection of airport improvement fees on its behalf. The Company'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.

In addition, there is concentration risk with two main carriers contributing to 49% (2023: 45%) of total revenue. These carriers continue to provide service to the Company and meet their payment obligations with outstanding receivables making up 7.2% of total Trade Accounts Receivable.

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.

The Company has entered into fixed rate long-term debt, and accordingly, the impact of interest rate fluctuations has no effect on interest payments. However, changes in prevailing benchmark interest rates and credit spreads may impact the fair value of this debt and the cost of refinancing.

Price Risk:
Price risk is the risk the fair value of an investment will fluctuate because of changes in market prices, whether those changes are caused by factors specific to the individual investment or factors affecting all securities traded in the market. The Company's exposure to equity securities price risk arises from its investments held and classified on the balance sheet at fair value through other comprehensive income.

23. Related Party Transactions:

The Company's related parties include key management personnel, the post-employment benefit plans for the Company's employees (note 19), as well as its investment in associates.

The Company has a financing lease receivable of $9,441 (2023: $9,494) with ATR Cargo One LP. The Company also performed property management and maintenance services for ATR Cargo One LP and recognized revenue of $166 (2023: $162).

The Government of Canada and its respective government related entities are considered related parties for accounting purposes only due to their ability to nominate board members and due to the material nature of the Ground Lease (note 11). In accordance with IFRS, this meets the definition of significant influence, but not control. Funding received from The Government of Canada is detailed in note 16 and Ground Lease Rent paid in note 11.

Transactions with Key Management Personnel

Key management includes the Board of Directors, the President and Vice Presidents. Compensation paid, payable or provided by the Company to key management personnel during the year was as follows:

	2024	2023
Salaries and Short-Term Benefits	$ 2,836	$ 2,426
Post-Employment Benefits	195	228
Total	$ 3,031	$ 2,654

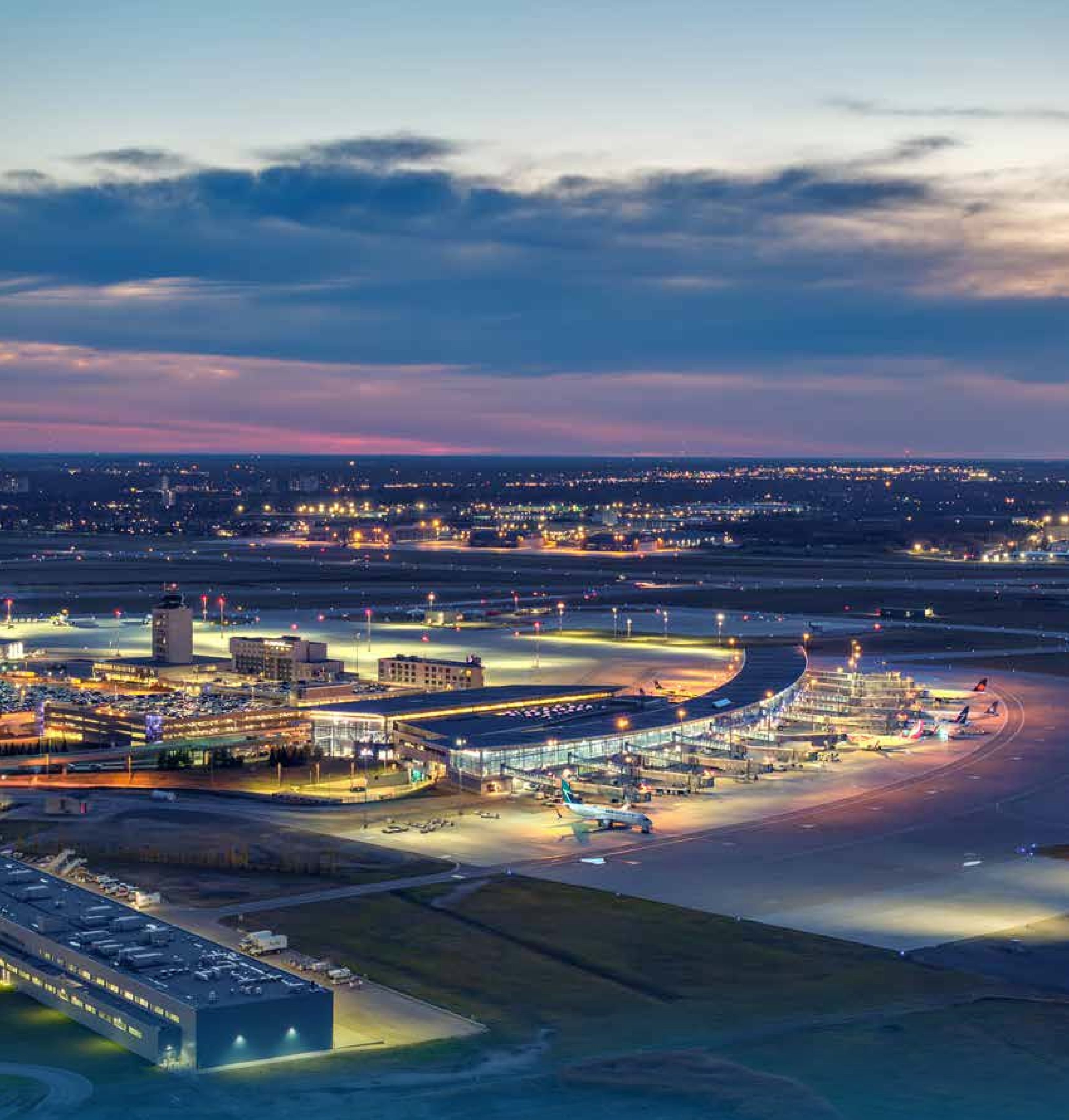
24. Capital Management:

The Company is incorporated without share capital under the *Canada Not-for-profit Corporations Act* and, as such, net income is retained and reinvested in operations and development. Accordingly, the Company's only sources of capital for investing in operations and development are available bank debt, long-term debt and accumulated earnings included on the Company's balance sheet for a total of $899,087 (2023: $886,185).

The Company manages its rates for aeronautical and other fees to safeguard the Company'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 and events, and to maintain sufficient net income to meet ongoing debt coverage requirements. The Company was onside with its covenant calculations as at December 31, 2024.

25. Changes in Non-Cash Operating Working Capital:

	2024	2023
Accounts Receivable	$ (4,108)	$ 4,178
Income Tax	195	983
Prepaid Expenses	(398)	(1,076)
Inventory	(1,067)	(549)
Accounts Payable	5,480	6,341
Deferred Revenue	(6,666)	8,915
	$ (6,564)	$ 18,792
Relating to:		
Operating Activities	(4,370)	19,898
Investing Activities	(2,194)	(1,106)
Total	$ (6,564)	$ 18,792



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