YYC CALGARY AIRPORT AUTHORITY

2021

FINANCIAL REPORT

CALGARY AIRPORT AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended December 31, 2021
Dated March 9, 2022

This Management's Discussion and Analysis ("MD&A") report discusses the financial and operating results of The Calgary Airport Authority (the "CAA" or the "Authority") for the year ended December 31, 2021 and should be read in conjunction with the Financial Statements and note disclosures of the CAA for the years ended December 31, 2021 and 2020. As the Authority is a non-share capital, not-for-profit entity, the MD&A is prepared voluntarily and, although similar, should not be construed to have been prepared in accordance with National Instrument 51-102 - Continuous Disclosure Obligations. The Financial Statements have been prepared in accordance with CPA Canada Handbook – Accounting Part II - Accounting Standards for Private Enterprises (ASPE). All amounts in the MD&A are in Canadian dollars unless otherwise stated.

FORWARD-LOOKING INFORMATION

This MD&A contains certain forward-looking information. This forward-looking information is based on a variety of assumptions and is subject to risks and uncertainties. Please refer to the section titled "Caution Regarding Forward-Looking Information" contained at the end of this MD&A for a discussion of such risks and uncertainties and the material factors and assumptions related to the forward-looking information.

CORPORATE PROFILE

The Calgary Airport Authority was incorporated in July 1990 under the Regional Airports Authorities Act (Alberta) (the "Act") as a non-share capital corporation. The mandate of the Authority, as defined in the Act, is to manage and operate the airports for which it is responsible in a safe, secure and efficient manner and to advance economic and community development by means that include promoting and encouraging improved airline and transportation service and an expanded aviation industry; for the general benefit of the public in its region. As a non-share, not-for-profit entity, the net earnings we earn are reinvested in the airports under our control so we can fulfill this mandate.

The Authority has been operating YYC Calgary International Airport (YYC) since July 1992 pursuant to the Agreement to Transfer which provided for the transfer of operational control of YYC Calgary International Airport from the Government of Canada to the Authority under a long-term lease agreement (the "Canada Lease"). The Canada Lease has an initial term of 60 years with a 20-year option to extend that was exercised in 2011. In October 1997, the Authority entered into a lease with the Government of Canada for the operation of Springbank Airport (the "Springbank Lease") for a term concurrent with the Canada Lease term.

RECENT EVENTS

Certain events transpired in 2020 and 2021 that impacted CAA's operations and financial results and may impact future results.

The COVID-19 pandemic has had a severe impact on the travel and aviation industry, which was further exacerbated by strict travel restrictions and quarantine periods imposed by Federal and Provincial governments in an attempt to reduce active and new COVID-19 cases. The pandemic arrived late in Q1 2020, decimating travel demand and erasing almost 25 years of passenger growth at YYC. Travel ground to a halt in April 2020 with the impact felt into 2021. However, commencing in the second quarter and accelerating through to the close of 2021, the CAA experienced stabilization of demand, which progressed into improvements in year-over-year operating results. The results for the 2020 comparative period include two full months of pre-pandemic operations, whereas the results for the current year show signs of recovery late in the second half of the year although still not at pre-pandemic levels.

COVID-19 PANDEMIC IMPACT

- SARS-CoV-2, more commonly known as "COVID-19", was declared a pandemic by the World Health Organization on March 11, 2020. The COVID-19 pandemic has had a significant impact on the air transportation industry. Government regulations and imposed travel restrictions have limited travel opportunities for passengers, resulting in material reductions in passenger volumes compared to 2019. With fewer passengers travelling, airlines were forced to reduce the number of flights being operated. Fewer passengers and fewer flights utilizing the airport led to a significant decline in revenues compared to 2019.

- During 2020, YYC processed 68.4% fewer passengers than it did in 2019. However, the first two months of 2020 had normal "pre-pandemic" flight activity, which heavily influence the overall performance results of that year. In the period from March 2019 to December 2019, YYC averaged 49,764 passengers per day, however, this decreased by 80.3% at the onset of the pandemic to an average of 9,779 per day for March 2020 to December 2020. The number of passenger flights dropped as well, from an average of 257 per day in March 2019 to December 2019, to approximately 77 per day for March 2020 to December 2020.

- During 2021, YYC processed 11.5% more passengers than it did in 2020, mainly driven by a 23.9% increase in Domestic flight activity, while both Transborder and International activity declined by 27.9% and 30.5%, respectively. Comparing March 2021 to December 2021 with March 2020 to December 2020, YYC processed 96.4% more passengers in 2021, as passenger volumes at YYC increased to an average of 19,210 per day from 9,779 per day. The number of flights during the March 2021 to December 2021 period also increased to an average of 108 per day from an average of 77 per day for same period of 2020.

- During 2019, there were 20 airlines operating at YYC, which decreased to 9 in 2020 due to the onset of the pandemic. The recent improvements in demand have resulted in the number of airlines operating at YYC in 2021 to increase to 11.

- The reduced activity is having a material negative impact on the CAA's business and results of operations, including Aeronautical, Non-Aeronautical and Airport Improvement Fees ("AIF") revenues. During 2020, total revenues dropped $257.9 million, or 59.7%, compared to 2019. The CAA incurred a net loss of $242.5 million in 2020, compared to a net loss of $59.6 million in 2019. For 2021, total revenues increased $42.2 million, or 24.2%, compared to 2020. The CAA incurred a net loss of $314.8 million in 2021 driven by the impact of the pandemic and the pre-payment penalty of $146.0 million incurred to restructure its long-term debt.

- Many of the CAA's commercial partners, concessionaires and tenants have experienced significant negative impacts to their businesses. The CAA has provided financial support and other assistance through payment deferrals and/or contract relief. The majority of deferred payments were repaid from late 2020 through early 2021, however, there is still approximately $0.6 million in deferred rent receivables outstanding from a limited number of commercial partners at the end of 2021.

RESPONSE TO COVID-19 PANDEMIC

The CAA, both solely and in cooperation with government, partners, and employees, has taken the following actions in response to the pandemic:

OPERATIONAL RESPONSE

- Direct operating costs were $37.4 million lower in 2020 due primarily to reductions in operating expenses undertaken by the Authority in response to the COVID-19 pandemic. These reductions came from renegotiation of service agreements, significant reductions in operating footprint, and temporary and permanent reductions of roughly one third of Authority staff.

- The 2020 capital expenditure budget was reduced by $52.6 million, from $72.6 million to $20.0 million, as CAA took swift and decisive action to suspend capital projects in response to the COVID-19 pandemic.

- As health restrictions tightened and airport travel came to a standstill, many of YYC's air carrier partners needed to store their aircraft. This presented YYC with an opportunity to support airline partners as they adjusted their operations. YYC was able to successfully park 50 airplanes on aprons, taxiways and one low-use runway, and did so at no cost to the airlines.

- With passenger volumes down 95% at the lowest point of the COVID-19 pandemic, the operating footprint was reduced on March 31, 2020 to better match the space used with passenger and air carrier demand. This was done to simplify the operation and to the extent possible, reduce operating costs, as most of the Airport's operating costs are fixed with respect to passenger volumes. The March 31 consolidation saw the closure of the north half of the Domestic Terminal Building ("DTB"), and while the International Terminal Building ("ITB") remained open, most gates were closed to consolidate operations to the central portion of the terminal building.

- As passenger volumes began to recover, the demand for domestic flights at peak hour drove the need to find a solution for more gating capacity. The carriers compressed much of their operations into one or two hours of the day to facilitate effective connections at YYC and the amount of connecting traffic increased as WestJet consolidated many non-stop domestic destinations in Calgary that previously had been served directly from smaller markets. Prior to the pandemic, all international flights departed from Concourse D in the ITB, while all domestic flights departed from A, B and C gates in the DTB. This was done to separate outbound domestic and international passengers and to create a customs-controlled zone in the international terminal. The decision of whether to reopen the northern domestic Concourse A or find a way to operate domestic flights for the first time from the ITB was required in order to meet the growing demand for domestic travelers. From a financial and passenger experience perspective, it was decided the latter was preferable. YYC worked with agencies to create a workable solution for processing domestic and international passengers from the International Concourse D on December 10, 2020.

- By Summer 2021, further domestic recovery driving capacity constraints at peak hour necessitated further expansion, and it was determined that further expansion into the ITB would be preferable. A solution was to construct a barrier to segregate domestic passenger traffic from Transborder gates which allowed the Transborder gates in the Concourse E pier to be used for domestic departures also. On June 30, 2021, the Transborder Concourse E opened for domestic flight activity.

- In August 2021, the remainder of the DTB was reopened, however the reopening was phased, and operating hours were tied to demand to economically grow back into the permanent full footprint of the airport.

FINANCIAL RESPONSE

The pandemic had a direct impact on the ability of the Authority to generate sufficient cash from operations to pay principal and interest obligations on its long-term debt.

In 2020 the Authority:

- Obtained deferral until December 2021 of interest and principal payment due from June 2020 until December 2021 on the Authority's long-term debt from the Government of Alberta ("GoA");

- Increased its operating line of credit from $100 million to $200 million in June 2020 with Toronto-Dominion Bank ("TD Bank"); and

- Obtained covenant waivers from the GoA and TD Bank until December 2021.

On October 7, 2021, the Authority entered into an agreement with BNY Trust Company of Canada (the "Trustee") to provide a framework for the Authority to create and issue bonds and other debt securities and to enter into credit facility agreements, swaps and other debt instruments as set forth in the Master Trust Indenture ("MTI Agreement"). Under the MTI Agreement, bonds are issued in series and will be issued through a supplemental indenture authorizing that particular series of bonds. The completion of the MTI Agreement allowed for the Authority to complete the following measures on October 7, 2021, to improve financial stability:

- The Authority completed its inaugural bond issuance through the first supplemental indenture issued under the MTI Agreement and issued six bond series raising in aggregate $2.075 billion ("First Supplemental Indenture"). The funds raised from the First Supplemental Indenture was used to repay a portion of the Authority's debentures held by the GoA.

- Through a second supplemental indenture issued under the MTI Agreement, the Authority issued eleven bond series in aggregate $1.215 billion ("Second Supplemental Indenture") in exchange for the remaining debentures held by the GoA and the deferred interest payments that were accrued from June 2020 until October 7, 2021.

- The Authority cancelled all its existing credit facilities and obtained a $350 million revolving operating line of credit (the "New Operating Facility") from a consortium of Canadian financial institutions. The CAA also obtained a $70 million revolving letter of credit facility ("New L/C Facility") that can be used for specific operational expenses, capital projects and major capital undertakings. The covenants included in the new Operating and L/C Facilities reference the covenants in the MTI agreement where the Authority has received covenant waivers up to January 1, 2023.

- On November 30, 2020, the CAA announced a $5 AIF increase to $35, effective March 1, 2021.

GOVERNMENT FINANCIAL SUPPORT

- Transport Canada's waiver of Canada Lease Payments from March through December 2020 reduced the annual expense by $11.9 million based on 2020 revenue and by 95% compared with 2019. While Transport Canada did not waive rent for 2021, relief was provided by way of a deferral of 2021 regularly calculated rent being made in even monthly payments for ten years, commencing January 2024.

- The Canada Emergency Wage Subsidy (CEWS) program was introduced by the Federal Government in March 2020 as a means of providing relief to employers that have experienced a significant drop in revenues due to the COVID-19 pandemic. Over the course of the existence of the program, which eventually ended in October 2021, the Federal Government made periodic adjustments to the program to extend its reach and effectiveness. The CAA received benefits under the CEWS program of $5.4 million and $8.8 million in 2021 and 2020, respectively.

- The Airport Critical Infrastructure Program (ACIP) is a funding program introduced in 2021 to help Canada's larger airports make critical investments in safety, security or connectivity to mass transit. The CAA was approved for grant funding of 50% of the budgeted $115 million cost to assist in YYC's West Runway Reconstruction project. The project restarted in Q1 2021 and is expected to be completed in 2025 with the first grant receipt expected in 2022.

PASSENGER AND SAFETY RESPONSE

- Through the #FlyHealthyYYC program, YYC enhanced health measures and increased cleaning and disinfection throughout the airport with a focus on high-touch areas. Masks became a mandatory requirement within the terminal and terminal access was limited to those who are travelling or working.

- Additionally, in 2020, YYC added 426 hand sanitizer stations, 326 plexiglass barriers, and 3,000 physical distance floor and seat decals to increase safe operations within the airport.

- YYC received the Airports Council International (ACI) Airport Health Accreditation in 2021. This accreditation reinforces the high standards of the #FlyHealthyYYC program, which prioritized health and safety to give guests and employees increased confidence to feel safe while travelling and moving throughout the airport.

TESTING, RESEARCH AND DATA COLLECTION

- Early in the pandemic, the CAA advocated for and became the first Canadian airport to trial science-based, data-driven testing through the International Border Testing Pilot Program. The program was developed in partnership with the governments of Alberta and Canada and aimed to reduce the length of quarantine for guests entering Canada from international destinations.

MANAGEMENT'S FINANCIAL ASSESSMENT

As a result of COVID-19 and changing travel restrictions in place around the world, there is very limited accurate visibility on the future of travel demand, which is now severely inhibited. Passenger and flight activity may not return to pre-pandemic levels for at least three to five years according to certain industry participants. Management continues to analyze the extent of the financial impact of COVID-19, which is and continues to be material. While the full duration and scope of the COVID-19 pandemic cannot be known at this time, the CAA believes that the pandemic will not have a material impact on the long-term financial sustainability of the Airport.

SELECT KEY FINANCIAL AND OPERATIONAL INFORMATION

FINANCIAL INFORMATION ($ MILLIONS)	2021	2020	2021/2020 % Change	2019	2020/2019 % Change
Total Revenues	**216.3**	174.1	24.2	432.0	(59.7)
Direct operating costs	**131.2**	141.4	7.2	178.8	20.9
Canada Lease	**18.8**	2.4	n/m	43.8	94.5
Airport improvement fee handling fees	**4.2**	2.3	(82.6)	6.5	64.6
Adjusted EBITDA	**62.1**	28.0	n/m	202.9	(86.2)
Less: Contribution to interchange	—	22.5	100.0	—	n/m
EBITDA	**62.1**	5.5	n/m	202.9	(97.3)
Net (Loss) Income	**(314.8)**	(242.5)	(29.8)	(59.6)	n/m
See "Results of Operations" for details					
See Net Operating Results for reconciliation from net (loss) income to EBITDA					
Free Cash Flow *($ millions)*	**79.4**	(5.2)	n/m	100.0	n/m
See "Liquidity and Capital Resources" section for details					

Earnings before interest and financing costs and amortization ("EBITDA") adjusted for the Contribution to interchange is Adjusted EBITDA.

EBITDA and Adjusted EBITDA are non-GAAP financial measures. Refer to section "Non-GAAP Financial Measures" of this MD&A for additional information.

OPERATIONAL INFORMATION		2021		2020	2021/2020 % Change		2019	2020/2019 % Change
Enplaned & Deplaned Passengers *(thousands)*		**6,326.4**		5,675.5	11.5		17,957.9	(68.4)
Local Enplanements *(thousands)*		**1,940.3**		1,584.4	22.5		5,474.6	(71.1)
% Connecting Enplanements		**37.5%**		42.9%	-5.4 pts		38.2%	4.7 pts
Aircraft landings *(thousands)*		**57.1**		55.0	3.8		114.6	(52.0)
Total MTOW *(million kg)*		**3,178.5**		3,031.7	4.8		6,373.8	(52.4)
Landed passenger seats *(thousands)*		**4,570.5**		4,392.8	4.0		10,772.9	(59.2)
Load factor		**67.9%**		63.2%	4.7 pts		82.2%	-19.0 pts
Non-Aeronautical Revenue per Enplanement	**$**	**24.02**	$	24.94	(3.7)	$	16.49	51.2
Aeronautical Revenues per Landed Passenger Seat	**$**	**16.13**	$	13.24	21.8	$	11.38	16.3
Direct Operating Cost per E&D Passenger	**$**	**20.74**	$	24.94	16.8	$	9.96	n/m
Adjusted EBITDA Margin		**28.7%**		16.1%	12.6 pts		47.0%	-30.9 pts
Free Cashflow per E&D Passenger	**$**	**12.55**	$	(0.92)	n/m	$	5.57	n/m

See "Operating Activity" section for details

OPERATING ACTIVITY

The CAA's key activity drivers, which have a direct impact on its financial results, are passenger levels and flight activity, including aircraft movements, size and seats.

PASSENGER ACTIVITY

Prior to the COVID-19 pandemic, YYC was predominantly a domestic travel airport, serving as a hub for passengers connecting to more international travel-oriented airports, such as Toronto and Vancouver. The domestic travel focus of YYC helped to insulate the airport from the international travel restrictions that were put in place by the Canadian and foreign governments during the pandemic, with YYC growing from being Canada's fourth largest airport for enplaned and deplaned traffic in 2019, to Canada's second largest airport at times during the pandemic. Additionally, being the fortress airport hub for WestJet's flight activity helped maintain domestic traffic numbers, and increased connections, as WestJet consolidated its flight network to reflect the decrease in demand in smaller markets.

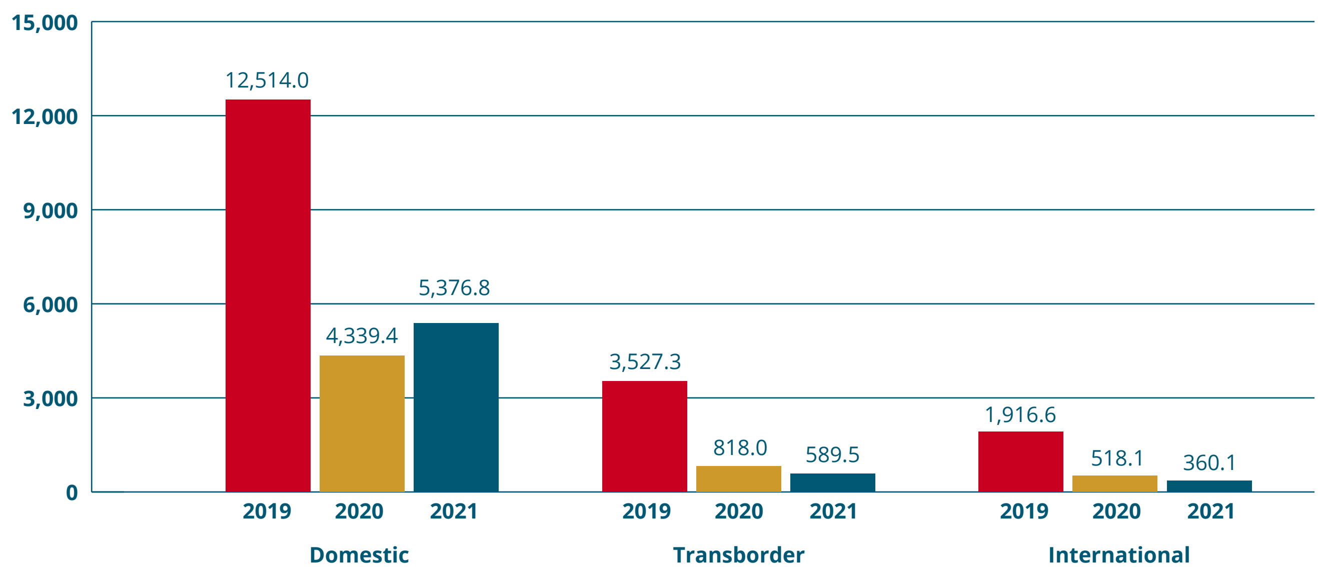
Passenger traffic at the YYC decreased in 2020 by 68.4%, from 18.0 million passengers in 2019 to 5.7 million passengers in 2020, representing an annual decline of 12.3 million passengers. In 2021 passenger traffic was 6.3 million passengers, an 11.5% increase from 2020.

Total passenger traffic at YYC is categorized into one of three sectors: Domestic (passengers travelling within Canada), Transborder (passengers travelling to and from destinations between Canada and the United States of America (USA)) and International (passengers travelling to and from destinations outside Canada except for the USA). During 2020, the largest decline was in the Transborder sector, followed by International, and then the Domestic sector, recording decreases in passenger traffic of 76.8%, 73.0%, and 65.3%, respectively, when compared to 2019. In 2021, the Domestic sector experienced a 23.9% increase, while International and Transborder experienced further declines of 30.5% and 27.9%, respectively, compared to 2020. During 2021, COVID-19 case stability within Canada allowed for domestic travel to improve, while the international travel restrictions put in place by the Canadian and foreign governments continued to dampen demand for travel outside of the country.

The following table summarizes passenger activity by sector for 2021, 2020 and 2019:

PASSENGER ACTIVITY (THOUSANDS)	2021	2020	2021/2020 % Change	2019	2020/2019 % Change
Domestic	**5,376.8**	4,339.4	23.9	12,514.0	(65.3)
Transborder	**589.5**	818.0	(27.9)	3,527.3	(76.8)
International	**360.1**	518.1	(30.5)	1,916.6	(73.0)
Total Enplaned & Deplaned	**6,326.4**	5,675.5	11.5	17,957.9	(68.4)
Local Enplanements	**1,940.3**	1,584.4	22.5	5,474.6	(71.1)
Connecting Enplanements	**1,164.0**	1,192.7	(2.4)	3,380.8	(64.7)
Total Enplaned	**3,104.3**	2,777.1	11.8	8,855.4	(68.6)
Local Enplanements	**62.5%**	57.1%	5.4 pts	61.8%	-4.7 pts
Connecting Enplanements	**37.5%**	42.9%	-5.4 pts	38.2%	4.7 pts
Total Enplaned	**100.0%**	100.0%		100.0%	

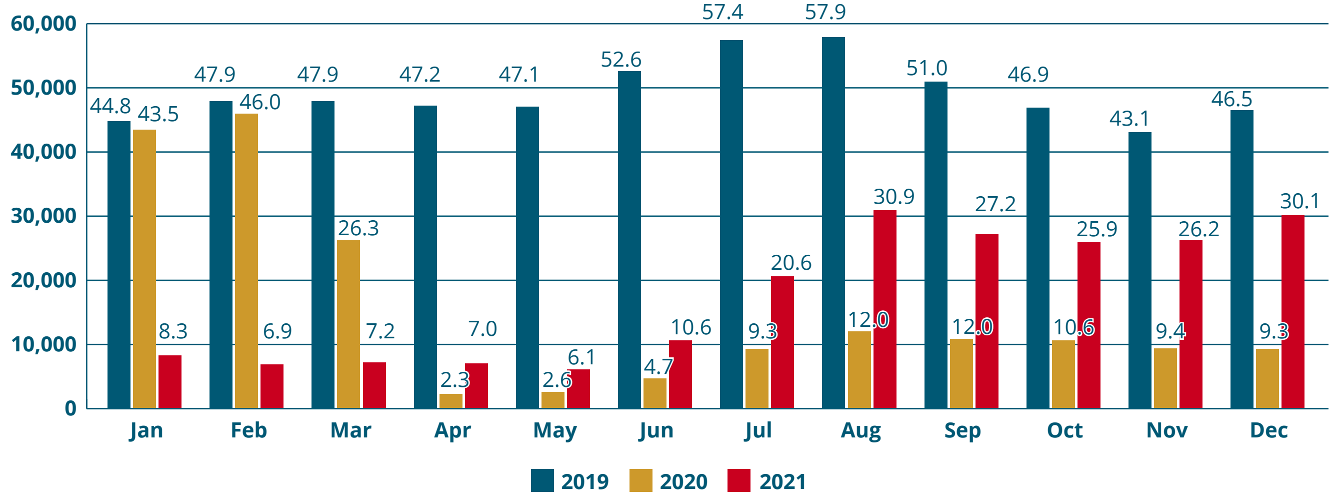
TOTAL E&D PASSENGERS
Thousands



YYC's passenger activity since mid-March 2020 has been directly and materially impacted by COVID-19, when compared to 2019. As the first two months of 2020 had normal "pre-pandemic" flight activity, it heavily influences the overall performance results of the year.

AVERAGE DAILY PASSENGER VOLUMES BY MONTH

2019, 2020 & 2021 (In Thousands)



In the period from March 2020 to December 2020, passenger volumes at YYC dropped 80.3% to an average of 9,779 passengers per day, from an average of 49,764 per day for the March 2019 to December 2019 period. The number of flights dropped as well, decreasing 70.0% from an average of 257 per day to approximately 77 per day, when comparing the average for the period of March 2019 to December 2019 to the same period of 2020. During 2020, there were 9 airlines operating at YYC, compared to 20 that were operating during 2019.

In first two months of 2021, passenger volumes dropped 83.3% from an average of 45,478 per day to 7,595 per day and flights per day dropped 73.8% from 244 per day to 64 per day, compared to the same period of 2020. The declines noted over these periods are the direct result of the first two months of 2020 having "pre-pandemic" passenger activity, while the first two months of 2021 were directly following new international travel restrictions being rolled out by the Canadian Government on December 30, 2020.

Comparing March 2021 to December 2021 to the same period of 2020, YYC processed 96.4% more passengers in 2021, as passenger volumes at YYC increased to an average of 19,210 per day from 9,779 per day. The number of flights during the same March to December 2021 period also increased 40.3% to an average of 108 per day from an average of 77 per day for same period of 2020. The 2021 increases noted for these periods are largely due to the 2020 comparative period being from the start of the pandemic, which dropped passenger activity to levels that have not been experienced at YYC in decades, whereas the 2021 period is showing signs of general recovery in the aviation travel industry.

The COVID-19 pandemic has resulted in global reductions in passenger air travel and extensive flight and route changes. The reductions are the result of the following events:

2020

11 MARCH 2020

COVID-19 starts spreading freely in the community and the World Health Organization (WHO) declares a global pandemic.

16–17 MARCH 2020

The Government of Canada (GoC) closed airports to international-origin air passengers except Canadians attempting to return home.

International flights were only permitted to land at YYC and three other airports—Vancouver, Montreal and Toronto Pearson.

A travel advisory was issued against all non-essential international travel as well as a mandatory 14-day quarantine.

1 APRIL 2020

Just 793 enplaned passengers pass through preboard screening, a reduction of over 95% from the 16,791 seen on March 1st.

MAY–JUNE 2020

As restrictions were gradually relaxed there was some marginal recovery in passenger and flight volume to a ceiling of between 9,000-12,000 daily enplaned & deplaned passengers.

7 NOVEMBER 2020

As a second wave of COVID-19 was underway, YYC successfully lobbied the federal government for the first science-based PCR testing program for inbound international travelers, allowing passengers to end their quarantine once they had tested negative for COVID-19.

9 DECEMBER 2020

The GoC approved the Pfizer vaccine with the Moderna vaccine approved shortly after, and sought to embark on an ambitious vaccination program.

26 DECEMBER 2020

The Alpha variant of COVID-19, which was more infectious than the original strain, led the GoC to announce that all travelers would have to test negative for COVID via a PCR test within 72 hours of departure and then test again on arrival.

2021

29 JANUARY 2021

Federal restrictions are tightened again, mandating that all travelers also complete a three-day hotel quarantine. Demand for international sun travel effectively dries up again. Air Canada and WestJet operated 161 flights to sun destinations in December but by March, schedule reductions cut that number to just 24 flights with Phoenix, Palm Springs, Maui and Honolulu as the only surviving destinations.

MAY-JUNE 2021

Vaccines were widely available to the public throughout May and June 2021 and effectively ended the third wave of the pandemic driven by the Alpha variant.

1 JULY 2021

Vaccination led to a relaxation of public health restrictions; however, a new variant (Delta) began circulating in the community in mid-July fueling a noticeable fourth wave in August.

5 JULY 2021

The vaccines were still effective against the new variant and this led the GoC to lift border restrictions on the fully vaccinated, allowing Canadian nationals to travel without hotel quarantine provided they tested negative before.

SEPTEMBER-OCTOBER 2021

Relaxed restrictions extended to all vaccinated foreign nationals on September 7, 2021. Travel demand began to slowly recover; however, the fourth wave of COVID fueled by the Delta Variant tempered demand.

NOVEMBER-DECEMBER 2021

The Omicron variant is discovered in South Africa which was believed to be up to five times more transmissible than the Delta variant. Airlines reduce schedules again in November and December of 2021 along with an increase in testing and restriction of entry from certain countries.

The CAA monitors two principal types of passengers: local enplanements and connecting enplanements. A local enplanement passenger is a passenger initiating a trip at YYC, while a connecting passenger changes aircraft at YYC en route to a final destination, symbolizing the strength of a hub. During 2020, local enplanements decreased 71.1% to 1.6 million passengers and connecting enplanements decreased 64.7% to 1.2 million passengers, when compared to 2019. During 2020, the percentage of local enplanements versus connecting enplanements was 57.1% and 42.9%, respectively, compared to 61.8% and 38.2% in 2019. During 2021, local enplanements increased 22.5% to 1.9 million passengers and connecting enplanements decreased 2.4% to remain at 1.2 million passengers, when compared to 2020. During 2021, the percentage of local enplanements versus connecting enplanements was 62.5% and 37.5%, respectively, compared to 57.1% and 42.9% in 2020.

FLIGHT ACTIVITY

Flight activity is measured by aircraft landings. Each aircraft has a maximum take-off weight ("MTOW"), as specified by the aircraft manufacturers, and total number of seats. MTOW and seats are used to calculate the majority of posted air carrier charges for each aircraft landing. The load factor, the ratio of passengers to seats, is a measure of aircraft capacity utilization and is computed as a percentage of seats filled by passengers.

The following table summarizes aircraft movements, MTOW, seats, seats per passenger aircraft movement and load factor for 2021, 2020, and 2019.

FLIGHT ACTIVITY	**2021**	**2020**	**2021/2020** % Change	**2019**	**2020/2019** % Change
Aircraft landings *(thousands)*	**57.1**	55.0	3.8	114.6	(52.0)
Passenger aircraft landings *(thousands)*	**36.7**	37.8	(2.9)	93.9	(59.7)
Landed Passenger Seats *(thousands)*	**4,570.5**	4,392.8	4.0	10,772.9	(59.2)
Total MTOW (kg) *(millions)*	**3,178.5**	3,031.7	4.8	6,373.8	(52.4)
Passenger MTOW (kg) *(millions)*	**2,303.0**	2,239.2	2.8	5,552.0	(59.7)
Seats per passenger aircraft movement	**124.4**	116.1	7.1	114.7	1.2
Load factor	**67.9%**	63.2%	4.7 pts	82.2%	-19.0 pts

Passenger aircraft landings declined 59.7% in 2020 as compared to 2019 due to the air travel restrictions and aircraft groundings that resulted from the COVID-19 pandemic. Aircraft landings, which include both passenger and non-passenger movements, decreased 52.0% in 2020 as compared to 2019. In 2021, passenger aircraft landings declined 2.9%, compared to 2020, while Aircraft landings increased 3.8% from 2020 levels as the result of an increase in Corporate and Cargo flight activity.

During 2020, MTOW was 3,031.7 million kilograms, a decrease of 52.4% as compared to 2019. This change was driven mainly by the 59.7% decrease in passenger MTOW due to the impact of the COVID-19 pandemic. In 2021, total MTOW increased by 146.8 million kilograms, or 4.8%, compared to 2020 due to both cargo and passenger MTOW increases.

Landed Passenger Seats decreased during 2020 by 59.2% to 4.4 million as compared to 10.8 million seats in 2019. The number of seats per passenger aircraft movement during 2020 was 116.1, an increase of 1.4 seats or 1.2% when compared to 114.7 seats per passenger aircraft movement from 2019 due to larger aircraft utilized. Load factors decreased 19.0 percentage points from 82.2% in 2019, to 63.2% in 2020. In 2021, Landed Passenger Seats were 4.6 million, an increase of 4.0% from 2020. Seats per passenger aircraft movement were 124.4, an increase of 8.3, or 7.1%, from 2020, as the trend of using larger aircrafts continued, albeit at lower frequencies.

Throughout the pandemic YYC continued to work to ensure safe operations and to support the economy through cargo operations. Additionally, passenger airlines have converted some of their aircraft for cargo-only purposes to move cargo across Canada and around the world. The CAA is dedicated to working with all carriers to keep the flow of goods moving in support of the Canadian economy, including critical goods such as vaccines needed to fight COVID-19.

In 2020, Cargo landings increased 11.2% to 4,787, from 4,305 in 2019, while Cargo MTOW increased 8.0% over the same period. In 2021, Cargo landings increased 12.0% to 5,363, from 2020, while Cargo MTOW increased 8.5% over the same period.

FINANCIAL PERFORMANCE

NET OPERATING RESULTS

The following table summarizes the CAA's net operating results for the years ended December 31, 2021, 2020 and 2019.

NET OPERATING RESULTS ($ MILLIONS)	2021	2020	2021/2020 % Change	2019	2020/2019 % Change
Net Loss	**(314.8)**	(242.5)	(29.8)	(59.6)	n/m
Post-employment pension benefits	**(9.6)**	9.9	n/m	(9.3)	n/m
Loss from Operations	**(324.4)**	(232.6)	(39.5)	(68.9)	n/m
Add: Interest and financing costs	**250.0**	100.9	n/m	102.9	1.9
Depreciation and amortization	**136.5**	137.2	0.5	168.9	18.8
EBITDA	**62.1**	5.5	n/m	202.9	(97.3)
Contribution to Interchange	**—**	22.5	100.0	—	n/m
Adjusted EBITDA	**62.1**	28.0	n/m	202.9	(86.2)
Adjusted EBITDA Margin	**28.7%**	16.1%	12.6 pts	47.0%	-30.9 pts

In 2021, the CAA incurred a net loss of $314.8 million. The main driver of the increased loss in 2021 was the $146.0 million of penalties charged for the early termination of debt in the year. Removing this one- time charge, the loss for 2021 decreased by $73.7 million driven by the muted growth in activities experienced. During 2020, the CAA incurred a net loss of $242.5 million, compared to the net loss in 2019 of $59.6 million. The net loss was due to the impacts from the COVID-19 pandemic resulting in a material reduction in revenues of $257.9 million. Additionally, 2020 included a $22.5 million one-time expense to the City of Calgary as a contribution towards a new interchange at YYC. These items were partially offset by the cost savings from the waiver of the Canada Lease rents granted by the Federal government for March to December 2020, the CEWS program, and measures taken by the CAA to lower costs such as the hiring freeze and layoffs, reduction of operating expenses and temporarily closing operating access to 50% of its terminal facilities.

In 2021, EBITDA and Adjusted EBITDA was $62.1 million, while the EBITDA and Adjusted EBITDA margins were 28.7%. EBITDA and Adjusted EBITDA for 2021 increased $56.6 million and $34.1 million, respectively, compared to 2020. EBITDA was $5.5 million during 2020, a decrease of $197.4 million, or 97.3%, compared to 2019. Adjusted EBITDA in 2020 was $28.0 million, a decrease of $174.9 million, or 86.2%, compared to 2019. The Adjusted EBITDA margin was 16.1% in 2020, a decrease of 30.9 percentage points compared to 2019. The decrease in Adjusted EBITDA and Adjusted EBITDA Margin was due to material revenue reductions from the impacts of the COVID-19 pandemic and the significant portion of fixed operating costs, partially offset by the cost savings mentioned above.

EBITDA and Adjusted EBITDA are non-GAAP financial measures. Refer to section "Non-GAAP Financial Measures" of this MD&A for additional information.

REVENUES

Revenues are derived from i) aeronautical revenue (which include general terminal charges, aircraft landing fees, and other aeronautical fees), ii) AIF revenue and iii) non-aeronautical revenue (which include concessions, rentals, car parking, ground transportation, and other sources).

Landing fees are based on the MTOW of arriving aircraft; general terminal charges are based on the number of seats and flight activity sector of an arriving aircraft; and other aeronautical fees are based on the usage of apron, aircraft gates and bridges, and fees per enplaned passenger. The AIF is charged on a per-local originating enplaned passenger basis.

Non-Aeronautical revenues are earned from non-aeronautical commercial activities, such as concessions, real estate, parking, ground transportation, and other revenue. A significant portion of non-aeronautical revenues is correlated with passenger activity.

The following table summarizes the CAA's consolidated revenues for the years ended December 31, 2021, 2020 and 2019.

REVENUES ($ MILLIONS)	2021	2020	2021/2020 % Change	2019	2020/2019 % Change
Airport Improvement Fees	**68.0**	46.7	45.6	163.3	(71.4)
Concessions	**26.1**	22.9	14.0	72.4	(68.4)
Land rental	**21.7**	20.9	3.8	21.0	(0.5)
Car parking	**16.3**	15.2	7.2	41.7	(63.5)
Terminal space rental	**8.3**	9.1	(8.8)	8.4	8.3
Other revenue	**1.9**	0.7	n/m	1.8	(61.1)
Interest income	**0.3**	0.4	(25.0)	0.8	(50.0)
Non-Aeronautical Revenues	**74.6**	69.2	7.8	146.1	(52.6)
General terminal fees	**35.0**	23.3	50.2	48.1	(51.6)
Aircraft landing fees	**26.7**	24.6	8.5	49.8	(50.6)
Other aeronautical fees	**12.0**	10.3	16.5	24.7	(58.3)
Aeronautical Revenues	**73.7**	58.2	26.6	122.6	(52.5)
Total Revenues	**216.3**	174.1	24.2	432.0	(59.7)
Non-Aeronautical Revenue per Enplanement	**$ 24.02**	$ 24.94	(3.7)	$ 16.49	51.2
Aeronautical Revenues per Landed Passenger Seat	**$ 16.13**	$ 13.24	21.8	$ 11.38	16.3

In 2021, AIF revenue was $68.0 million, an increase of 21.3 million, or 45.6%, compared to 2020, driven mainly by increased passenger traffic and the $5 rate increase per passenger that came into effect March 1, 2021. AIF revenue in 2020 decreased by $116.6 million, or 71.4%, compared to 2019, driven by the 71.1% decrease in local enplanement passenger traffic due to the COVID-19 pandemic.

Total Non-Aeronautical revenues ("NAR") in 2021 increased by $5.4 million, or 7.8%, compared to 2020, mainly due to the 11.5% increase in passenger activity, which drives most NAR revenue streams. Total NAR in 2020 decreased by $76.9 million, or 52.6%, compared to 2019, due to an overall decrease in passenger activity from the COVID-19 pandemic.

Concession revenue includes percentage rent revenues generated from in-terminal concessionaires, ground transportation providers, car rental providers, and advertising. The main driver of these revenue sources is passenger activity, hence, as the COVID-19 pandemic has caused a significant reduction in global air travel and terminal activity, it has resulted in material impacts to the operations of commercial businesses at YYC since March 2020. Concession revenue was $26.1 million in 2021, an increase of $3.2 million, or 14.0%, compared to 2020, while Enplaned and Deplaned (E&D) traffic increased by 11.5% in 2021. Concession revenue was $22.9 million in 2020, a decrease of $49.5 million, or 68.4%, compared to 2019, as total E&D passenger activity decreased by 68.4% over the same periods.

Land Rental revenue is generated by sub-leasing airport lands to companies that want to operate on YYC grounds. Most land lease agreements tend to be longer term and are usually are for a fixed rate for the number of acres leased, therefore, this revenue stream is less likely to fluctuate with passenger activity. Land rental revenue was $21.7 million in 2021, an increase of $0.8 million, or 3.8%, compared to 2020, as the Authority added additional lease tenants in the year. Land rental revenue was $20.9 million in 2020, a decrease of $0.1 million, compared to 2019.

In 2021, car parking revenue was $16.3 million, an increase of $1.1 million, or 7.2%, compared to 2020, driven by the increase in passenger activity in the year. Car parking revenue in 2020 was $15.2 million, a decrease of $26.5 million, or 63.5%, compared to 2019. The decline is attributed to the reduction of passengers due to the COVID-19 pandemic.

Terminal Space Rental revenue is generated by leasing physical space inside the terminal buildings to companies that want to operate in the terminal. These leases are usually on a rent-per-square-foot basis, and cover things like customer service counters and office space, as such, this revenue stream is not directly impacted by passenger activity. As the pandemic continued, tenants looked to amend leases to return unneeded space to the Authority. As a result, Terminal Space Rental revenue was $8.3 million in 2021, a decrease of $0.8 million, or 8.8%, from 2020. In 2020, Terminal Space Rental revenue was $9.1 million, an increase of $0.7 million, or 8.3%, compared to 2019, as there were additional lease agreements finalized late in 2019 that were generating income in 2020.

Other revenue, which is comprised of Federal rent recovery fees, construction services, and pass office fees, was $1.9 million in 2021, an increase of $1.2 million from 2020, as activity within the terminal started to improve. In 2020, Other revenue was $0.7 million, a decrease of $1.1 million, or 61.1%, compared to 2019, as the lack of activity during the COVID-19 pandemic impacted revenues.

Total Aeronautical revenue in 2021 increased by $15.5 million, or 26.6%, compared to 2020, on a 4.0% increase in landed passenger seat capacity. A 3% tariff increase which became effective February 1, 2021, coupled with increased landed MTOW from larger passenger planes and additional cargo traffic resulted in a $2.1 million, or 8.5%, increase in Landing fees. General terminal charges increased $11.7 million, or 50.2%, compared to 2020, due to higher landed passenger seats. Other Aeronautical revenue, which is made up of bridge, apron, CUTE, AIF-E, and Preclearance fees, was $12.0 million in 2021, an increase of $1.7 million, or 16.5%, compared to 2020 due to increased bridge usage and apron dwell times for aircraft. Total Aeronautical revenue in 2020 decreased by $64.4 million, or 52.5%, compared to 2019, due to an overall decrease in passenger flight activity from the COVID-19 pandemic.

EXPENSES

Expenses include the costs to operate and maintain the Airport, interest and financing costs, and amortization of property and equipment, investment property and intangible assets.

The following table summarizes CAA's expenses for the years ended December 31, 2021, 2020 and 2019.

EXPENSES ($ MILLIONS)	2021	2020	2021/2020 % Change	2019	2020/2019 % Change
Goods and services	**85.7**	97.5	12.1	121.5	19.8
Salaries and benefits	**28.0**	26.1	(7.3)	39.4	33.8
Property taxes	**17.5**	17.8	1.7	17.9	0.6
Direct Operating Costs	**131.2**	141.4	7.2	178.8	20.9
Contribution to interchange	**—**	22.5	100.0	—	n/m
Canada Lease	**18.8**	2.4	n/m	43.8	94.5
Airport improvement fee handling fees	**4.2**	2.3	(82.6)	6.5	64.6
Total Operating Expenses	**154.2**	168.6	8.5	229.1	26.4
Depreciation and amortization	**136.5**	137.2	0.5	168.9	18.8
Interest and financing costs	**250.0**	100.9	n/m	102.9	1.9
Post-employment pension benefits expense (income)	**(9.6)**	9.9	n/m	(9.3)	n/m
Total Expenses	**531.1**	416.6	(27.5)	491.6	15.3
Direct Operating Costs per E&D Passenger	**$ 20.74**	$ 24.94	16.8	$ 9.96	n/m

In 2021, Goods and Services expense was $85.7 million, a decrease of $11.8 million, or 12.1%, compared to 2020. The reduction of expenses in 2021 was largely due to a decrease in the allowance for doubtful accounts that was established in 2020, as collection results were positive, and a decrease in utility costs from lower consumption due to the reduced operational footprint and from lower rates from the new electricity purchase agreement that went into effect January 2021. The remainder of the decrease was from continuation of the lower rates in the service contracts that were renegotiated in 2020. Goods and Services expense in 2020 was $97.5 million, a $24.0 million, or 19.8%, decrease from 2019. This decrease of operating expenses in 2020 was the result of massive cost curtailment efforts by the CAA to reduce services to the minimum level possible while still maintaining a safe and functional airport. While most operating costs for the airport facilities are fixed, certain goods and services costs scale with passenger traffic, so they naturally decreased in the quarters following the start of the pandemic, while other savings came from renegotiating service contracts and through identifying efficiencies such as minimizing the operational footprint of the airport.

Salaries & Benefits costs in 2021 increased $1.9 million, or 7.3%, compared to 2020, driven mainly by $3.4 million lower CEWS benefits received as revenues increased and the Federal program ended. Also contributing to the higher expense was $0.7 million higher direct salary costs as the Authority needed to expand staffing to meet demand as passenger traffic began to recover in the second half of 2021. Partially offsetting these increases, severance costs were $2.4 million lower in 2021, as 2020 had considerable severance costs due to the 30% staffing reduction in the year. Salaries & Benefits costs in 2020 were $26.1 million, a decrease of $13.3 million, or 33.8%, compared to 2019, driven mainly by $8.8 million of CEWS benefits received. Also contributing to the decrease was $5.3 million lower direct salary costs from temporary and permanent workforce reductions, partially offset by higher severance costs.

In June 2011, the CAA entered into a Tunnel Sublease and License (the "Tunnel Agreement") with the City of Calgary (the "City"). The Tunnel Agreement, which expires June 29, 2072, requires the City to extend Airport Trail east, across airport lands and, among other things, to construct, operate and maintain an associated tunnel under Runway 17L-35R. Under the terms of the Tunnel Agreement the CAA will provide all required airport lands at no cost to the City. The Tunnel Agreement also provides for a cost-sharing arrangement regarding future interchanges along Airport Trail at 19th Street and Barlow Trail. The first phase of these interchanges will enhance access to and egress from airport facilities. The second phase of the interchanges, or components thereof, will be constructed when traffic volume service levels at the first phase of interchanges reach a proscribed level and, at that time, the CAA agreed to contribute 50% towards the acquisition cost of the necessary third-party land and the associated construction project. As the first phase of these interchanges are under construction and the second phase third-party land has been acquired, the CAA recognized $22.5 million in expense in 2020. The CAA continues to have an commitment to contribute towards the second phase construction and additional land costs.

In 2021, Property Tax expense was $17.5 million, a $0.3 million, or 1.7%, decrease from 2020 due to lower tenant delinquencies, as assessed values of airport assets remained stable. Property Tax expense in 2020 was $17.8 million, a $0.1 million, or 0.6%, decrease from 2019. This decrease was the result of a 12% decrease in the City of Calgary non-residential tax rate being almost fully offset by additional property taxes due to tenant delinquencies.

The 2021 Canada Lease expense at YYC increased $16.4 million, compared to 2020. The Canada Lease expense for 2021 was recorded based on the rental rate multiplied by the actual qualifying revenues for the entire period. While Transport Canada did not waive rent for 2021, payments have been deferred commencing January 2024 over a 10-year period. Canada Lease expense in 2020 was 94.5% lower than in 2019, as Transport Canada waived the Canada Lease Payment for March to December 2020 in response to the COVID-19 pandemic. The 2020 Canada Lease expense at YYC was $ 2.4 million, which is reflective of two twelfths of the Canada Lease which would have been payable under the existing formula for the whole year based on actual 2020 revenues.

Airport improvement fee handling fees ("AIF Collection Fees") are correlated with total AIF revenue and calculated as a percentage of the Gross AIF collected by the airlines on behalf of the Authority. The AIF Collection Fee expense of $4.2 million in 2021 was $1.9 million, or 82.6%, higher than 2020. The increase is more than the total AIF revenue increase of 45.6%, as the percentage collected by the air carriers increased from 5% to 6% in 2021 due to the reduction in passenger numbers, resulting in a higher handling fee rate. The AIF Collection Fee expense of $2.3 million in 2020 was 64.6% lower than in 2019. The reason the decline was less than the total AIF revenue decline of 71.4% in the year was because the percentage collected increased from 4% to 5%, retroactive to January 1, 2020. This is due to the reduction in passenger numbers which resulted in a higher handling fee as per the existing AIF MOA with the air carriers.

In 2021, Depreciation and amortization expense was $136.5 million, a $0.7 million, or 0.5%, decrease from 2020. Depreciation and amortization expense in 2020 was $137.2 million, a decrease of $31.7 million, or 18.8%, compared to 2019. This decrease was largely the result of significant amount of IT assets relating to the international terminal in 2016 being fully depreciated at the end of 2019.

In 2021, interest and financing costs were $250.0 million, a $149.1 million increase from 2020. The increase in 2021 was largely due to the $146.0 million of pre-payment penalties charged for early termination of debentures of $1.9 billion, with the remaining interest relating to higher debt levels, partially offset by a $2.7 million decrease in interest expense for the fair value adjustment to the interest-free deferral of the 2021 Canada Lease rent payments. Interest and financing costs in 2020 were $100.9 million, a decrease of $2.0 million, or 1.9%, compared to 2019. This decrease was driven by $4.9 million of pre-payment penalties for early termination of debt included in 2019, partially offset by the compounding interest on the interest deferral that was granted by the GoA in 2020.

Post-employment pension benefits expense (income) is the fair valuation change from the actuarial remeasurement of the CAA's pension plans. In 2021, this resulted in an unrealized fair value gain of $9.6 million, while in 2020 there was an unrealized fair value loss of $9.9 million.

SUMMARY OF QUARTERLY RESULTS

Select unaudited consolidated quarterly financial information for the quarters ended March 31, 2020 through December 31, 2021, is set out in the following table.

	QUARTER ENDED							
($ MILLIONS)	2021 Q4	2021 Q3	2021 Q2	2021 Q1	2020 Q4	2020 Q3	2020 Q2	2020 Q1
Revenues	74.4	72.9	36.1	32.9	36.0	34.5	17.1	86.5
Operating expenses	(48.0)	(38.2)	(31.9)	(36.1)	(34.1)	(28.6)	(31.3)	(52.1)
Adjusted EBITDA	26.4	34.7	4.2	(3.2)	1.9	5.9	(14.2)	34.4
Contribution to interchange	—	—	—	—	(22.5)	—	—	—
EBITDA	26.4	34.7	4.2	(3.2)	(20.6)	5.9	(14.2)	34.4
Post-employement pension benefits	9.6	—	—	—	(9.9)	—	—	—
Depreciation and amortization	(34.1)	(34.0)	(34.2)	(34.2)	(34.5)	(34.2)	(34.2)	(34.3)
Interest and financing costs	(172.4)	(25.9)	(26.0)	(25.7)	(25.9)	(25.4)	(24.8)	(24.8)
Net (loss)	(170.5)	(25.2)	(56.0)	(63.1)	(90.9)	(53.7)	(73.2)	(24.7)

Quarterly results for the CAA are influenced by passenger activity and aircraft movements, which tend to be cyclical in nature and vary with travel demand associated with holiday periods and other seasonal factors. The quarterly Adjusted EBITDA clearly shows the impact of the COVID-19 pandemic since Q2 2020 with Q3 2021 starting to show signs of recovery.

CAPITAL PROJECTS

The CAA focuses on capital programs and projects which improve passenger, baggage, and aircraft processing and flow, comply with regulatory requirements, and enhance the customer experience. Due to the COVID-19 pandemic and its impact on passenger volumes, the CAA undertook a review of its capital program and significantly reduced its capital spending by over $58.8 million to $17.8 million of work performed in 2020. In 2020, the CAA funded capital investments primarily through cash on hand.

Due to the material impacts of COVID-19, a significant number of projects within the capital program have been reduced, deferred or postponed. Deferred and delayed capital projects will be brought back online based on future needs to better align the timing of capital projects with air travel activity and cash flow requirements.

The CAA most significant current and projected capital projects, progress-to-date and capital funds expended are as follows:

- Airside Pavement Restoration Program – A multi-year project with $1.3 million and $9.7 million spent in 2020 and 2021 respectively;

- West Runway Reconstruction – Project resumed in 2021, with $2.4 million spent on the project to life -to-date. Total project is expected to be completed in 2025 at a budgeted cost of approximately $115 million;

- Oracle ERP System Solution – Project commenced in Q2 2021 with costs in 2021 of $2.1 million, planned completion of the project is Q1 2022 with a total budget of $2.3 million;

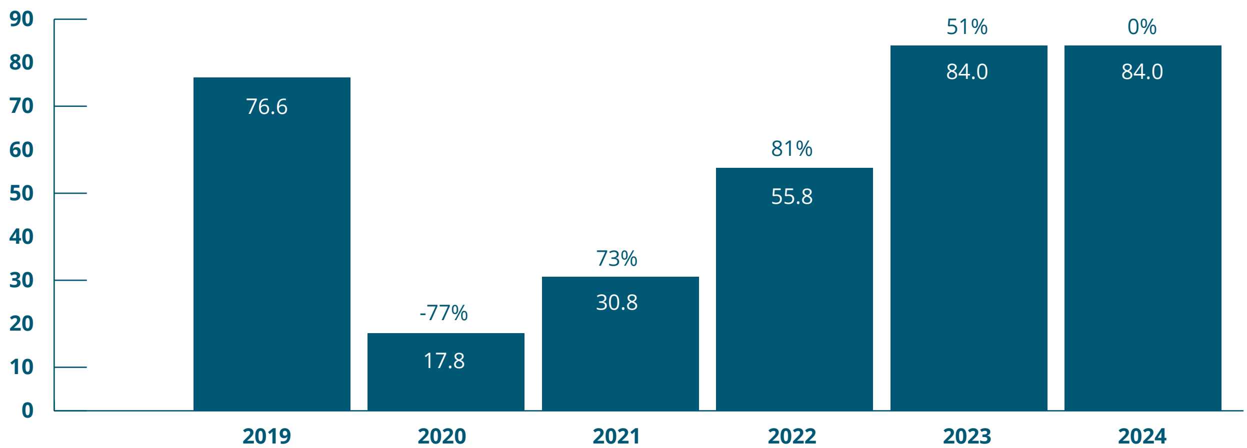
- Fire Sprinkler System Restoration – A multi-year project with costs to date of $1.2 million. Planned spend in 2022 of $1.7 million;

- Parkade Restoration – Commenced at the end of 2020 and completed in 2021 at a cost of $1.1 million;

- Retail and Food & Beverage Program – commenced in 2020 and completed in 2021 for $1.0 million.

The following table provides information on the actual capital expenditures for 2019, 2020 and 2021 and CAA's forecasted capital expenditures for 2022 to 2024.

TOTAL CAPITAL
$ Millions



ASSETS AND LIABILITIES

Total consolidated assets, liabilities and deficit and accumulated other comprehensive loss as at December 31, 2021, 2020 and 2019, are set out in the following table.

($ MILLIONS)	2021	2020	2021/2020 % Change	2019	2020/2019 % Change
Total assets	**3,235.4**	3,278.1	(1.3)	3,398.7	(3.5)
Total liabilities	**3,388.2**	3,116.1	(8.7)	2,994.2	(4.1)
Net (deficit) assets	**(152.8)**	162.0	n/m	404.5	(60.0)

At December 31, 2021, when compared to December 31, 2020, the CAA's total assets decreased by $42.7 million, primarily due to a $105.9 million decrease in capital and intangible assets as a result of the reduced capital program not offsetting the annual depreciation expense, partially offset by a $54.4 million increase in cash due to cash raised with the long-term debt restructuring performed in the year. The CAA's total liabilities increased by $272.1 million, primarily due to a $374.0 million higher long-term debt balance from the debt restructuring performed in the year, and a $19.4 million increase in other long-term liabilities from the 2021 rent deferral provided by Transport Canada. Partially offsetting these increases was $60.7 million lower interest payable and $50.0 million lower operating facility balance, as both were paid from the cash balance on hand and proceeds from the debt restructuring. Refer to the "Liquidity and Capital Resources" section for further details.

At December 31, 2020, when compared to December 31, 2019, the CAA's total assets decreased by $120.6 million, primarily due to a $124.0 million decrease in capital and intangible assets as a result of the reduced capital program not offsetting the annual depreciation expense, and from a $8.9 million reduction in accounts receivable from lower operating revenues. Partially offsetting was a $19.6 million increase in cash due from short term borrowings for liquidity purposes. The CAA's total liabilities increased by $121.9 million, primarily due to $67.7 million higher interest payable from the interest deferral from the GoA, $50.0 million short-term borrowings on the operating facility, and the $22.0 million increase in other long- term liabilities relating to the interchange contribution to the City of Calgary. Partially offsetting these amounts was $19.2 million lower accounts payable due to lower operating activity at the airport.

The CAA has a Net Deficit position of $152.8 million as at December 31, 2021, due to the penalties incurred from the early retirement of debt in 2021 as well as the continued impact of the COVID-19 pandemic driving a net loss of $314.8 million in the year. The Net Assets of $162.0 million as at December 31, 2020 decreased by $242.5 million compared to December 31, 2019 due to the impacts of the COVID-19 pandemic on passenger and flight activities and the results from operations.

LIQUIDITY AND CAPITAL RESOURCES

The following table provides the information on cash flow:

CASHFLOW ($ MILLIONS)	2021	2020	2021/2020 % Change	2019	2020/2019 % Change
Cash provided (used) by operating activities	**83.1**	(4.6)	n/m	95.0	n/m
Cash used in investing activities	**(26.3)**	(25.7)	(2.3)	(77.8)	67.0
Penalty paid on prepayment of long-term debt	**(146.0)**	—	n/m	(4.9)	100.0
Transactions costs incurred on issuance of long-term debt	**(14.1)**	—	n/m	—	n/m
Borrowings (repayments), net	**157.7**	49.9	n/m	—	n/m
Increase in cash and cash equivalents	**54.4**	19.6	n/m	12.3	59.3

Cash flows from operations increased by $87.7 million to $83.1 million during 2021, when compared to 2020, primarily due to improvements in revenue and lower operating expenses from maintaining the cost savings achieved in 2020. Borrowings raised of $207.7 million was used to repay the 2020 $50 million short-term borrowings from the operating facility (Net $157.7 million) and to pay the pre-payment penalties of $146.0 million. Net cash flows increased by $34.8 million to $54.4 million when compared to 2020 due to improved cash flow from operations net of cash used in investing activities.

Cash flows from operations decreased by $99.6 million to a use of $4.6 million during 2020, when compared to 2019, primarily due to material reductions in revenue, partially offset by cost savings measures taken by the CAA to lower costs such as the hiring freeze and temporarily closing operating access to over 40% of its terminal facilities, the waiver of the Canada Lease rents, and the CEWS program. Cash used in investing activities was $52.1

million lower than 2019 due to deferral or cancellation of projects. Net cash flows increased by $7.3 million to $19.6 million when compared to 2019 due to short- term borrowings from the operating facility.

The following table provides the information on CAA's Free Cash Flow:

CASHFLOW ($ MILLIONS)	2021	2020	2021/2020 % Change	2019	2020/2019 % Change
Net Income (Loss)	**(314.8)**	(242.5)	(29.8)	(59.6)	n/m
Add: Post-employment pension benefits	**(9.6)**	9.9	n/m	(9.3)	n/m
Interest and financing costs	**250.0**	100.9	n/m	102.9	1.9
Depreciation and amortization	**136.5**	137.2	0.5	168.9	18.8
EBITDA	**62.1**	5.5	n/m	202.9	(97.3)
Add: Contribution to interchange	**—**	22.5	n/m	—	n/m
Adjusted EBITDA	**62.1**	28.0	n/m	202.9	(86.2)
Less: Interest and financing costs, net of prepayment penalty and deferrals	**(1.5)**	(33.2)	95.5	(102.9)	67.7
Add: Canada Lease deferral	**18.8**	—	n/m	—	n/m
Free Cash Flow	**79.4**	(5.2)	n/m	100.0	n/m
Free Cash Flow per E&D Passenger	**$ 12.55**	$ (0.92)	n/m	$ 5.57	n/m

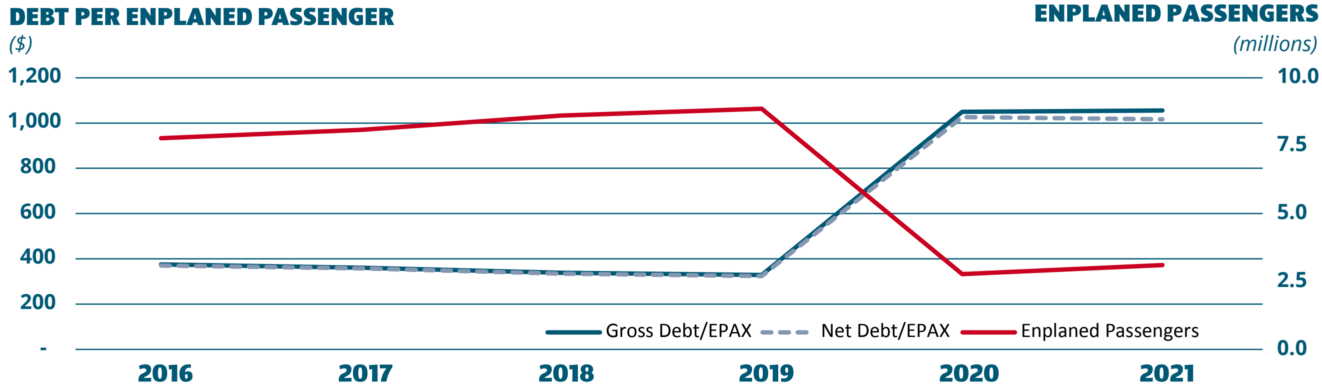
Free Cash Flow is the CAA's measure of the net result generated by operations less debt service cost paid, excluding working capital changes, in the year. Free Cash Flow can be used at management's discretion to fund non-operation spending, such as capital expenditure or principal repayment of debt. Free Cash Flow is a non-GAAP financial measure. Refer to section "Non-GAAP Financial Measures" of this MD&A for additional information.

The following table provides the information on CAA debt position:

LONG TERM DEBT ($ MILLIONS)	*At December 31,* 2021	*At December 31,* 2020	2021/2020 % Change	*At December 31,* 2019	2020/2019 % Change
Long Term Debt, including current portion	**3,276.0**	2,915.9	(12.3)	2,915.9	0.0
Cash	**120.9**	66.5	81.8	46.9	41.8
Net Debt	**3,155.1**	2,849.4	(10.7)	2,869.0	0.7
Key Credit Metrics					
Debt Service Coverage Ratio	**0.25**	n/a		n/a	
Gross Debt Service Coverage Ratio	**1.63**	n/a		n/a	
Total Debt/Enplaned Passenger ($)	**$ 1,055.31**	$ 1,049.98	(0.5)	$ 329.28	n/m
Net Debt/Enplaned Passenger ($)	**$ 1,016.36**	$ 1,026.03	0.9	$ 323.98	n/m

In 2021, long-term debt increased by 12.3% to $3.3 billion, while net debt increased by 10.7% to $3.2 billion. Long-term Debt remained the same at $2.9 billion as at December 31, 2020 when compared to December 31, 2019, as the scheduled repayment that was to occur in 2020 was deferred due to the COVID-19 pandemic. Net Debt decreased by $19.6 million to $2.8 billion as at December 31, 2020 when compared to December 31, 2019. Net Debt is a non-GAAP financial measure. Refer to section "Non-GAAP Financial Measures" of this MD&A for additional information.

The MTI Agreement contains certain financial covenants to be calculated on a yearly basis. The Authority received covenant waivers from the Trustee up to January 1, 2023. Accordingly, as at the date of the financial statements' authorization, the Authority is not in breach of its covenants.



Total debt per enplaned passenger is one of the airport industry's key financial metrics. In 2021, total debt per enplaned passenger increased to $1,055.31, while net debt per enplaned passenger decreased to $1,016.36, both as a result of additional long-term debt and additional cash on hand due to the 2021 debt restructuring. The CAA's total debt per enplaned passenger increased from $329.28 in 2019 to $1,049.98 in 2020, and net debt per enplaned passenger increased from $323.98 in 2019 to $1026.03 in 2020. The CAA's debt per enplaned passenger had been on a downward trajectory over the last several years; however, it increased significantly in 2020 due to higher debt and lower passenger volumes from the impacts of the COVID-19 pandemic, as illustrated in the above chart. Net debt per enplaned passenger is a non-GAAP financial measure. Refer to section "Non-GAAP Financial Measures" for additional information.

In 2021, an overall Capital Markets Platform was established by the CAA with the MTI Agreement setting out the security and other common terms and conditions of all debt, including bank facilities, bonds and other debt securities. The platform was used in 2021 refinance existing debt, and the CAA will continue to access the capital markets to fund future capital programs and to refinance maturing debt as and when needed.

The following table provides the information on CAA available liquidity:

LIQUIDITY & CREDIT FACILITIES ($ MILLIONS)	*At December 31,* **2021**	*At December 31,* **2020**	**2021/2020** % Change	*At December 31,* **2019**	**2020/2019** % Change
1) Cash and cash equivalents	**120.9**	66.5	81.8	46.9	41.9
Credit facilities:					
2) Available Operating Credit Facility	**332.5**	200.0	66.3	100.0	100.0
Less: Letters issued	**(49.8)**	(14.3)	n/m	(14.3)	(0.0)
Amount drawn	**—**	(50.0)	100.0	—	n/m
Operating Credit Facility	**282.7**	135.7	108.3	85.7	58.3
Total net liquidity (including cash)	**403.6**	202.2	99.6	132.6	52.5
3) Available Letter of Credit Facility	**70.0**	55.0	27.3	55.0	—
Less: Letters issued	**(60.0)**	(33.8)	(77.6)	(45.0)	24.9
Letter of Credit Facility	**10.0**	21.2	(52.8)	10.0	n/m

As at December 31, 2021, the CAA's total net liquidity was $403.6 million, an increase of $201.4 million, or 99.6%, from December 31, 2020. The increase in 2021 was due to an extra $132.5 million available by replacing the existing operating facility with the new syndicated credit facility, in addition to cash generated from operating activities.

As at December 31, 2020, the CAA's total net liquidity was $202.2 million, an increase of $69.6 million, or 52.5%, from December 31, 2019. The increase in 2020 was due to $100 million increase in the existing TD Bank operating facility, partially offset by cash used to fund operating expenses during the pandemic.

Under the terms of the Landlord Acknowledgement Agreement the total amount of the bonds issued under the MTI Agreement is limited to $4 Billion. This limit can be revised with the permission of Transport Canada. However, under the supplementals this limit cannot be increased before January 1, 2023. The following table represents the Authority's available debt capacity as of December 31, 2021:

DEBT CAPACITY ($ MILLIONS)	2021
Total Debt Limit	**4,000**
Obligation Bonds issued	**(3,290)**
Pledged Bond issued - New Operating Facility	**(385)**
Pledged Bond issued - New L/C Facility	**(77)**
Available Debt Capacity	**248**

NON-GAAP FINANCIAL MEASURES

Throughout this MD&A, there are references to the following performance measures which in Management's view are valuable in assessing the economic performance of the CAA. While these financial measures are not defined by the Canadian Accounting Standard for Private Enterprises ("ASPE"), and they are referred to as non-GAAP measures which may not have any standardized meaning, they are common benchmarks in the industry, and are used by the CAA in assessing its operating results, including operating profitability, cash flow and investment program.

EBITDA AND EBITDA MARGIN

EBITDA is earnings before interest and financing costs and amortization, and EBITDA margin is EBITDA divided by total revenues. EBITDA is a commonly used measure of a company's operating performance. This is used to evaluate the CAA's performance without having to factor in financing and accounting decisions.

ADJUSTED EBITDA AND ADJUSTED EBITDA MARGIN

Adjusted EBITDA is earnings before interest and financing costs and amortization adjusted for one-time non-operational items, and Adjusted EBITDA margin is Adjusted EBITDA divided by total revenues.

FREE CASH FLOW

Free Cash Flow is the CAA's measure of the net result generated by operations less debt service cost paid, excluding working capital changes, in the year.

FREE CASH FLOW PER E&D PASSENGER

Free Cashflow per E&D Passenger is defined as Free Cash Flow over total Enplaned and Deplaned (E&D) passengers. Free Cashflow per E&D Passenger is used to evaluate how effective the business is at turning volume into residual cashflow to invest in the facility.

NET DEBT

Net Debt is defined as Gross Debt (Long Term Debt, including current portion) less cash.

NET DEBT PER ENPLANED PASSENGER

Net Debt per Enplaned Passenger is defined as net debt over total enplaned passengers. Net debt per Enplaned Passenger is commonly used by airports and other users to assess an appropriate debt burden for an airport.

NON-AERONAUTICAL REVENUE PER ENPLANEMENT

Non-Aeronautical Revenue per Enplanement is defined as total Non-Aeronautical revenues including concessions, land rental, car parking, terminal space rental, interest income and other revenue not associated with airport improvement fees or aeronautical fees, over total enplaned passengers. Non-Aeronautical Revenue per Enplanement is commonly used by airports and other users to assess how well commercial revenue is being generated from the users of the airport.

AERONAUTICAL REVENUE PER LANDED PASSENGER SEAT

Aeronautical Revenue per Landed Passenger Seat is defined as Aeronautical revenues including general terminal fees, aircraft landing fees, and other aeronautical fees, over Landed Passenger Seats. Aeronautical Revenue per Landed Passenger Seat is commonly used by airports to represent the approximate incremental cost incurred by airline partners to add additional flights and capacity.

DIRECT OPERATING COST PER E&D PASSENGER

Direct Operating Cost per E&D Passenger is defined as Direct Operating Costs, consisting of salaries and benefits, goods and services, and property taxes, over total Enplaned and Deplaned (E&D) passenger. Direct Operating Cost per E&D Passenger is used to assess how efficiently the airport is being operated from a cost efficiency perspective relative to the volume of users of the airport.

GLOSSARY

ENPLANED AND DEPLANED (E&D) PASSENGERS:

E&D Passengers are defined as the total number of passengers boarding an aircraft at YYC plus the total number of passengers disembarking from an aircraft at YYC as reported by air carriers on a regular basis.

ENPLANED PASSENGERS:

Enplaned passengers are defined as the total number of passengers boarding an aircraft at YYC as reported by air carriers on a regular basis.

LANDED PASSENGER SEATS:

Landed Passenger Seats is defined as the total seating capacity in aggregate of all passenger aircraft arriving at the terminal buildings.

CAUTION REGARDING FORWARD-LOOKING INFORMATION

This MD&A contains certain forward-looking statements or forward-looking information about the CAA. This forward-looking information is based on a variety of assumptions and is subject to risks and uncertainties. Words such as “believe”, “expect”, “plan”, “intend”, “estimate”, “anticipate” and similar expressions, as well as future or conditional verbs such as “will”, “should”, “would” and “could” often identify forward-looking information.

Specific forward-looking information in this document includes, among others, statements regarding the following: the expected impact of COVID-19 including on the long-term financial sustainability of the Airport; expected domestic and international passenger traffic and cargo; expected return to pre-COVID-19 passenger and flight levels; investment in the Airport including with respect to capital projects and physical infrastructure; future Airport demand or activity; the CAA’s borrowing requirements and its ability to access the capital markets, including in respect of the ability of the CAA to refinance maturing debt as and when needed; the CAA’s ability to comply with its contractual covenants, including those related to its outstanding debt; debt levels and service costs; revenues, cash flows, working capital and liquidity; capital projects and other developments at the Airport and the timing, budgets and funding of such projects and developments; the timing of construction and commencement of operations of facilities currently planned or under construction at the Airport, including in respect of previously reduced, deferred or delayed; and the funding of outstanding capital commitments.

Given the rapidly evolving circumstances surrounding the COVID-19 pandemic and the resulting economic contraction, there is inherently more uncertainty associated with the material factors and assumptions underlying the forward-looking information contained in this document compared to prior periods. There is very limited visibility on travel demand given changing government restrictions in Canada and around the world. These restrictions and concerns about travel due to the COVID-19 pandemic, including passengers’ concerns, are severely inhibiting demand for air travel. The COVID-19 pandemic is also having significant impacts, including on business and consumer spending which may impact demand for travel. The CAA cannot predict the full impact or the timing for when conditions may improve.

Other material factors and assumptions include: the course of the COVID-19 virus and the emergence and spread of variants; availability of rapid, effective testing, vaccinations and effective treatments for the virus; government and passenger actions; the post-pandemic economic recovery; the impact of costs associated with new processes, technology solutions and facility enhancements in response to the COVID- 19 pandemic; the YYC's population base and diversified economy will provide the basis for strong aviation demand in the future; air carrier capacity will meet future demand for air travel in the Calgary; Calgary will continue to attract domestic and international travelers; no other significant event such as a natural disaster or other calamity will occur that has an impact on the ordinary course of business or the macroeconomic environment; the CAA will be able to access the capital markets at competitive terms and rates; and no significant cost overruns relating to capital projects will occur. These assumptions are based on information currently available to the CAA, including information obtained by the CAA from third-party experts and analysts.

There is significant risk that predictions, forecasts, conclusions and projections, which constitute forward- looking information, will not prove to be accurate, that the assumptions may not be correct and that actual results may vary from the forward-looking information. Risk factors that could cause actual results to differ materially from the results expressed or implied by forward-looking information include, but are not limited to: risks related to the COVID-19 pandemic or other public health emergencies on the CAA's business; air carrier instability; passenger volumes; inability to meet business objectives; non-payment by customers and the CAA's ability to comply with covenants under its MTI and existing and future credit facilities; continuing volatility in current and future economic activity including shocks to the macroeconomic environment (changes in fuel prices, inflation, currencies, employment and spending); capital market conditions and credit rating risk; competition from other airports; outbreaks of war, riots or political action; labour disruptions; disruptions caused by extreme weather, natural disasters or other events which impact air industry networks; geopolitical unrest; acts of terrorism or cyber-security threats; disruptions to information technology infrastructure; the loss of key personnel; changes in laws or regulations including rate regulation; adverse amendments to the Ground Lease with the Government of Canada that govern the Airport lands; the use of telecommunications and ground transportation as alternatives to air travel; loss of commercial revenues; carbon emission costs and restrictions; adverse regulatory developments or proceedings; environmental factors and climate change; changing attitudes towards air travel; the availability of aviation liability and other insurance; the timing of recovery and receipt of insurance proceeds; construction risk; legal proceedings and litigation; and other risks detailed from time to time in the CAA's other published documents.

The forward-looking information contained in this document represents expectations as of the date of this report and is subject to change. The CAA disclaims any intention or obligation to update or revise any forward-looking information whether as a result of new information or future events or for any other reason.

YYC CALGARY AIRPORT AUTHORITY

THE CALGARY AIRPORT AUTHORITY FINANCIAL STATEMENTS

For the year ended December 31, 2021 and 2020

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The management of The Calgary Airport Authority (the "Authority") is responsible for the preparation and fair presentation, in accordance with Canadian Accounting Standards for Private Enterprises, of the financial statements. The financial statements and notes include all disclosures necessary for a fair presentation of the financial position, result of operations and cash flows of the Authority in accordance with Canadian Accounting Standards for Private Enterprises, and disclosure otherwise required by the laws and regulations to which the Authority is subject.

The Authority's management maintains appropriate accounting and internal control systems, policies and procedures which provide management with reasonable assurance that assets are safeguarded and that financial records are reliable and form a proper basis for the preparation of the financial statements. These financial statements also include amounts that are based on estimates and judgements, which reflect currently available information.

The financial statements have been audited by PricewaterhouseCoopers LLP, an independent firm of chartered professional accountants, who were appointed by the Board of Directors.

The Audit and Finance Committee of the Board of Directors is composed of five directors who are not employees of the Authority. The Committee meets periodically with management and the independent external auditors to review any significant accounting, internal control and auditing matters. The Audit and Finance Committee also reviews and recommends the annual financial statements of the Authority together with the independent auditor's report to the Board of Directors which approves the financial statements.

Robert (Bob) Sartor
President & Chief Executive Officer

Robert J. Palmer
Vice President, Commercial, Strategy &
Chief Financial Officer

March 9, 2022
Calgary, Alberta

pwc

Independent auditor's report

To the Board of Directors of The Calgary Airport Authority

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The Calgary Airport Authority (the Authority) as at December 31, 2021 and the results of its operations and its cash flows for the year then ended in accordance with Canadian Accounting Standards for Private Enterprises (ASPE).

What we have audited
The Authority's financial statements comprise:

- the balance sheet as at December 31, 2021;
- the statement of operations and net assets for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies 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 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 Authority in accordance with the ethical requirements that are relevant to our audit of the 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 obtained prior to the date of this auditor's report comprises the Management's Discussion and Analysis.

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 ASPE, 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.

PricewaterhouseCoopers LLP
111-5th Avenue SW, Suite 3100, Calgary, Alberta, Canada T2P 5L3
T: +1 403 509 7500, F: +1 403 781 1825

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.

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.

PricewaterhouseCoopers LLP

Chartered Professional Accountants

Calgary, Alberta
March 9, 2022

BALANCE SHEET

AS AT DECEMBER 31, 2021 AND 2020

AS AT ($ THOUSANDS)	NOTE	DECEMBER 31, 2021	DECEMBER 31, 2020
ASSETS			
Current Assets			
Cash and cash equivalents		**$ 120,858**	$ 66,480
Accounts receivable	9, 14	**18,023**	19,946
Inventory	3	**5,630**	5,451
Prepaid expenses		**3,211**	3,224
		147,722	95,101
Tenant Inducements and Other Long-term Assets		**6,268**	4,550
Capital and Intangible Assets	4, 11	**3,044,681**	3,150,538
Pension Asset	13	**36,673**	27,883
		$ 3,235,344	$ 3,278,072
LIABILITIES AND NET ASSETS			
Current Liabilities			
Operating facility	6	**$ —**	$ 50,000
Accounts payable and accrued liabilities	14	**21,946**	16,872
Interest payable on long-term debt	5, 14	**26,586**	87,321
Deferred revenue		**307**	442
Current portion of other-long term liabilities	7, 12	**2,582**	2,662
Current portion of long-term debt	5, 14	**7,236**	50,000
		58,657	207,297
Other Long-term Liabilities	7, 14	**44,150**	24,764
Pension Liability	13	**16,593**	18,158
Long Term Debt	5	**3,268,769**	2,865,901
		$ 3,388,169	$ 3,116,120
Net (Deficit) Assets		**(152,825)**	161,952
		$ 3,235,344	$ 3,278,072

Approved by the Board of Directors:

Matthew Heffernan
Board Chair

Donald Cormack
Chair of Audit and Finance Committee

See accompanying notes to the financial statements.

STATEMENT OF OPERATIONS AND NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2021 AND 2020

($ THOUSANDS)	NOTE	DECEMBER 31, 2021	DECEMBER 31, 2020
REVENUES			
Airport improvement fees	8	**$ 68,036**	$ 46,671
Non-aeronautical revenues	9, 10		
Concessions		**26,056**	22,937
Land rental	15	**21,702**	20,878
Car parking		**16,253**	15,240
Terminal space rental		**8,341**	9,119
Other revenue		**1,941**	664
Interest income		**279**	426
		74,572	69,264
Aeronautical revenues			
General terminal fees		**34,982**	23,277
Aircraft landing fees	15	**26,693**	24,600
Other aeronautical fees	15	**12,057**	10,272
		73,732	58,149
		216,340	174,084
EXPENSES			
Goods and services	3	**85,759**	97,523
Salaries and benefits	10, 15	**27,968**	26,104
Contribution to interchange	17	**—**	22,450
Property taxes		**17,492**	17,798
Canada Lease	12	**18,801**	2,381
Airport improvement fee handling fees	8	**4,198**	2,343
		154,218	168,599
Earnings before interest and financing costs and amortization		**62,122**	5,485
Interest and financing costs	4	**249,980**	100,901
Depreciation and amortization	16	**136,549**	137,234
Loss from Operations		**$ (324,407)**	$ (232,650)
Other Income (Expense)			
Post-employment pension benefits remeasurement gain/(loss)	13	**9,630**	(9,909)
Net Loss		**$ (314,777)**	$ (242,559)
Net Assets, Beginning of Year		**$ 161,952**	$ 404,511
Net (Deficit) Assets, End of Year		**$ (152,825)**	$ 161,952

See accompanying notes to the financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2021 AND 2020

($ THOUSANDS)	NOTE		DECEMBER 31, 2021		DECEMBER 31, 2020
OPERATING					
Net loss		$	**(314,777)**	$	(242,559)
Employer defined benefit contributions	13		**(1,682)**		(1,758)
Adjustments:					
Depreciation and amortization	4		**136,549**		137,234
Post-employment pension benefits	13		**(8,673)**		10,818
Penalty incurred on prepayment of long-term debt	5		**145,965**		—
Interest expense converted to long-term debt	5		**78,686**		—
Gain on disposals of inventory and capital assets			**(31)**		—
			36,037		(96,265)
Change in non-cash working capital:					
Accounts receivable			**1,923**		8,938
Inventory			**(179)**		198
Prepaid expenses			**13**		2,368
Tenant Inducements and Other Long term Assets			**(1,718)**		(2,852)
Accounts payable and accrued liabilities			**4,422**		(6,640)
Interest payable on long term debt			**26,586**		67,740
Deferred revenue			**(135)**		(127)
Other liabilities			**16,190**		22,042
			47,102		91,667
Cash provided (used) by operating activities			**83,139**		(4,598)
FINANCING					
Operating facility draw			**—**		50,000
Repayment on operating facility	6		**(50,000)**		—
Repayment on long-term debt	5		**(1,867,000)**		(25,000)
Transaction costs incurred on issuance of long-term debt	5		**(14,107)**		—
Repayment of lease liabilities	11		**(362)**		(100)
Penalty paid on prepayment of long-term debt	5		**(145,965)**		—
Proceeds from new long-term debt	5		**2,075,000**		25,000
Cash (used) generated by financing activities			**(2,434)**		49,900
INVESTING					
Investment in capital and intangible assets	4		**(30,774)**		(17,769)
Change in accounts payable and accrued liabilities related to capital and intangible assets			**4,358**		(7,903)
Proceeds from disposals of inventory and capital assets			**89**		—
Cash used in investing activities			**(26,327)**		(25,672)
Increase in cash and cash equivalents		**$**	**54,378**	$	19,630
Cash and cash equivalents, beginning of year		**$**	**66,480**	$	46,850
Cash and cash equivalents, end of year		**$**	**120,858**	$	66,480
Cash and cash equivalents consists of:					
Cash in bank		**$**	**120,858**	$	16,360
Short-term investments			**—**	$	50,120
		$	**120,858**	$	66,480

See accompanying notes to the financial statements.

NOTES TO FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2021 AND 2020

(Tabular amounts and amounts in footnotes to tables are in thousands of Canadian dollars, unless otherwise indicated)

1 DESCRIPTION OF BUSINESS

The Calgary Airport Authority (the "Authority") was incorporated on July 26, 1990 under the Regional Airports Authorities Act (Alberta) (the "Act") as a non-share capital corporation. The mandate of the Authority, as defined in the Act, is to manage and operate the airports for which it is responsible in a safe, secure and efficient manner and to advance economic and community development by means that include promoting and encouraging improved airline and transportation service and an expanded aviation industry; for the general benefit of the public in its region.

The Authority has been operating YYC Calgary International Airport since July 1992 pursuant to the Agreement to Transfer which provided for the transfer of operational control of YYC Calgary International Airport from the Government of Canada to the Authority under a long-term lease agreement (the "Canada Lease"). The Canada Lease has an initial term of 60 years with a 20-year option to extend which was exercised in 2011. In October 1997, the Authority entered into a lease with the Government of Canada for the operation of Springbank Airport (the "Springbank Lease") for a term concurrent with the Canada Lease term. The Canada Lease term expires June 30, 2072.

Pursuant to the Act, the Authority reinvests all surplus in the capital renovation and expansion requirements of the airports for which it is responsible. The Authority is authorized to borrow for investment in airport infrastructure and operations. Capital includes investment in both leasehold and freehold assets of the Authority, as detailed in Note 4. Renovation requirements are determined through life-cycle management processes and physical asset inspections, while expansion requirements are determined in reference to airport capacity and demand. Capital requirements are generally determined on an annual basis in conjunction with the Authority's Business Plan, although larger projects may involve financial commitments that extend beyond one year. The Authority conducts an annual re-evaluation of projected economic conditions and facility demand factors.

The Authority, along with the rest of the global aviation industry, continued to experience a severe reduction in activity and a corresponding decline in revenue and cash flows as a result of the coronavirus ("COVID-19") pandemic and the travel restrictions imposed in many countries around the world, and particularly in Canada. The impact of the COVID-19 pandemic began to be felt in passenger volumes and flight activity commencing in early March 2020 with a severe and abrupt decrease in activity. The Authority did see some recovery in 2021, however the appearance of new variants and continued travel restrictions continue to have an impact on activity.

For the year ended December 31, 2021, Management has performed an assessment of the impacts of uncertainties around the COVID-19 pandemic on its financial position, financial performance and cash flows. Management continues to analyze the extent of the financial impact of COVID-19, which is and continues to be significant. While the full duration and scope of the COVID-19 pandemic cannot be known at this time, the Authority believes that the outbreak will not have a material impact on the long-term financial sustainability of the Airport.

These audited financial statements were approved for issue on March 9, 2022 by the Board of Directors.

2 SIGNIFICANT ACCOUNTING POLICIES

BASIS OF MEASUREMENT AND PRESENTATION

These financial statements have been prepared in accordance with Canadian Accounting Standards for Private Enterprises ("ASPE"), which sets out generally accepted accounting principles ("GAAP"). The financial statements have been prepared on a going-concern basis using historical cost, except for the revaluation of certain financial assets and liabilities measured at fair value.

REVENUE RECOGNITION

Aircraft landing fees, general terminal fees, other aeronautical fees and car parking revenues are recognized as the airport facilities are utilized. The Airport Improvement Fee ("AIF") revenue is recognized when originating departing passengers board their aircraft as reported by the airlines. Other revenue is recognized when earned or services rendered.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash and short-term investments that are highly liquid in nature and have an original term of 90 days or less.

ACCOUNTS RECEIVABLE

Receivables are recorded net of the allowance for doubtful accounts in the Balance Sheet. The Authority regularly analyzes and evaluates the collectability of the accounts receivable based on a combination of factors. If circumstances related to the collectability change, the allowance for doubtful accounts is further adjusted. Accounts are written off when collection efforts have been exhausted and future recovery is unlikely.

INVENTORY

Inventory consists of consumable parts and supplies held for use by the Authority. Inventory is stated at the lower of cost and net realizable value. Cost is determined using the weighted-average cost method. Net realizable value is determined as being the estimated replacement cost.

LEASES (AS LESSEE)

The Canada Lease and Springbank Lease are accounted for as operating leases.

COVID-19-related rent concessions

The Authority applied the optional practical expedient from the amendment effective for fiscal years ending on or after December 31, 2021 for Section 3065, Leases, allowing it not to assess whether eligible rent concessions that are a direct consequence of the COVID-19 pandemic are lease modifications, consistently to eligible contracts with similar characteristics and in similar circumstances. This expedient is only applicable for payments originally due on or before December 31, 2022. For all other rent concessions in leases, the Authority assesses whether there is a lease modification.

LEASES (AS LESSOR)

Concession revenues are earned on a monthly basis and based on a percentage of sales or specified minimum rent guarantees from concessionaires, or it can be earned based on a combination of monthly contract payments and utilization fees. Rental income from land and terminal space are recognized monthly over the duration of the respective agreements.

COVID-19-related rent concessions

The Authority applied the optional practical expedient from the amendment effective for fiscal years ending on or after December 31, 2021 for Section 3065, Leases, allowing it not to assess whether eligible rent concessions that are a direct consequence of the COVID-19 pandemic are lease modifications, consistently to eligible contracts with similar characteristics and in similar circumstances. This expedient is only applicable for payments originally due on or before December 31, 2022. For other rent concessions in leases, the Authority assesses whether there is a lease modification.

CAPITAL AND INTANGIBLE ASSETS

Capital assets are recorded at cost less accumulated depreciation. Cost includes all expenditures that are directly attributable to the acquisition or construction of an asset which are required to bring the asset into service.

Depreciation is recognized over the estimated useful life using the following rates:

CAPITAL AND INTANGIBLE ASSET DEPRECIATION SCHEDULE		
Leased land	over the remaining term of the Canada Lease	straight line
Buildings & structures	10–51 years	straight line
Computer equipment	3 years	straight line
Vehicles	18–30%	declining balance
Machinery & equipment	10–30 years	straight line
Furniture & fixtures	15 years	straight line
Computer software	3 years	straight line

The Authority has purchased land for operational purposes and future development. The Canada Lease requires that the land be transferred to the Government of Canada at commencement of development, at which time the Authority reclassifies the land to leased land and commences depreciation on a straight-line basis over the remaining full fiscal years of the Canada Lease.

The various components of the Buildings & Structures class include air terminal buildings, other buildings and structures, roadways, and airfield surfaces. This asset class is depreciated based on the estimated economic useful life of the component asset, limited to the term of the Canada Lease, as ownership of all Authority assets will revert to the Government of Canada upon the expiration of the Canada Lease.

Construction work in progress is capitalized at cost. Costs are transferred to the appropriate capital asset account, and depreciation commences when the project is substantially complete, and the assets become operational.

BORROWING COSTS

Borrowing costs incurred from the long-term debt utilized for the construction of capital assets are added to the cost of those assets during the period of time that is necessary to complete and prepare the asset for its intended use. All other borrowing costs are recognized on the Statement of Operations and Net Assets under "Interest and financing costs" expense.

IMPAIRMENT

Long lived assets are tested for impairment when events and circumstances indicate the carrying amount may not be recoverable from future operations. When indicators of impairment in the carrying value of the assets exist, an impairment loss is recognized on a long-lived asset when its carrying value exceeds the total undiscounted cash flows expected from its use and disposition. The amount of the loss is determined by deducting the asset's fair value (based on discounted cash flows expected from its use and disposition) from its carrying value.

EMPLOYEE FUTURE BENEFITS

The Authority maintains defined benefit and defined contribution pension plans for eligible employees. New permanent employees are members of the defined contribution pension plan upon hire. Term employees become members of the defined contribution pension plan after completion of 24 months of continuous service. The defined benefit pension plan has both defined benefit and defined contribution components. The defined benefit plan was closed to new non-union employees effective January 1, 2010 and union employees effective August 1, 2013. The Authority does not provide any post-retirement benefits. The pension cost for the defined contribution plan and defined contribution component of the defined benefit plan are expensed in the year the contribution has been earned.

Actuarial valuations for the defined benefit pension plans are calculated annually by accredited actuaries using the projected benefits method and assumptions for the discount rate, salary escalation and retirement timelines. The related pension benefit asset/liability recognized on the Balance Sheet is the present value of the pension benefit obligation as at the Balance Sheet date less the fair value of plan assets, if any. The present value of the benefit obligations is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that have terms to maturity approximating the terms of the related pension liability for the non-registered defined benefit plan and going concern discount rate for the registered defined benefit plan that have terms to maturity approximating the terms of the related pension liability. Actuarial gains and losses are recognized in full in the period in which they occur, is included on the Statement of Operations and Net Assets under "Post-employment pension benefits" expense. Current service costs are included on the Statement of Operations and Net Assets under "Salaries and benefits" expense. Past service costs are recognized immediately to the extent the benefits are vested. For funded pension plans, surpluses are recognized only to the extent that the surplus is considered recoverable. Recoverability is primarily based on the extent to which the Authority can unilaterally reduce future contributions to the pension plan. The change in the pension benefit obligation in the year is included on the Statement of Operations and Net Assets under "Post-employment pension benefits" expense.

DEFERRED REVENUE

Deferred revenue consists primarily of land leasing, space rental and aeronautical fee revenue received in advance of land or facilities being utilized.

FINANCIAL INSTRUMENTS

Financial assets, including cash and cash equivalents, accounts receivable and long-term receivables are initially measured at fair value and subsequently carried at amortized cost.

Financial liabilities, including accounts payable and accrued liabilities, other liabilities, operating line of credit and long-term debt are initially measured at fair value and subsequently carried at amortized cost.

Financial assets and liabilities are classified as current if payments are due within 12 months of the Balance Sheet date. Otherwise, they are presented as non-current in the Balance Sheet.

Transaction costs for obtaining debt financing other than line of credit arrangements are recognized as a direct deduction from the related debt liability on the Balance Sheet. The deferred charges are amortized over the life of the related debt and included in "Interest and financing costs" expense on the Statement of Operations and Net Assets.

FOREIGN CURRENCY TRANSLATION

The financial statements are presented in Canadian dollars, which is the Authority's functional currency. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in currencies other than the Authority's functional currency are recognized on the Statement of Operations and Net Assets.

USE OF ESTIMATES AND MEASUREMENT UNCERTAINTY

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and commitments and contingencies at the date of the financial statements and the reported amounts of revenues, expenses and other income (loss) during the reporting period. Accounting estimates and underlying assumptions are reviewed on an ongoing basis. Significant areas requiring the use of management estimates relate to the determination of accrued revenue, accrued liabilities, allowance for doubtful accounts, useful lives for depreciation of capital assets, and assumptions with respect to employee future benefit plans. Actual results could differ from these estimates.

CHANGES IN ACCOUNTING POLICY AND DISCLOSURE

The Authority continues to evaluate the impact of new and revised standards and interpretations. The new amendments that have been issued with the effective date starting on January 1, 2021 did not have a material impact on the Authority's financial statements.

3 INVENTORY

At December 31, 2021, all inventories are carried at weighted average cost. During the year, \$3,441 (2020 - \$4,256) was recognized on the Statement of Operations and Net Assets under "Goods and Services" expense, of which \$78 (2020 - \$451) was written off due to obsolescence.

AS AT	DECEMBER 31, 2021		DECEMBER 31, 2020	
Liquids	**$**	**532**	$	400
Materials		**5,098**		5,051
	$	**5,630**	$	5,451

4 CAPITAL AND INTANGIBLE ASSETS

AS AT DEC. 31, 2021	LAND	CAPITAL ASSETS							INTANGIBLE ASSETS		TOTAL
	Land	Leased Land	Buildings & Structures	Computer Equipment	Vehicles	Machinery & Equipment	Furniture & Fixtures	Construction in Progress	Computer Software	Work in Progress	
Cost:											
Beginning Balance	$ 5,809	$ 24,513	$4,369,018	$ 66,415	$ 42,918	$ 170,367	$ 25,443	$ 3,687	$ 74,479	$ —	$4,782,649
Additions	—	3,510	14,166	722	3,526	970	—	4,899	348	2,633	30,774
Transfers	—	—	1,383	26	—	—	—	(1,439)	30	—	—
Disposals and write-offs	—	—	(181,483)	(26,772)	(1,175)	(10,036)	(5,083)	—	(36,806)	—	(261,355)
Ending Balance	5,809	28,023	4,203,084	40,391	45,269	161,301	20,360	7,147	38,051	2,633	4,552,068
Accumulated Amortization											
Beginning Balance	—	4,936	1,401,068	64,778	33,801	44,079	11,587	—	71,862	—	1,632,111
Depreciation & Amortization	—	456	123,900	1,390	1,815	6,540	691	—	1,757	—	136,549
Disposals and write-offs	—	—	(181,483)	(26,771)	(1,156)	(9,999)	(5,058)	—	(36,806)	—	(261,273)
Ending Balance	—	5,392	1,343,485	39,397	34,460	40,620	7,220	—	36,813	—	1,507,387
Net Carrying Value	$ 5,809	$ 22,631	$2,859,599	$ 994	$ 10,809	$ 120,681	$ 13,140	$ 7,147	$ 1,238	$ 2,633	$3,044,681

AS AT DEC. 31, 2020	LAND	CAPITAL ASSETS							INTANGIBLE ASSETS		TOTAL
	Land	Leased Land	Buildings & Structures	Computer Equipment	Vehicles	Machinery & Equipment	Furniture & Fixtures	Construction in Progress	Computer Software	Work in Progress	
Cost:											
Beginning Balance	$ 5,809	$ 24,513	$4,347,962	$ 64,960	$ 41,908	$ 169,748	$ 25,394	$ 14,795	$ 74,321	—	$4,769,410
Additions	—	—	11,810	827	991	479	49	3,613	—	—	17,769
Transfers	—	—	9,246	628	19	140	—	(10,191)	158	—	—
Disposals and write-offs	—	—	—	—	—	—	—	(4,530)	—	—	(4,530)
Ending Balance	5,809	24,513	4,369,018	66,415	42,918	170,367	25,443	3,687	74,479	—	4,782,649
Accumulated Amortization											
Beginning Balance	—	4,484	1,278,048	63,123	32,043	37,451	10,896	—	68,832	—	1,494,877
Depreciation & Amortization	—	452	123,020	1,655	1,758	6,628	691	—	3,030	—	137,234
Disposals and write-offs	—	—	—	—	—	—	—	—	—	—	—
Ending Balance	—	4,936	1,401,068	64,778	33,801	44,079	11,587	—	71,862	—	1,632,111
Net Carrying Value	$ 5,809	$ 19,577	$2,967,950	$ 1,637	$ 9,117	$ 126,288	$ 13,856	$ 3,687	$ 2,617	—	$3,150,538

Construction in progress balance consists of costs capitalized for both airside and groundside facility improvement projects. For the year ended December 31, 2021, interest capitalized in construction in progress in respect to borrowings for infrastructure expansion under the operating line of credit facility was $270 (2020 – $160). During the year, borrowing costs for active projects were capitalized at the rate of 3.25%, which represents the weighted-average rate of the Authority's debentures outstanding (2020 – 3.40%).

5 LONG-TERM DEBT

On October 7, 2021, the Authority entered into an agreement with BNY Trust Company of Canada (the "Trustee") to provide a framework for the Authority to create and issue bonds and other debt securities and to enter into credit facility agreements, swaps and other debt instruments as set forth in the Master Trust Indenture ("MTI Agreement"). Under the MTI Agreement, bonds are issued in series and will be issued through a supplemental indenture authorizing that particular series of bonds.

On October 7, 2021, the Authority completed its inaugural bond issuance through the first supplemental indenture issued under the MTI Agreement and issued six bond series raising in aggregate $2.075 billion ("First Supplemental Indenture"). For the first five bond series issued (Series A to E), interest accrues on a daily basis and is payable on a semi-annual basis on April 7 and October 7 of each year of the term of that particular bond series. For the sixth bond series issued (Series F), principal and interest payments are payable on a semi-annual basis on April 7 and October 7 of each year of the term for the bond. The funds raised from the First Supplemental Indenture was used to repay a portion of the Authority's debentures held by the Government of Alberta ("GoA"), prepayment penalties incurred, transaction costs and some operational costs.

The repayment of debentures was accounted for as an extinguishment under ASPE. The difference between the repayment amount and the carrying value of the debentures repaid of $146,965 has been recognized as an expense in the current year.

On October 7, 2021, through a second supplemental indenture issued under the MTI Agreement, the Authority issued eleven bond series in aggregate $1.215 billion ("Second Supplemental Indenture") in a non-cash exchange for the remaining debentures held by the GoA and the deferred interest payments that were accrued from June 2020 until October 7, 2021 of $166,007. For the first bond series issued (4002957), principal and interest payments are payable on a semi-annual basis on April 7 and October 7 of each year of the term for the bond. For the next ten bond series issued (Series 4002958 to 4002967), interest accrues on a daily basis and is payable on a semi-annual basis on April 7 and October 7 of each year for the term of that particular bond series.

The bonds issued and outstanding under the MTI Agreement are:

SUPPLEMENTAL INDENTURE	SERIES	INTEREST RATE	MATURITY DATE	DECEMBER 31, 2021	DECEMBER 31, 2020
First	Series A	3.1990%	October 7, 2036	**350,000**	—
First	Series B	3.3410%	October 7, 2038	**300,000**	—
First	Series C	3.4540%	October 7, 2041	**350,000**	—
First	Series D	3.5540%	October 7, 2051	**350,000**	—
First	Series E	3.5540%	October 7, 2053	**300,000**	—
First	Series F	3.7540%	October 7, 2061	**425,000**	—
Second	4002957	2.2580%	October 7, 2031	**166,007**	—
Second	4002958	3.0120%	April 6, 2035	**25,000**	—
Second	4002959	3.6430%	February 15, 2042	**100,000**	—
Second	4002960	3.1530%	December 15, 2047	**25,000**	—
Second	4002961	2.5622%	September 16, 2049	**70,000**	—
Second	4002962	3.8550%	March 17, 2034	**83,000**	—
Second	4002963	2.7900%	March 15, 2030	**125,000**	—
Second	4002964	4.0590%	November 30, 2033	**107,901**	—
Second	4002965	4.2580%	September 15, 2033	**113,000**	—
Second	4002966	3.4200%	June 29, 2032	**200,000**	—
Second	4002967	3.5130%	June 16, 2029	**200,000**	—
Total bonds issued				**3,289,908**	—
Less: Debt issuance costs				**(13,903)**	—
Less: Current portion				**(7,236)**	—
Long term debt				**3,268,769**	—

The MTI Agreement contains certain financial covenants to be calculated on a yearly basis. The Authority received covenant waivers from the Trustee up to January 1, 2023. Accordingly, as at the date of the financial statements' authorization, the Authority is not in breach of its covenants.

Principal repayments of long-term debt during the next five years and thereafter are as follows:

PRINCIPAL REPAYMENTS OF LONG-TERM DEBT		
2022	$	7,236
2023	$	7,526
2024	$	7,717
2025	$	8,022
2026	$	8,284
Thereafter	$	3,251,123
	$	3,289,908

As of December 31, 2021, there are no debentures issued and outstanding under the previous agreement with the GoA:

SERIES	INTEREST RATE	MATURITY DATE	DECEMBER 31, 2021	DECEMBER 31, 2020
2016-43	1.4450%	June 15, 2021	—	50,000
2004-10	5.1245%	December 1, 2023	—	20,000
2010-15	4.6790%	February 16, 2025	—	25,000
2010-16	4.6640%	March 15, 2025	—	30,000
2015-40	2.2678%	June 15, 2025	—	100,000
2016-42	2.3760%	March 15, 2026	—	50,000
2016-44	2.2250%	September 15, 2026	—	50,000
2007-14	4.7950%	February 14, 2027	—	50,000
2012-30	3.1340%	December 17, 2027	—	109,000
2013-31	3.2580%	March 15, 2028	—	89,000
2013-32	3.4090%	June 17, 2028	—	98,000
2014-36	3.5130%	June 17, 2029	—	200,000
2014-37	3.2930%	September 15, 2029	—	100,000
2014-38	3.1550%	December 15, 2029	—	150,000
2015-39	2.7900%	March 15, 2030	—	125,000
2015-41	2.9800%	September 14, 2030	—	150,000
2011-19	4.5440%	March 15, 2031	—	13,000
2011-20	4.2760%	June 15, 2031	—	25,000
2011-21	3.7575%	August 11, 2031	—	100,000
2011-22	3.8080%	September 19, 2031	—	100,000
2011-23	3.5590%	December 15, 2031	—	75,000
2012-24	3.4750%	February 15, 2032	—	50,000
2012-25	3.4670%	March 15, 2032	—	137,000
2012-26	3.4140%	April 2, 2032	—	25,000
2012-27	3.4200%	June 29, 2032	—	200,000
2012-28	3.4005%	September 17, 2032	—	86,000
2012-29	3.2460%	October 4, 2032	—	75,000
2013-33	4.2580%	September 15, 2033	—	113,000
2013-34	4.0590%	November 30, 2033	—	107,901
2014-35	3.8550%	March 17, 2034	—	83,000
2020-50	3.0120%	April 6, 2035	—	25,000
2016-45	3.4899%	December 15, 2036	—	60,000
2017-46	3.6430%	February 15, 2042	—	100,000
2017-47	3.5180%	April 3, 2042	—	50,000
2017-48	3.1530%	December 15, 2047	—	25,000
2019-49	2.5622%	September 16, 2049	—	70,000
Total debentures issued to GoA			—	2,915,901
Less: Current portion of long term debt			—	50,000
Long term debt			—	2,865,901

6 CREDIT FACILITIES

On October 7, 2021, the Authority cancelled all its existing credit facilities and obtained new credit facilities. The previous operating facility had an amount drawn of $50,000 as at December 31, 2020, which was paid during the year. All existing letters of credit issued under the old credit facility totalling $48,120 as at December 31, 2020, have been cancelled and re-issued under the new operating facility.

As at December 31, 2021, the Authority has an available $350,000 revolving operating line of credit (the “New Operating Facility”) from a consortium of Canadian financial institutions (the “Lender”). Draws on the New Operating Facility are by way of overdraft, Canadian prime rate loans, U.S. base-rate loans, letters of credit, bankers’ acceptance and Libor loans. The New Operating Facility bears interest at the Lender’s prime rate plus an applicable pricing margin based on the debt rating received by the Authority and the type of draw on the facility. The maturity date of the New Operating Facility is October 7, 2026. As at December 31, 2021, the amount drawn on the New Operating Facility was $nil.

The letters of credit that were outstanding under the New Operating Facility as at December 31, 2021 total $49,767 which were issued for specific operational expenses including a letter of credit of $29,853 which was required under the MTI Agreement to cover at least 25% of operating and maintenance expenses incurred in the previous fiscal year or a twelve month period from the issuance of bonds.

As of October 7, 2021, the Authority has an available $70,000 revolving Letter of Credit Facility (“new L/C Facility”) that can be used for specific operational expenses, capital projects and major capital undertakings. As at December 31, 2021, the letter of credit that was outstanding under the New L/C Facility is $60,033. This letter of credit was required under the MTI Agreement to cover at least 50% of the net interest accrued and the total principal amount to be paid for a twelve-month period after fiscal year-end.

On October 7, 2021, through a third and fourth supplemental indenture issued under the MTI Agreement, the Authority issued two pledged bonds to the New Operating and L/C Facilities lenders for $385,000 and $77,000 respectively. The pledged bonds do not accrue interest and can be used by the lenders if the Authority defaults on any outstanding balance of each of the facilities including accrued interest and any applicable fees.

The covenants included in the New Operating and L/C Facilities reference the covenants in the MTI Agreement where the Authority has received covenant waivers up to January 1, 2023. Accordingly, as at the date of the financial statements’ authorization, the Authority is not in breach of its covenants.

7 OTHER LIABILTIES

Included in other liabilities are cash security deposits which are received from tenants and airline operators to provide the Authority with security on the associated potential accounts receivable. There is also an amount outstanding for retiring allowance deferred by employees until retirement. The Authority does not have any further obligation to accrue a retiring allowance for employees.

AS AT	DECEMBER 31, 2021		DECEMBER 31, 2020	
Current				
Security deposits	$	**1,338**	$	1,186
Long-term incentive plan		**173**		522
Retiring allowance		**77**		74
Lease inducement liability		**532**		746
Capital lease (note 11)		**462**		134
Current portion of other long-term liabilities	$	**2,582**	$	2,662
Non-Current				
Security deposits	$	**2,735**	$	2,087
Long-term incentive plan		**84**		116
Canada Lease rent payable (note 12)		**16,074**		—
City of Calgary payable (note 17)		**20,678**		20,678
Lease inducement liability		**1,038**		1,130
Capital lease (note 11)		**3,541**		753
Other long-term liabilities	$	**44,150**	$	24,764

8 AIRPORT IMPROVEMENT FEES

Revenue from the Airport Improvement Fees ("AIF") is collected from passengers by air carriers pursuant to a Agreement ("MoA") between various airports in Canada, participating air carriers serving these airports, and Association of Canada. Pursuant to the MoA, AIF is collected by the signatory air carriers from passengers on behalf of the Authority and remitted to the Authority net of a handling fee of 6% (2020 – 5%). AIF revenue net of the handling fee is used to fund the costs of new airport infrastructure and costs of major improvements to existing facilities at Calgary International and Springbank Airports, as well as related financing costs. The Authority records the AIF revenue and the handling fee on a gross basis on the Statement of Operations and Net Assets. The AIF in 2021 was $35.00 (2020 - $30.00) for each originating passenger departing YYC Calgary International Airport.

9 NON-AERONAUTICAL REVENUES

Due to the impact of the COVID-19 pandemic on the air transportation sector, the Authority provided support to tenants by providing either rent waivers or deferrals. The Authority applied the practical expedient for COVID-19-related rent concessions consistently to eligible rent concessions relating to similar lease arrangements.

For the year ended December 31, 2021, the amount recognized on the Statement of Operations and Net Assets to reflect changes in lease payments arising from rent concession waivers to which the Authority has applied the practical expedient for COVID-19-related rent concessions is $6,942 (2020 - $10,193). The aggregate amount of lease receivables related to the deferral of lease payments as at December 31, 2021 was $646 (2020 - $1,336).

10 GOVERNMENT ASSISTANCE

The Authority applied for and received approval to participate in the Canada Emergency Wage Subsidy (CEWS) program. The Authority qualified for the wage subsidy because it experienced significant reduction in revenue due to the impact of the COVID- 19 pandemic. For the year ended December 31, 2021, a subsidy of $5,412 (2020 - $8,810) was recognized on the Statement of Operations and Net Assts as a reduction of "Salaries and benefits" expense. There is an outstanding receivable related to this subsidy as at December 31, 2021 of $nil (2020 - $1,432).

In 2020, the Authority participated in the Canada Emergency Commercial Rent Assistance (CECRA) program. The program offered forgivable loans to eligible commercial property owners for the period April 2020 to August 2020. As the Authority has complied with the conditions, the assistance of $298 is recognized on the Statement of Operations and Net Assets within "Non- aeronautical" revenues for the year ended December 31, 2020. There is no outstanding receivable related to this program as at December 31, 2021 and 2020.

11 CAPITAL LEASES

The Authority's right of use assets mainly relates to the lease of equipment.

AS AT	DECEMBER 31, 2021	DECEMBER 31, 2020
Cost		
Opening balance	$ 987	$ —
Additions	3,478	$ 987
Balance, end of year	$ 4,465	$ 987
Accumlated amortization		
Opening balance	$ 94	$ —
Amortization	317	94
Balance, end of year	$ 411	$ 94
Net book value, end of year [a]	$ 4,054	$ 893

(a) Included under the line item "Capital and Intangible Assets" on the Balance Sheet

AS AT	DECEMBER 31, 2021	DECEMBER 31, 2020
Weighted average remaining lease term (years)	6.26	6.25
Weighted average discount rate (%)	2.93	2.24

The Authority has recognized lease liabilities in relation to the lease of equipment. The reconciliation of movements in lease liabilities is as follows:

AS AT	DECEMBER 31, 2021	DECEMBER 31, 2020
Opening balance	$ 887	$ —
Additions	3,478	987
Interest expense	59	14
Lease payments	(421)	(114)
Balance, end of year	$ 4,003	$ 887
Less: Current portion (a)	462	134
Long term capital leases, end of year (b)	3,541	753

(a) Included under the line item "Current portion of other long term liabilities" on the Balance Sheet

(b) Included under the line item "Other long term liabilities" on the Balance Sheet

As of December 31, 2021, the maturity analysis of the undiscounted contractual balances of the lease liabilities during the next five years and thereafter is as follows:

AS AT	
2022	573
2023	573
2024	573
2025	573
2026	573
Thereafter	1,643
Total lease payments	4,508
Less: imputed interest	505
Total	**4,003**

12 CANADA LEASE

The Authority incurs an annual lease rental liability based on a sliding scale percentage, to a maximum of 12%, of gross revenue to Transport Canada pursuant to the Canada Lease. The monthly installments on the Canada Lease are estimated based on the previous year's calculation. The effective annualized rate for 2021 was 8.55% (2020 – 8.17%).

Transport Canada waived lease rental installments and provided a rent concession from March 2020 through to December 2020 due to the impact by the COVID-19 pandemic on the air transportation sector. There was no wavier of lease rental payments for the year ended December 31, 2021. The Authority applied the practical expedient for COVID-19-related rent concessions to this lease. The amount recognised on the Statement of Operations and Net Assets for the year ended December 31, 2021 to reflect changes in lease payments arising from rent concession waiver to which the Authority has applied the practical expedient for COVID-19-related rent concessions is $nil (2020 – $11,904).

Under an amendment of the Canada Lease for the annual lease rental liability for 2021, the Authority has deferred payment and will start monthly payments on January 1, 2024 and pay over 10 years. There is no interest incurred on the outstanding balance.

The projected lease payments under the Canada Lease for the next five years are estimated as follows:

AS AT	
2022	37,926
2023	43,460
2024	51,215
2025	52,458
2026	53,345

13 EMPLOYEE FUTURE BENEFITS

The Authority sponsors a registered pension plan for substantially all employees which has both defined contribution ("DC Plan") and defined benefit ("DB Plan") components. The Authority also has non-registered pension arrangements ("MG Plan") for certain employees.

DC PLAN

The majority of employees participate in the DC Plan. As of August 1, 2013, new union employees and as of January 1, 2010 new non-union employees of the Authority automatically participate in the DC Plan. In addition, some members participating in the DB Plan also participate in the DC Plan. For executives, contributions that are in excess of the maximum limits under the Income Tax Act accrue notionally and are paid from the Authority's general revenues when the executive terminates employment. The pension cost recorded for the DC Plan was $1,223 for the year ended December 31, 2021 (2020 - $1,088).

DB PLAN

The DB Plan provides benefits for union employees hired before August 1, 2013 and non-union employees hired before January 1, 2010. Pensions are based on a calculation using the employees' length of service and earnings near retirement and is indexed annually to 100% of the Canadian Consumer Price Index.

MG PLAN

The Authority has non-registered pension arrangements that provide benefits to certain active and former employees pursuant to the Letter of Undertaking signed June 26, 1992, which guaranteed that benefits earned after July 1, 1992 will not be less than the pension and indexing provisions under the Public Service Superannuation Act and the Supplementary Retirement Benefits Act (Minimum Guarantee) in respect of eligible individuals at that date. The MG Plan also provides benefits to certain former executives who participated in the DB Plan and whose benefits were limited to maximums permitted under the Income Tax Act. MG Plan benefits are paid from the Authority's general revenues as payments come due. For former executives, security for the MG Plan is provided through a letter of credit within a retirement compensation arrangement trust account.

ACTUARIAL VALUATION

The Authority measures its defined benefit obligations using a funding valuation for the DB Plan and an accounting valuation for the MG Plan. The Authority's most recent actuarial valuations of the plans was completed as of January 1, 2021 and the next scheduled actuarial valuations will be performed as of January 1, 2022. The costs of the DB Plan and MG Plan are actuarially determined using the projected benefit method based on management's estimate of the future rate of return on the fair value of pension plan assets, salary escalations, mortality rates, inflation and other factors affecting the payment of future benefits.

GOVERNANCE

The benefit payments for the DB Plan and DC Plan are made from trustee-administered funds. The Board of Directors of the Authority are responsible for the governance of the plans and policy decisions related to liability management, funding and investment, including selection of investment managers and investment options for the plans. The objective of the Authority's investment policy for the DB Plan is to maximize long term total return while protecting the capital value of the funds invested from major market fluctuations through diversification and selection of investments.

The following table provides information concerning the components of the pension cost for the DB and the MG Plans:

		Year ended December 31, **2021**		Year ended December 31, **2020**
Current service cost	**$**	**889**	$	831
Finance gain		**(510)**		(566)
Difference between actual and expected return on assets		**(4,144)**		(6,676)
Actuarial (gain) loss		**(4,976)**		17,151
Defined benefit cost (gain)		**(8,741)**		10,740
Notional account benefit cost		**68**		78
Employer defined benefit contributions		**1,682**		1,633
Total net benefit cost (recovery)	**$**	**(6,991)**	$	12,451

Based on the actuarial valuation dated January 1, 2021 and extrapolated to December 31, 2021, the changes in the Authority's pension assets and obligations are as follows:

AS AT	**DECEMBER 31, 2021**			**DECEMBER 31, 2020**		
	DB Plan	**MG Plan**	**Total**	DB Plan	MG Plan	Total
Market value of plan assets						
Opening balance	**$ 117,691**	**$ —**	**$ 117,691**	$ 109,710	$ —	$ 109,710
Interest income	**3,729**	**—**	**3,729**	4,199	—	4,199
Employer contributions	**909**	**773**	**1,682**	844	789	1,633
Employee contributions	**966**	**—**	**966**	951	—	951
Benefits payments	**(5,240)**	**(773)**	**(6,013)**	(4,689)	(789)	(5,478)
Actual return on plan assets	**4,144**	**—**	**4,144**	6,676	—	6,676
Balance, end of year	**$ 122,199**	**$ —**	**$ 122,199**	$ 117,691	$ —	$ 117,691
Accrued pension benefit obligation						
Opening balance	**$ 89,808**	**$ 18,158**	**$ 107,966**	$ 74,248	$ 16,552	$ 90,800
Current service cost	**858**	**99**	**957**	799	110	909
Interest cost	**2,787**	**432**	**3,219**	3,128	505	3,633
Employee contributions	**966**	**—**	**966**	951	—	951
Benefits payments	**(5,240)**	**(773)**	**(6,013)**	(4,689)	(789)	(5,478)
Actuarial losses (gains)	**(3,653)**	**(1,323)**	**(4,976)**	15,371	1,780	17,151
Balance, end of year	**$ 85,526**	**$ 16,593**	**$ 102,119**	$ 89,808	$ 18,158	$ 107,966
Funded status	**36,673**	**(16,593)**	**20,080**	27,883	(18,158)	9,725

Remeasurement costs for 2021 amounted to a recovery of $9,120 (2020 – expense of $10,475). In 2021, $957 of the total net benefit cost (2020 – $909) has been recognized on the Statement of Operations and Net Assets under "Salaries and benefits" expense.

The asset allocation of the DB Plan assets as at December 31 was:

	2021	2020
Fixed income securities	**48%**	50%
Canadian equities	**16%**	15%
Foreign equities	**36%**	35%

The significant actuarial assumptions adopted in measuring the Authority's pension benefit obligations are:

	DECEMBER 31, 2021		DECEMBER 30, 2020	
	Registered Plan	**Non-Registered Plan**	Registered Plan	Non-Registered Plan
Discount rate				
a) Year-end pension benefit obligation	**4.40%**	**2.90%**	4.10%	2.50%
b) Net benefit cost	**3.80%**	**2.50%**	4.40%	3.10%
Rate of salary increases	**2.75%**	**2.75%**	2.75%	2.75%
Pre/post retirement indexing	**2.00%**	**2.00%**	2.00%	2.00%

The estimated annual payment in 2021 to fund the solvency deficiency as determined by the January 1, 2021 actuarial valuation was $2,071 (2020 - $1,699), of which $2,071 (2020 - $425) was funded through a letter of credit. On April 15, 2020, to provide temporary relief to sponsors of federally regulated defined benefit pension plans, the Government of Canada announced a moratorium on solvency special payments for April 1, 2020, through the remainder of 2020. Therefore, the Authority only funded $425 of the 2020 estimated annual payment of $1,699 in 2020.

14 FINANCIAL INSTRUMENTS

FAIR VALUE HIERARCHY

The Authority's financial instruments consist of cash and cash equivalents, accounts receivable, draws on the operating facility, accounts payable and accrued liabilities, interest payable on long term debt, current portion of long-term debt, long-term debt and the Canada Lease rent payable.

The fair value of the Authority's financial instruments, other than its long-term debt and long-term payables, approximates its carrying value due to their short-term nature. The fair value of long-term debt and long-term payables are considered a Level 2 on the fair value hierarchy as the fair value is estimated using the discounted cash flow analysis based on the Authority's current borrowing rate for similar borrowing arrangements. As at December 31, 2021, the fair value of the Authority's long- term debt and Canada Lease payable is $3,544,959 (2020 - $2,769,936).

RISK MANAGEMENT

The Authority's Board of Directors ("the Board") is responsible for the oversight of the principal risks of the business in which the Authority is engaged, achieving a proper balance between risks incurred and the legislated purpose of the Authority and confirming that there are systems in place that effectively monitor and manage those risks with a view to the long-term viability of the Authority. The Board has established the Audit and Finance Committee, which reviews significant financial risks associated with future performance, growth and lost opportunities identified by management that could materially affect the Authority's ability to achieve its strategic and operational targets. The Board is also responsible for ensuring that management has effective policies and procedures to identify, assess and manage and mitigate such risks.

RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS

The Authority is exposed to various financial risks in the normal course of operations such as market risks resulting from credit risk and liquidity risk and fluctuations in currency exchange rates and interest rates.

CREDIT RISK

Credit risk is the risk that a counterparty to a financial instrument fails to fulfill its obligation in accordance with the terms of the contract. The Authority is subject to credit risk through its accounts receivable and long-term receivables, which consist primarily of aeronautical fees and AIFs owing from air carriers and concession fees owing from concession operators. The majority of concession fees owing are settled on a monthly basis, 15 days after the end of each month. The majority of aeronautical fees owing are billed every 7 days and settled 15 days thereafter. The majority of AIFs owing are settled on a monthly basis on the first day of each subsequent month. The Authority's requirement for letters of credit, security deposits and maintaining an allowance for potential credit losses helps to reduce credit risk relating to accounts receivable. 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.

ACCOUNTS RECEIVABLE PAST DUE OR IMPAIRED

The Authority had the following past due or impaired accounts receivable:

AS AT DECEMBER 31, 2021		TOTAL		AR ACCRUALS		LESS THAN 30 DAYS		31 TO 60 DAYS		61 TO 90 DAYS		OVER 90 DAYS
Trade receivable	**$**	**19,716**	**$**	**7,153**	**$**	**9,644**	**$**	**600**	**$**	**657**	**$**	**1,662**
Allowance for credit losses		**(1,693)**		**—**		**—**		**—**		**—**		**—**
	$	**18,023**	**$**	**7,153**	**$**	**9,644**	**$**	**600**	**$**	**657**	**$**	**1,662**

AS AT DECEMBER 31, 2020		TOTAL		AR ACCRUALS		LESS THAN 30 DAYS		31 TO 60 DAYS		61 TO 90 DAYS		OVER 90 DAYS
Trade receivable	$	23,846	$	15,625	$	3,052	$	450	$	975	$	3,744
Allowance for credit losses		(3,900)		—		—		—		—		—
	$	19,946	$	15,625	$	3,052	$	450	$	975	$	3,744

ALLOWANCE FOR DOUBTFUL ACCOUNTS		*Year ended December 31,* **2021**		*Year ended December 31,* **2020**
Balance, beginning of year	**$**	**3,900**	$	392
New allowance		**—**		3,508
Recovery of allowance		**(2,156)**		—
Allowance applied to uncollectible customer accounts		**(51)**		—
Balance, end of year	**$**	**1,693**	$	3,900

LIQUIDITY RISK

Liquidity risk is the risk that the Authority will encounter difficulties in meeting the obligations associated with its financial liabilities. The Authority's objective when managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Authority's reputation.

The Authority manages its liquidity risk by maintaining adequate cash 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 achieves mitigation of liquidity risk through funds generated by operations and ready access to sufficient long-term funds as well as committed lines of credit through a credit facility. As the COVID-19 pandemic continues to impact operations, the Authority continues to participate in eligible government assistance programs.

For the year ended December 31, 2021, the Authority recognized a net loss of $314,777. The Authority's working capital as of December 31, 2021 is $89,065 and $403,591 of cash and cash equivalents and available credit facilities. The Authority continues to monitor the impact of the COVID-19 pandemic on ongoing operations and associated financial implications.

The Authority had the following contractual maturities with respect to financial liabilities based on the contractual undiscounted cash flows which includes principal and interest cash flows:

As at December 31, **2021**	**CARRYING VALUE**	**TOTAL**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027** *& thereafter*
Accounts payable and accrued liabilities	**$ 21,946**	**$ 21,946**	**$ 21,946**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**
Current portion of long term debt	**7,236**	**7,236**	**7,236**	**—**	**—**	**—**	**—**	**—**
Long term debt	**3,282,672**	**5,416,694**	**86,245**	**120,067**	**120,067**	**120,067**	**120,067**	**4,850,181**
Interest payable on long term debt	**26,586**	**26,586**	**26,586**	**—**	**—**	**—**	**—**	**—**
City of Calgary payable [a]	**20,678**	**21,759**	**5,925**	**5,925**	**4,414**	**5,495**	**—**	**—**
Canada Lease rent payable [a]	**16,074**	**18,801**	**—**	**—**	**1,880**	**1,880**	**1,880**	**13,161**
	$ 3,375,192	**5,513,022**	**$ 147,938**	**$ 125,992**	**$ 126,361**	**$ 127,442**	**$ 121,947**	**$4,863,342**

(a) Included under the line item "Other long term liabilities" on the Balance Sheet

As at December 31, **2020**	**CARRYING VALUE**	**TOTAL**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026** *& thereafter*
Accounts payable and accrued liabilities	$ 16,872	$ 16,872	$ 16,872	$ —	$ —	$ —	$ —	$ —
Operating facility	50,000	50,000	—	50,000	—	—	—	—
Current portion of long term debt	50,000	50,000	50,000	—	— —	—	—	—
Long term debt	2,865,901	2,865,901	—	—	20,000	—	155,000	2,690,901
Interest payable on long term debt	87,321	87,321	87,321	—	—	—	—	—
	$ 3,070,094	$3,070,094	$ 154,193	$ 50,000	$ 20,000	$ —	$ 155,000	$2,690,901

INTEREST RATE RISK

Interest rate risk arises due to fluctuations in interest rates. The Authority is exposed to interest rate risk on its cash held in interest-bearing accounts. The cash in these accounts is considered highly liquid. The Authority manages interest rate risk by holding fixed interest rate debt with various maturities. The Authority proactively monitors and manages its debt maturity profiles and debt covenants and maintains financial flexibility through access to potential different types of credit products under the MTI Agreement. The Authority has exposure to interest rate risk related to its operating line of credit which is maintained to provide liquidity while achieving a satisfactory return.

FOREIGN CURRENCY RISK

Foreign currency risk is the risk that fluctuations in foreign exchange rate impact the financial obligations of the Authority. The Authority's functional currency is the Canadian dollar, major purchases and revenue receipts are transacted in Canadian dollars, and long-term debts are in Canadian dollars. Management believes that foreign exchange risk from currency conversions is negligible.

INDUSTRY RISK

Industry risk is related to any events that could occur within or to the air transportation industry that could negatively affect passenger demand at YYC Calgary International Airport and therefore the Authority's revenues. These risks, among others, include: population growth; unemployment rates; economic conditions; regulatory actions and legislative changes; air carrier stability; 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; environmental regulation; the operation of the air traffic control system; the use of telecommunications and alternate ground transportation options; health epidemics and related travel advisories, war; and terrorist attacks, the perceived threat of terrorist attacks and additional security measures put in place to guard against such attacks.

15 RELATED PARTY TRANSACTIONS

As a corporation without share capital, the Authority has Members rather than shareholders. The Members of the Authority are its Board of Directors. The Authority is governed by a 17-member Board of Directors. Directors are appointed by four organizations – the Long Range Planning Committee of the Calgary Chamber of Commerce (eleven members), the City of Calgary (three members), Rocky View County (one member), and the Government of Canada (two members). The Authority's Board of Directors collectively is responsible for the oversight of the Authority ensuring that Key Management has efficient policies and procedures in place.

The Authority's related parties also includes Key Management personnel. Key Management includes the Officers of the Authority who have the authority and responsibility for planning, directing, and controlling the activities of the Authority. The Board of Directors are, only for the purposes hereof, also considered Key Management, although all are independent of the Officers of the Authority.

The Government of Canada and its respective government related entities are considered related parties for accounting purposes only due to their ability to nominate Members and due to the material nature of the Canada Lease (see Note 12). In accordance with ASPE, this meets the definition of significant influence, but not control.

Some of the Board of Directors do hold positions in other companies where they can exercise either control or significant influence on those companies that conduct business with the Authority. The nature of the transactions are mainly leasing land or buildings owned by the Authority and aircraft landing fees.

The following transactions with the Authority's related parties are measured at the exchange amount and have been recorded on the Statement of Operations and Net Assets:

	Year ended December 31, **2021**	*Year ended December 31,* **2020**
Non-aeronautical revenues		
Land rental	**$ 1,655**	$ 2,272
Aeronautical revenues		
Aircraft landing fees	**—**	248
Other aeronautical fees	**2**	80
	$ 1,657	$ 2,600

For the year ended December 31, 2021, amounts due from related parties which are measured at the exchange amount was $8 (2020 - $386)

REMUNERATION AND EXPENSES

In compliance with the Authority's governance practices and as required by the Regional Airports Authorities Act (Alberta), the Authority outlines the Directors' and Officers' remuneration and expenses as follows:

DIRECTORS' COMPENSATION

(all figures in this table are expressed in whole dollars)			
Board Chair	$	80,000	per annum
Committee Chair	$	6,500	per annum
Director (excluding Board Chair)	$	12,000	per annum
Board and Board Committee meeting fees (in person)	$	1,250	per meeting
Board and Board Committee meeting fees (virtually)	$	1,000	per meeting

In April 2020, the Directors approved a reduction of 20% of the abovementioned fees for the remainder of 2020 and up to November 2021. Effective November 22, 2021, the Directors approved the reversal of the 20% reduction.

Total remuneration and expenses paid during the year ended December 31, 2021 for each Director:

(all figures in this table are expressed in whole dollars)	COMPENSATION	EXPENSES	TOTAL
Matthew Heffernan (Board Chair) *	$ 58,784	$ —	$ 58,784
Michael F. Casey (former Board Chair) **	50,013	—	50,013
Donald Cormack (Audit & Finance Committee Chair)	29,692	—	29,692
Grant B. MacEachern (Governance & Compensation Committee Chair)	28,717	—	28,717
Andrea Robertson (Planning & Development Committee Chair) ***	25,607	—	25,607
Jina Abells Morissette	25,475	—	25,475
David C. Blom	29,050	—	29,050
Randy Charron	22,050	—	22,050
Andrea Goertz	21,075	—	21,075
Heather Kennedy	24,900	—	24,900
James Midwinter	23,875	—	23,875
Manjit Minhas	20,275	—	20,275
Lisa Oldridge	25,550	—	25,550
Craig Richmond ****	3,233	—	3,233
Phillip Scheibel	19,025	—	19,025
Sheldon Schroeder	22,500	—	22,500
Murray Sigler	19,276	—	19,276

** Planning & Development Committee Chair term completed August 2021, Board Chair term commenced August 2021*

*** Term completed in August 2021*

**** Planning & Development Committee Chair term commenced August 2021*

***** New appointment in 2021*

For the year ended December 31, 2021, total remuneration for the Board of $449 (2020 - $460) was recognized on the Statement of Operations and Net Assets under "Salaries and benefits" expense. Expenses incurred by the Directors during 2021 was $nil (2020 – $0.1) which was recognized on the Statement of Operations and Net Assets under "Goods and services" expense.

KEY MANAGEMENT COMPENSATION

The base salary range for the Officers during 2021 was $289 to $481 (2020 – $240 to $459). Total remuneration paid to the Officers during 2021 was $1,899 (2020 – $3,639) which was recognized on the Statement of Operations and Net Assets under "Salaries and benefits" expense. For the amount disclosed for 2020, the amount included remuneration and severance paid to two former Officers who departed in 2020. Expenses incurred by the Officers during 2021 totaled $178 (2020 – $187) which was recognized on the Statement of Operations and Net Assets under "Goods and services" expense.

16 SUPPLEMENTARY INFORMATION

		Year ended December 31, **2021**		Year ended December 31, **2020**
Interest and financing costs (income)				
Interest on long-term debt	**$**	**105,003**	$	99,643
Penalty incurred on prepayment of long term debt		**145,965**		—
Amortization of deferred financing costs		**204**		—
Fair value adjustment on long-term payable		**(2,727)**		—
Operating facility interest		**762**		757
Other interest expense		**773**		501
Interest and financing costs	**$**	**249,980**	$	100,901

17 COMMITMENTS AND CONTINGENCIES

The Authority is subject to legal proceedings and claims that arise in the ordinary course of business. While the final outcome with respect to these legal proceedings and claims cannot be predicted with certainty, management does not expect the outcome of any proceeding to have a material adverse effect on the financial position or results of operations of the Authority.

In June 2011, the Authority entered into a Tunnel Sublease and Licence (the "Tunnel Agreement") with the City of Calgary (the "City"). The Tunnel Agreement, which expires June 29, 2072, requires the City to extend Airport Trail east, across airport lands and, among other things, to construct, operate and maintain an associated tunnel under Runway 17L-35R. Under the terms of the Tunnel Agreement the Authority will provide all required airport lands at no cost to the City. The Tunnel Agreement also provides for a cost-sharing arrangement regarding future interchanges along Airport Trail at 19th Street and Barlow Trail. The first phase is for interchanges, which will enhance access to and egress from airport facilities and, at that time, the Authority agreed to contribute $20,000 towards the cost this phase. The second phase of the interchanges, or components thereof, will be constructed when traffic volume service levels at the first phase of interchanges reach a proscribed level and, at that time, the Authority has agreed to contribute 50% towards the acquisition cost of the necessary third-party land and the associated construction project. As the first phase of these interchanges are under construction and the second phase third party land has been acquired, the Authority for the year ended December 31, 2020 recognized an expense of $22,450 towards these obligations. The Authority continues to have a commitment to contribute towards the second phase construction and additional land costs.

18 INCOME TAXES

Pursuant to the Airport Transfer (Miscellaneous Matters) Act, income that may reasonably be regarded as being derived from airport business is exempt from federal and provincial income taxes. All income recognized during the year ended in 2021 and 2020 are considered to be derived from airport business and therefore, exempt from income tax.

19 GOVERNMENT REMITTANCES PAYABLE

Included in Accounts Payables and Accrued Liabilities on the Balance Sheet are government remittances payables of $554 (2020- $112). This balance comprises of amounts payable for GST.

20 COMPARATIVE INFORMATION

Comparative figures for certain expenses have been reclassified to conform to the current year's presentation.

21 SUBSEQUENT EVENTS

Subsequent events have been reviewed through March 9, 2022, the date on which these annual financial statements were approved by the Board of Directors. There were no subsequent events requiring disclosure or adjustment to the annual financial statements.

YYC CALGARY AIRPORT AUTHORITY