YYC CALGARY AIRPORT AUTHORITY

# THE CALGARY AIRPORT AUTHORITY MANAGEMENT'S DISCUSSION & ANALYSIS

**For the three and nine months ended September 30, 2024**

# MANAGEMENT'S DISCUSSION & ANALYSIS

## FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2024

## Dated November 20, 2024

**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.

This Management's Discussion and Analysis ("MD&A") report discusses the financial and operating results of The Calgary Airport Authority (the "Authority") for the three and nine months ended September 30, 2024, and should be read in conjunction with the Authority's unaudited interim Financial Statements and note disclosures for the three and nine months ended September 30, 2024. Additional information, including the Authority's most recent annual MD&A ("2023 MD&A") and audited Financial Statements for the year ended December 31, 2023, is available at www.yyc.com. Information contained in the 2023 MD&A is not discussed in this MD&A if it remains substantially unchanged. 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.

# MANAGEMENT'S DISCUSSION & ANALYSIS

## CORPORATE PROFILE

The Calgary Airport 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. As a non-share, not-for-profit entity, the net earnings generated by the Authority are reinvested in the airports under its control so it 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.

## HIGHLIGHTS

The Authority was impacted by a number of unplanned events during the third quarter of 2024:

- Most significant was the severe hailstorm that hit the terminal areas of the Calgary International Airport on the evening of August 5, 2024. The unprecedented severity of the hailstorm caused significant damage to parts of the terminal, in particular to Concourse B, in the domestic terminal building. As a result, Concourse B was closed and it is expected to remain closed for at least 18 months. No injuries were sustained as a result of the storm. Subsequent to the storm all flights have been re-accommodated to other parts of the terminal. Initial remediation work has been completed, and a comprehensive repair and restoration plan is being developed. There is no estimate of the total repair and restoration cost at this time. The Authority holds comprehensive insurance coverage, including property insurance which provides coverage over physical damage and business interruption caused by the hailstorm. An insurance claim was commenced immediately following the storm. There is uncertainty relating to the level and timing of future insurance recovery, and no amounts have been recorded as at September 30, 2024. The Authority continues to work closely with its insurers as it assesses the extent of the impact, and undertakes a comprehensive evaluation of the required work.

- Activity was impacted by labour disruptions at WestJet, which began with flight cancellations in late June, and extended into the first week of July. Similarly, Air Canada experienced passenger losses from early to mid-September in response to a potential pilot strike.

The impact of these disruptions is evident in the lower year-over-year flights and passenger seats in the third quarter.

During the third quarter of 2024:

- Enplaned & Deplaned ("E&D") passengers decreased by 0.3% to 5.6 million, compared to the third quarter of 2023.

- Locally enplaned passengers decreased by 1.6% to 1.8 million, compared to the third quarter of 2023, resulting in a 2.6% decrease in Airport Improvement Fee (AIF) revenue to $64.0 million, compared to the same period of 2023.

- YYC saw a 4.7% decrease in aircraft landings compared to the third quarter of 2023, mainly driven by a 3.2%, and 10.7% decline in Passenger and Corporate Aircraft landings respectively. YYC also experienced a 0.8% decrease in landed passenger seats compared to the third quarter of 2023.

- Total revenue increased by 1.7% to $155.2 million in the third quarter of 2024, compared to the same period of 2023.

- The Authority generated $84.6 million of EBITDA (margin 54.5%) in the third quarter of 2024, an increase of $0.8 million, or 1.0%, from the $83.8 million of EBITDA (margin 54.9%) in the third quarter of 2023.

# MANAGEMENT'S DISCUSSION & ANALYSIS

The financial and operating results for the nine months ended September 30, 2024 showed continued growth compared to the prior period due to increased passenger levels, despite lower flight activity and seat capacity.

During the first nine months of 2024:

- E&D passengers were 14.4 million, an increase of 2.0% compared to 2023, and setting a new nine month record for E&D passengers at YYC.
- Locally enplaned passengers increased by 3.2% to 4.7 million compared to 2023, driving a 2.4% increase in AIF revenue to $162.9 million in the period.
- YYC saw a 3.8% decrease in aircraft landings compared to 2023, primarily driven by a 8.6% decrease in Corporate landings, and a 3.1% decrease in passenger aircraft landings. YYC also experienced a 0.3% decrease in landed passenger seats compared to 2023.
- Total revenue increased by 4.6% to $394.0 million in 2024, driven largely by increases in Non-aeronautical revenue and AIF revenue.
- The Authority generated $182.4 million of EBITDA (margin 46.3%) in 2024, an increase of $2.2 million, or 1.2%, from the $180.2 million EBITDA (margin 47.8%) generated in 2023.

## SELECT KEY FINANCIAL AND OPERATIONAL INFORMATION

| | For the three months ended Sept 30 | | | For the nine months ended Sept 30 | | |
|---|---|---|---|---|---|---|
| **FINANCIAL INFORMATION** ($ millions) | **2024** | 2023 | $ Change | **2024** | 2023 | $ Change |
| **Total Revenues** | **155.2** | 152.6 | 2.6 | **394.0** | 376.6 | 17.4 |
| Direct operating costs | **52.0** | 50.5 | 1.5 | **165.1** | 151.9 | 13.2 |
| Canada Lease | **16.1** | 15.7 | 0.4 | **40.1** | 38.2 | 1.9 |
| Airport improvement fee handling fees | **2.5** | 2.6 | (0.1) | **6.4** | 6.3 | 0.1 |
| **EBITDA** | **84.6** | 83.8 | 0.8 | **182.4** | 180.2 | 2.2 |
| **Net Income (Loss)**<br>*See "Financial Performance" section for details*<br>*See "Net Operating Results" section for reconciliation from net loss.* | **23.5** | 14.6 | 8.9 | **(16.0)** | (10.8) | (5.2) |
| **Free Cash Flow** ($ millions)<br>See "Liquidity and Capital Resources" section for details | **56.6** | 55.5 | 1.1 | **97.9** | 94.9 | 3.0 |

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

| | For the three months ended Sept 30 | | | For the nine months ended Sept 30 | | |
|---|---|---|---|---|---|---|
| **OPERATIONAL INFORMATION** | **2024** | 2023 | % Change | **2024** | 2023 | % Change |
| Enplaned & Deplaned Passengers *(thousands)* | **5,597.4** | 5,614.1 | (0.3) | **14,386.6** | 14,105.4 | 2.0 |
| Local Enplanements *(thousands)* | **1,827.4** | 1,856.3 | (1.6) | **4,654.1** | 4,511.0 | 3.2 |
| Connecting Enplanements (%) | **34.9%** | 33.8% | 1.1 pts | **34.9%** | 35.5% | -0.6 pts |
| Aircraft landings (thousands) | **26.6** | 27.9 | (4.7) | **71.8** | 74.6 | (3.8) |
| Total MTOW *(million kg)* | **1,914.7** | 1,846.7 | 3.7 | **5,007.1** | 4,827.8 | 3.7 |
| Landed passenger seats *(thousands)* | **3,131.2** | 3,155.1 | (0.8) | **8,136.0** | 8,163.6 | (0.3) |
| Load factor (%) | **89.6%** | 88.8% | 0.8 pts | **87.8%** | 85.7% | 2.1 pts |

## MANAGEMENT'S DISCUSSION & ANALYSIS

## OPERATING ACTIVITY

The key activity drivers that have a direct impact on the Authority's financial results are passenger levels and flight activity, which include aircraft movements, aircraft size and the number of seats per aircraft.

### Passenger Activity

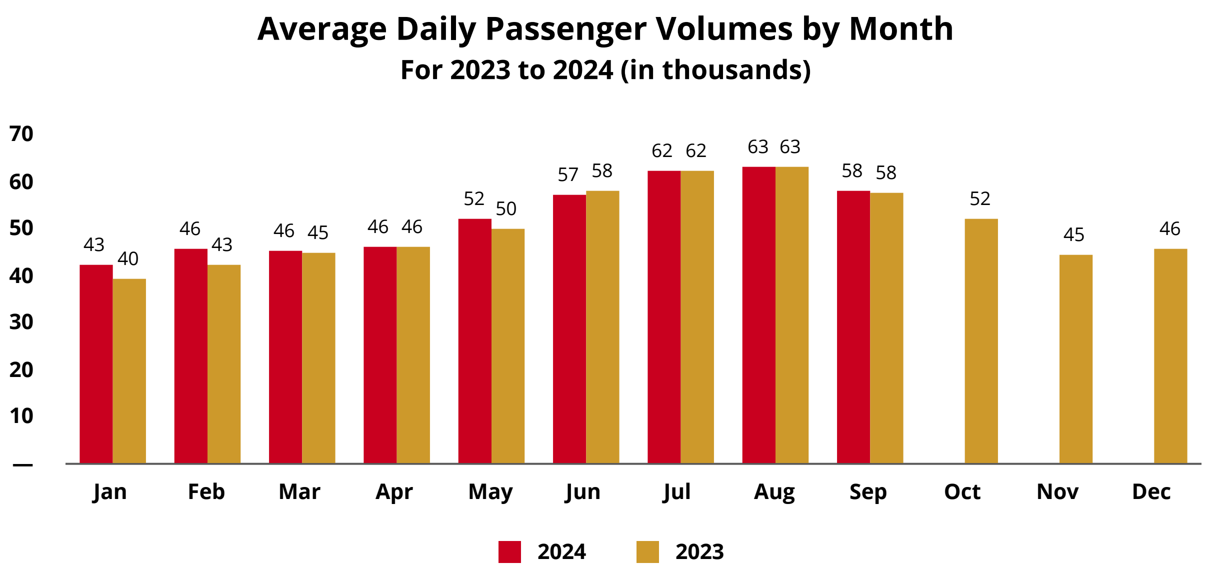
Total Enplaned & Deplaned ("E&D") passenger activity at YYC is categorized into one of three sectors: Domestic (passengers travelling within Canada), Transborder (passengers travelling to and from destinations between Canada and the United States of America (USA)) and International (passengers travelling to and from destinations outside Canada excluding the USA).

The following table summarizes passenger activity by sector for the three and nine months ended September 30, 2024 and 2023:

| | For the three months ended Sept 30 | | | For the nine months ended Sept 30 | | |
|---|---|---|---|---|---|---|
| **PASSENGER ACTIVITY** *(thousands)* | **2024** | 2023 | % Change | **2024** | 2023 | % Change |
| Domestic | **3,759.0** | 3,931.8 | (4.4) | **9,553.9** | 9,722.2 | (1.7) |
| Transborder | **1,209.1** | 1,099.4 | 10.0 | **2,986.6** | 2,707.6 | 10.3 |
| International | **629.3** | 582.9 | 8.0 | **1,846.1** | 1,675.6 | 10.2 |
| **Total Enplaned & Deplaned** | **5,597.4** | 5,614.1 | (0.3) | **14,386.6** | 14,105.4 | 2.0 |
| Local Enplanements | **1,827.4** | 1,856.3 | (1.6) | **4,654.1** | 4,511.0 | 3.2 |
| Connecting Enplanements | **977.8** | 946.8 | 3.3 | **2,492.9** | 2,483.4 | 0.4 |
| **Total Enplaned** | **2,805.2** | 2,803.1 | 0.1 | **7,147.0** | 6,994.4 | 2.2 |
| Local Enplanements (%) | **65.1%** | 66.2% | -1.1 pts | **65.1%** | 64.5% | 0.6 pts |
| Connecting Enplanements (%) | **34.9%** | 33.8% | 1.1 pts | **34.9%** | 35.5% | -0.6 pts |
| **Total Enplaned (%)** | **100.0%** | 100.0% | | **100.0%** | 100.0% | |

Total E&D passenger activity at YYC in the third quarter of 2024 was 5.6 million, an decrease of 0.3%, compared to the same period of 2023. During the third quarter of 2024, the Transborder sector saw the largest growth at 10.0%, followed by the International sector growing at 8.0%. The Domestic sector however saw a decline of 4.4%, driven by flight cancellations in early Q3 linked to airline labour disruptions, and further cancellations in August after the hailstorm that caused significant damage to aircrafts. The increases experienced in the International and Transborder sectors were mainly due to the growth from WestJet's increased flight activity with the introduction of new international routes to Seoul, South Korea, and Keflavík, Iceland in May 2024, and increased seat capacity to existing International and Transborder routes, coupled with higher demand for these seats as reflected in higher load factors.

Total E&D passenger activity at YYC in the first nine months of 2024 was 14.4 million, an increase of 0.3 million passengers, or 2.0%, from the 14.1 million passengers in 2023. The Transborder sector saw the largest growth at 10.3% led by WestJet, Flair, and United from expanded capacity to existing routes, partially offset by Air Canada, and the cessation of operations by Lynx Air. The International sector grew at 10.2%, driven by WestJet and Discover's increased seat capacity on existing routes, as well as Flair's resumption of their International services, partially offset by reductions in Air Canada's seat capacity year-over-year. The Domestic sector saw a decline of 1.7%, driven mainly from Flair and Air Canada's reduced capacity in this sector, coupled with the cessation of Lynx Air at the end of February, 2024. All sectors saw strong demand, with load factor increasing 2.1 pts, from 85.7% in the first nine months of 2023 to 87.8% during the same period of 2024.




Daily passenger volumes at YYC for the first nine months of 2024 increased 1.7% to an average of 52,600 passengers per day, up from an average of 51,700 per day in the same period of 2023.

The Authority monitors two principal types of passengers: local enplanements and connecting enplanements. A local enplanement is a passenger originating at YYC, while a connecting passenger continues their journey after arrival at YYC en route to a final destination, which illustrates the role of a hub airport.

During the third quarter of 2024, Local Enplanements decreased by 1.6% to 1.8 million passengers while Connecting Enplanements increased by 3.3% to 1.0 million passengers when compared to the same period of 2023. The percentage split between Local and Connecting Enplanements was 65.1% and 34.9%, respectively, compared to 66.2% and 33.8% in the same period of 2023.

During the first nine months of 2024, Local Enplanements increased by 3.2% to 4.7 million passengers and connecting enplanements increased by 0.4% to 2.5 million passengers, when compared to 2023. The percentage of local enplanements versus connecting enplanements was 65.1% and 34.9%, respectively, compared to 64.5% and 35.5% in 2023.

## Flight Activity

All aircraft have a maximum take-off weight ("MTOW"), as specified by the aircraft manufacturers, and a total number of seats that varies by airline. MTOW and seats are used to calculate the majority of posted air carrier charges for each aircraft landing, driving aircraft landing fee revenue. Load factor, the ratio of passengers to seats, is a measure of aircraft capacity utilization and is presented as a percentage of seats filled by passengers.

The following table summarizes aircraft landings, MTOW, seats, Seats per passenger aircraft movement and Load Factor for the three and nine months ended September 30, 2024 and 2023.

| | For the three months ended Sept 30 | | | For the nine months ended Sept 30 | | |
|---|---|---|---|---|---|---|
| **FLIGHT ACTIVITY** | **2024** | 2023 | % Change | **2024** | 2023 | % Change |
| *(thousands)* | | | | | | |
| Aircraft landings | **26.6** | 27.9 | (4.7) | **71.8** | 74.6 | (3.8) |
| Passenger aircraft landings | **20.9** | 21.6 | (3.2) | **55.7** | 57.5 | (3.1) |
| Landed passenger seats | **3,131.2** | 3,155.1 | (0.8) | **8,136.0** | 8,163.6 | (0.3) |
| *(millions)* | | | | | | |
| Total MTOW (kg) | **1,914.7** | 1,846.7 | 3.7 | **5,007.1** | 4,827.8 | 3.7 |
| Passenger MTOW (kg) | **1,660.9** | 1,602.6 | 3.6 | **4,261.8** | 4,151.3 | 2.7 |
| Seats per passenger aircraft movement | **149.8** | 146.1 | 2.5 | **146.2** | 142.0 | 3.0 |
| Load factor (%) | **89.6%** | 88.8% | 0.8 pts | **87.8%** | 85.7% | 2.1 pts |

Passenger aircraft landings decreased by 3.2% and 3.1% in the three and nine months ended September 30, 2024, respectively, compared to the same period of 2023. These declines were primarily due to the cessation of operations by Lynx Air at the end of February 2024, as well as year-over-year capacity reductions by Air Canada and Flair. In addition, labor disruptions at WestJet and Air Canada, and the August hailstorm caused flight cancellations during the quarter. These declines were partially offset by increased capacity from Porter. Total aircraft landings, which include both passenger and non-passenger movements, decreased 4.7%, and 3.8% in the three and nine months ended September 30, 2024, respectively, compared to the same period of 2023. The decrease in non-passenger landings was largely attributable to fewer corporate flights in the period, partially offset by higher year-over-year cargo landings. There were 13 passenger airlines operating at YYC at the end of September 2024, compared to 15 that were operating in 2023. Passenger airline reductions were due to the acquisition of Sunwing by WestJet, the cessation of Lynx Air, and the discontinuation of service at YYC by Air Transat, offset by the addition of Condor resuming operations over the spring.

During the third quarter of 2024, total MTOW was 1,914.7 million kilograms, an increase of 3.7% from the same period of 2023. This change was driven mainly by a 12.1% increase in Cargo MTOW due to higher year-over-year Cargo landings. Passenger aircraft MTOW was higher by 3.6% during the same period. For the first nine months of 2024, the total MTOW was 5,007.1 million kilograms, an increase of 3.7% from 2023.

Landed Passenger Seats in the third quarter of 2024 were 3.1 million, a decrease of 20.5k, or 0.8%, compared to 3.2 million seats in the same period of 2023. The average number of seats per passenger aircraft movement during the third quarter of 2024 was 149.8, an increase of 3.7 seats, or 2.5%, compared to 146.1 seats per passenger aircraft movement in the same period in 2023, due to carriers utilizing larger aircraft. Load factor increased 0.8 points from 88.8% in the third quarter of 2023, to 89.6% in the third quarter of 2024.

Landed Passenger Seats for the first nine months of 2024 were 8.1 million, a decrease of 27.6k , or 0.3%, compared to the same period in 2023. The average number of seats per passenger aircraft movement was 146.2, an increase of 4.2 seats, or 3.0%, compared to 142.0 seats in 2023. The Load Factor increased by 2.1 points from 85.7% to 87.8% for the nine months ended September 30, 2024.

In the third quarter of 2024, Cargo landings increased by 17 flights, or 1.3% to 1,284, from 1,267 in the same period of 2023, and Cargo MTOW increased 12.1% over the same period. Similarly, for the nine months ended September 30, 2024 Cargo landings were 3,884, an increase of 213 flights, or 5.8%, compared to 3,671 landings in 2023, and Cargo MTOW increased by 18.7% in 2024.

## FINANCIAL PERFORMANCE

### Net Operating Results

The following table summarizes the Authority's net operating results for the three and nine months ended September 30, 2024 and 2023.

| | For the three months ended Sept 30 | | | For the nine months ended Sept 30 | | |
|---|---|---|---|---|---|---|
| **NET OPERATING RESULTS** *($ millions)* | **2024** | 2023 | $ Change | **2024** | 2023 | $ Change |
| **Net Income (Loss)** | **23.5** | 14.6 | 8.9 | **(16.0)** | (10.8) | (5.2) |
| Post-employment pension benefits gain (loss) | **3.4** | (6.7) | 10.1 | **(5.9)** | (3.2) | (2.7) |
| **Income (Loss) from Operations** | **20.1** | 21.3 | (1.2) | **(10.1)** | (7.6) | (2.5) |
| Add: Interest and financing costs | **28.0** | 28.3 | (0.3) | **84.5** | 85.3 | (0.8) |
| Depreciation and amortization | **35.0** | 34.2 | 0.8 | **106.5** | 102.5 | 4.0 |
| Loss on disposal of capital assets | **1.5** | — | 1.5 | **1.5** | — | 1.5 |
| **EBITDA** | **84.6** | 83.8 | 0.8 | **182.4** | 180.2 | 2.2 |
| EBITDA Margin (%) | **54.5%** | 54.9% | -0.4 pts | **46.3%** | 47.8% | -1.5 pts |

The Authority generated Income from operations of $20.1 million in the third quarter of 2024, compared to Income from operations of $21.3 million in the same period of 2023, primarily due to a loss on disposal of capital assets. In the nine months ended September 30, 2024, the Authority generated a Loss from operations of $10.1 million, compared to a Loss from operations of $7.6 million in the same period of 2023 as higher revenue earned  was offset by increased Depreciation and Amortization.

EBITDA was $84.6 million and $182.4 million for the three and nine months ended September 30, 2024, respectively, an increase of $0.8 million and an increase of $2.2 million, compared to the same period of 2023. The EBITDA Margin was 54.5% and 46.3% for the three and nine months ended September 30, 2024, respectively, a decrease of 0.4 percentage points and 1.5 percentage points, compared to the same period of 2023. The $0.8 million and $2.2 million increases in EBITDA for the three and nine months ended September 30, 2024, were due to increased Non-Aeronautical revenue earned during the period, driven by the higher passenger activity experienced.

## Revenues

Revenues are derived from i) Aeronautical revenue, ii) AIF revenue and iii) Non-Aeronautical revenues ("NAR").

Aeronautical revenues include landing fees, general terminal fees and other aeronautical fees. 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 certain fees per enplaned passenger.

The AIF is charged on a per-local originating enplaned passenger basis.

NAR is earned from non-aeronautical commercial activities, such as Concessions, Car parking, Rentals, Interest income and other revenue. A significant portion of NAR is directly correlated with passenger activity.

The following table summarizes the Authority's revenues for the three and nine months ended September 30, 2024 and 2023.

| | For the three months ended Sept 30 | | | For the nine months ended Sept 30 | | |
|---|---|---|---|---|---|---|
| **REVENUES** *($ millions)* | **2024** | 2023 | $ Change | **2024** | 2023 | $ Change |
| **Airport Improvement Fees** | **64.0** | 65.7 | (1.7) | **162.9** | 159.1 | 3.8 |
| **Aeronautical Revenues** | **29.3** | 28.4 | 0.9 | **77.2** | 76.5 | 0.7 |
| Concessions | **37.1** | 34.6 | 2.5 | **78.6** | 70.7 | 7.9 |
| Car parking | **12.4** | 12.4 | — | **37.0** | 36.6 | 0.4 |
| Rentals and other | **9.6** | 8.8 | 0.8 | **29.5** | 26.6 | 2.9 |
| Interest income | **2.8** | 2.7 | 0.1 | **8.8** | 7.1 | 1.7 |
| **Non-Aeronautical Revenues** | **61.9** | 58.5 | 3.4 | **153.9** | 141.0 | 12.9 |
| **Total Revenues** | **155.2** | 152.6 | 2.6 | **394.0** | 376.6 | 17.4 |

AIF revenue was $64.0 million and $162.9 million for the three and nine months ended September 30, 2024, respectively, a decrease of $1.7 million, or 2.6%, and an increase of $3.8 million, or 2.4%, compared to the same period of 2023. The primary driver for the decline in AIF revenue in the third quarter was 1.6% lower year-over-year local enplanements, while for the nine months ended September 30, 2024, local enplanements increased by 3.2%, driving a higher AIF revenue for the period.

Aeronautical Revenue of $29.3 million and $77.2 million in the three and nine months ended September 30, 2024, respectively, were $0.9 million, or 3.2%, and $0.7 million, or 0.9%, higher than the same period of 2023. This increase was mainly driven by higher year-over-year average aircraft gauge driving higher Landing and Terminal fees, as larger aircraft carry a higher tariff.

Total NAR of $61.9 million in the third quarter of 2024 increased by $3.4 million, or 5.8%, while NAR of $153.9 million for the first nine months of 2024 increased $12.9 million, or 9.1%, from 2023. The increases are mainly due to targeted commercial initiatives including higher negotiated yields with key retail partners, new restaurant and retail locations opened in the terminal, new leases signed with land and terminal space tenants, advertising portfolio expansion and promotion of YYC's online parking reservation system. Also contributing to this variance is higher passenger activity, which influences most NAR revenue streams.

Concessions revenue was $37.1 million and $78.6 million in the three and nine months ended September 30, 2024, respectively, an increase of $2.5 million, or 7.2%, and $7.9 million, or 11.2%, compared to the same period of 2023. Concessions revenue includes percentage rent revenues generated from in-terminal concessionaires, in-terminal hotels, ground transportation providers, car rental providers, and advertising. The main driver of the revenue growth in this category is negotiated increases in lease yields with key retail partners, followed by increased passenger activity, which enabled increased sales. In 2024, YYC has seen the opening of four new retail locations and one new full-service restaurant.

Car parking revenue was $12.4 million in the third quarter of 2024, unchanged from the same period of 2023. In the first nine months of 2024 Car parking revenue was $37.0 million, a $0.4 million, or 1.1%, increase from 2023 primarily driven by public parking resulting from the growth in passenger activity, annual parking rate increases, and the continued growth of YYC's online reservation system, which has led to higher booking activity.

Rentals and other revenue is generated by sub-leasing terminal space and airport lands to companies that operate at YYC and YBW. Most land lease agreements tend to be longer term and do not fluctuate with passenger activity. Rentals and other revenue was $9.6 million and $29.5 million in the three and nine months ended September 30, 2024, respectively, an increase of $0.8 million, or 9.1%, and $2.9 million, or 10.9%, compared to the same period of 2023. The increase in revenue for the three and nine months ended September 30, 2024, was due to the addition of new tenants, year-over-year rent escalations, and other lease amendments with existing tenants. In 2024, YYC welcomed the opening of a Shell gas station on the airport campus as well as various new tenants inside the terminal.

## Expenses

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

The following table summarizes the Authority's expenses for the three and nine months ended September 30, 2024 and 2023.

| | **For the three months ended Sept 30** | | | **For the nine months ended Sept 30** | | |
|---|---|---|---|---|---|---|
| **EXPENSES** *($ millions)* | **2024** | 2023 | $ Change | **2024** | 2023 | $ Change |
| Goods and services | **36.6** | 35.0 | 1.6 | **112.3** | 102.6 | 9.7 |
| Salaries and benefits | **10.8** | 10.6 | 0.2 | **36.8** | 34.5 | 2.3 |
| Property taxes | **4.6** | 4.9 | (0.3) | **16.0** | 14.8 | 1.2 |
| **Direct Operating Costs** | **52.0** | 50.5 | 1.5 | **165.1** | 151.9 | 13.2 |
| Canada Lease | **16.1** | 15.7 | 0.4 | **40.1** | 38.2 | 1.9 |
| Airport improvement fee handling fees | **2.5** | 2.6 | (0.1) | **6.4** | 6.3 | 0.1 |
| **Total Operating Expenses** | **70.6** | 68.8 | 1.8 | **211.6** | 196.4 | 15.2 |
| Depreciation and amortization | **35.0** | 34.2 | 0.8 | **106.5** | 102.5 | 4.0 |
| Interest and financing costs | **28.0** | 28.3 | (0.3) | **84.5** | 85.3 | (0.8) |
| Pension benefits remeasurement (gain) loss | **(3.4)** | 6.7 | (10.1) | **5.9** | 3.2 | 2.7 |
| Loss on disposal of capital assets | **1.5** | — | 1.5 | **1.5** | — | 1.5 |
| **Total Expenses** | **131.7** | 138.0 | (6.3) | **410.0** | 387.4 | 22.6 |

Goods and services increased by $1.6 million, or 4.6%, and $9.7 million, or 9.5%, in the three and nine months ended September 30, 2024, respectively, compared to the same period of 2023. Operational service contracts have experienced cost increases due to both enhancements as well as inflation driven cost escalations. In addition, increased repair and maintenance costs were incurred in the first nine months of 2024. Partially offsetting these increased expenditures was favourable utility rates and consumption compared to the same period of 2023.

Salaries and benefits costs increased by $0.2 million, or 1.9%, and $2.3 million, or 6.7%, in the three and nine months ended September 30, 2024, respectively, compared to the same period of 2023, driven mainly by direct salary costs due to wage inflation and to the increase in staffing levels required to support post Covid-19 higher passenger traffic.

Canada Lease expense at YYC increased by $0.4 million, or 2.5%, and $1.9 million, or 5.0%, in the three and nine months ended September 30, 2024, respectively, compared to the same period of 2023 due to higher revenues at YYC. The Canada Lease expense for 2024 and 2023 was recorded based on the contractual lease rate multiplied by the actual qualifying revenues for the entire period.

Airport Improvement Fee handling fees ("AIF Handling 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 and paid to the airlines. The AIF Handling Fee expense of $2.5 million in the third quarter of 2024 was $0.1 million, or 3.8%, lower than the same period of 2023 due to lower AIF revenue. The AIF Handling Fee expense of $6.4 million in the first nine months ended September 30, 2024, was $0.1 million, or 1.6%, higher than in 2023 due to higher AIF revenue, partially offset by the reduction in handling fee rate. The rate in the comparable period was subsequently reduced in the second half of 2023 due to YYC reaching a higher annual passenger activity threshold.

Interest and financing costs of $28.0 million and $84.5 million in the three and nine months ended September 30, 2024, respectively, were $0.3 million, or 1.1% lower, and $0.8 million, or 0.9%, lower than the same period of 2023, which was consistent with the Authority's interest schedule, as long-term debt has declined in 2024.

Pension benefits remeasurement resulted in a gain of $3.4 million and a loss of $5.9 million in the three and nine months ended September 30, 2024, respectively, primarily due to the difference between the actual return on pension plan assets and the expected actuarial return during the period.

### Summary of Quarterly Results

Select unaudited consolidated quarterly financial information for the quarters ended December 31, 2022, through September 30, 2024, is set out in the following table.

| | Quarter Ended | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 2024 | | | 2023 | | | | 2022 |
| *($ millions)* | Q3 | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 | Q4 |
| Revenues | 155.2 | 125.7 | 113.1 | 120.7 | 152.6 | 121.2 | 102.8 | 111.2 |
| Operating expenses | (70.6) | (69.2) | (71.8) | (73.0) | (68.8) | (62.4) | (65.2) | (60.1) |
| **EBITDA** | 84.6 | 56.5 | 41.3 | 47.7 | 83.8 | 58.8 | 37.6 | 51.1 |
| Depreciation and amortization | (35.0) | (36.3) | (35.2) | (37.3) | (34.2) | (34.2) | (34.1) | (34.2) |
| Interest and financing costs | (28.0) | (28.3) | (28.2) | (29.4) | (28.3) | (28.5) | (28.5) | (27.2) |
| Post-employment pension benefits gain (loss) | 3.4 | (7.6) | (1.7) | 8.0 | (6.7) | (1.2) | 4.7 | (22.3) |
| Loss on disposal of capital asset | (1.5) | — | — | — | — | — | — | — |
| **Net Income (Loss)** | 23.5 | (15.7) | (23.8) | (11.0) | 14.6 | (5.1) | (20.3) | (32.6) |

*EBITDA is a non-GAAP financial measure. Refer to section "Non-GAAP Financial Measures" of this MD&A for additional information.*

Quarterly results for the Authority are influenced by passenger activity and aircraft movements, which tend to be cyclical in nature and vary with travel demand, which is typically higher in Q3, with holiday periods and other seasonal factors.

## CAPITAL PROJECTS

The Authority focuses on capital programs and projects which improve passenger, baggage, and aircraft processing and flow, comply with regulatory requirements, and enhance safety, security and the customer experience.

The following table provides information on capital expenditures for the three and nine months ended September 30, 2024 and 2023.

| | **For the three months ended Sept 30** | | | **For the nine months ended Sept 30** | | |
|---|---|---|---|---|---|---|
| **CAPITAL EXPENDITURES** *($ millions)* | **2024** | 2023 | $ Change | **2024** | 2023 | $ Change |
| Improvement projects | **41.2** | 5.3 | 35.9 | **75.1** | 15.8 | 59.3 |
| Restoration capital | **17.5** | 15.4 | 2.1 | **28.8** | 23.8 | 5.0 |
| Revenue projects | **0.5** | 0.1 | 0.4 | **1.0** | 0.8 | 0.2 |
| **Capital Expenditures** | **59.2** | 20.8 | 38.4 | **104.9** | 40.4 | 64.5 |
| Acreage assessment | **—** | — | — | **0.3** | 4.5 | (4.2) |
| Capital leases | **—** | — | — | **—** | 1.4 | (1.4) |
| **Total Capital** | **59.2** | **20.8** | 38.4 | **105.2** | 46.3 | 58.9 |

Capital Expenditures in the third quarter of 2024 were $59.2 million, an increase of $38.4 million compared to the same period of 2023, primarily due to the West Runway Rehabilitation Project costs incurred in 2024.

## ASSETS AND LIABILITIES

Total assets, Total liabilities and Net deficit as at September 30, 2024 and December 31, 2023 are set out in the following table.

| **Net Assets** *($ millions)* | **As at Sept 30, 2024** | **As at Dec 31, 2023** | $ Change |
|---|---|---|---|
| Total assets | **3,205.9** | 3,155.9 | 50.0 |
| Total liabilities | **3,475.9** | 3,409.9 | 66.0 |
| **Net deficit** | **(270.0)** | (254.0) | (16.0) |

As at September 30, 2024, when compared to December 31, 2023, the Authority's Total assets increased by $50.0 million, primarily due to a $39.6 million increase in Cash and cash equivalents, plus $17.9 million increase in Accounts receivable due to higher revenue from increased flight and passenger activities, partially offset by $2.8 million decrease in Capital and Intangible Assets, net of depreciation. The Authority's Total liabilities increased by $66.0 million, primarily due to a $26.8 million increase in Accounts payable and accrued liabilities, increase in Interest payable on long-term debt by $26.4 million, a $12.7 million increase in Other long-term liabilities and a $1.3 million increase in the Current portion of other long-term liabilities partially offset by a $3.4 million reduction in Long-Term Debt.

The Authority has a Net deficit position of $270.0 million as at September 30, 2024. The Net deficit has increased by $16.0 million, compared to December 31, 2023, due to the Loss from Operations incurred in the period.

## LIQUIDITY AND CAPITAL RESOURCES

The following table provides cash flow information for the three and nine months ended September 30, 2024.

| | **For the three months ended Sept 30** | | | **For the nine months ended Sept 30** | | |
|---|---|---|---|---|---|---|
| **CASHFLOW** *($ millions)* | **2024** | 2023 | $ Change | **2024** | 2023 | $ Change |
| Cash generated by operating activities | **83.8** | 81.5 | 2.3 | **117.0** | 112.4 | 4.6 |
| Cash used in investing activities | **(32.0)** | (14.8) | (17.2) | **(72.6)** | (47.8) | (24.8) |
| Cash used in financing activities | **(0.4)** | (0.3) | (0.1) | **(4.8)** | (4.3) | (0.5) |
| **Increase in cash and cash equivalents** | **51.4** | 66.4 | (15.0) | **39.6** | 60.3 | (20.7) |

Net cash flows decreased to $51.4 million for the three months ended September 30, 2024, a reduction of $15.0 million compared to the same period of 2023, due to higher cash used in investing activities, partially offset by higher cash generated by operating activities. Net cash flows decreased to $39.6 million for the nine months ended September 30, 2024, a reduction of $20.7 million compared to 2023 due to higher cash used in investing activities, partially offset by higher cash generated by operating activities.

The following table provides information on the Authority's Free Cash Flow for the three and nine months ended September 30, 2024.

| | **For the three months ended Sept 30** | | | **For the nine months ended Sept 30** | | |
|---|---|---|---|---|---|---|
| **CASHFLOW** *($ millions)* | **2024** | 2023 | $ Change | **2024** | 2023 | $ Change |
| **Net Income (Loss)** | **23.5** | 14.6 | 8.9 | **(16.0)** | (10.8) | (5.2) |
| Add: Depreciation and amortization | **35.0** | 34.2 | 0.8 | **106.5** | 102.5 | 4.0 |
| Interest and financing costs | **28.0** | 28.3 | (0.3) | **84.5** | 85.3 | (0.8) |
| Pension benefits remeasurement (gain) loss | **(3.4)** | 6.7 | (10.1) | **5.9** | 3.2 | 2.7 |
| Loss on disposal of capital asset | **1.5** | — | 1.5 | **1.5** | — | 1.5 |
| **EBITDA** | **84.6** | 83.8 | 0.8 | **182.4** | 180.2 | 2.2 |
| Less: Interest and financing costs | **(28.0)** | (28.3) | 0.3 | **(84.5)** | (85.3) | 0.8 |
| **Free Cash Flow** | **56.6** | 55.5 | 1.1 | **97.9** | 94.9 | 3.0 |

Free Cash Flow is the Authority's measure of the net result generated by operations, less debt service costs, 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 expenditures 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.

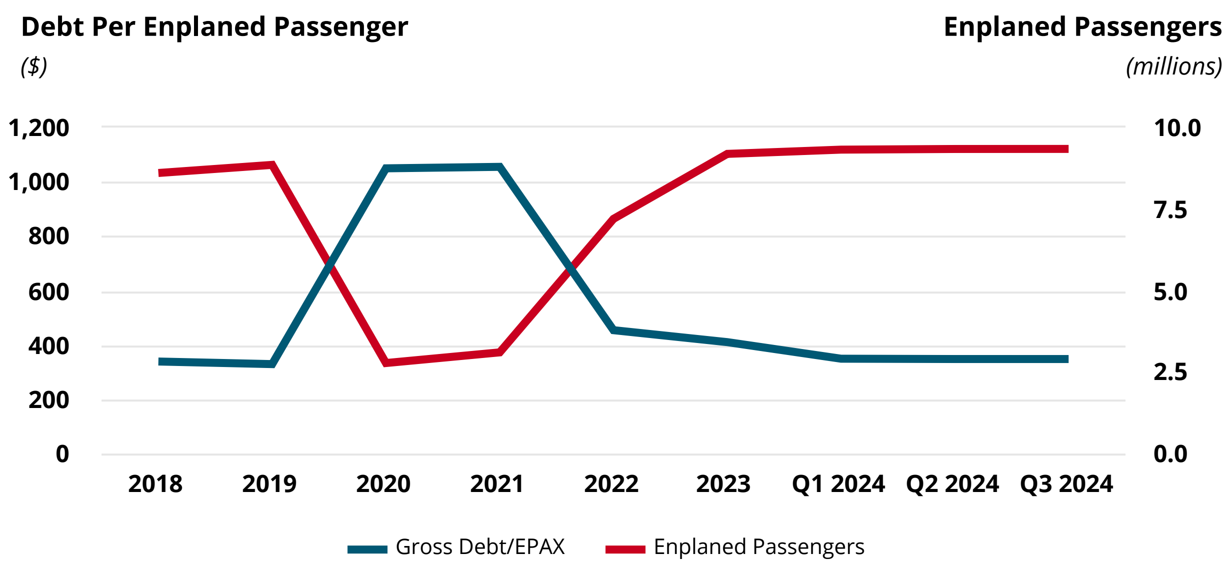
The following table provides information on the Authority's debt position at September 30, 2024 and December 31, 2023.

| **LONG TERM DEBT** *($ millions)* | | **As at Sept 30, 2024** | | **As at Dec 31, 2023** | $ Change |
|---|---|---|---|---|---|
| Long Term Debt, including current portion | | **3,259.7** | | 3,263.0 | (3.3) |
| Cash | | **248.3** | | 208.7 | 39.6 |
| **Net Debt** | | **3,011.4** | | 3,054.3 | (42.9) |
| **Key Credit Metrics** | | | | | % Change |
| Debt Service Coverage Ratio | | **2.09** | | 2.04 | |
| Gross Debt Service Coverage Ratio | | **4.78** | | 4.87 | |
| Gross Debt/Enplaned Passenger ($) | **$** | **348.81** | $ | 354.96 | (1.7) |
| Net Debt/Enplaned Passenger ($) | **$** | **322.24** | $ | 332.26 | (3.0) |

*Key Credit Metrics in the above table have been calculated based on operating results for the twelve months ended September 30, 2024, for the purpose of providing an annualized metric.*

As at September 30, 2024, Long Term Debt decreased by $3.3 million, while Net Debt decreased by $42.9 million to $3.0 billion, compared to December 31, 2023, due to the increase in Cash and repayment of Long Term Debt. Net Debt is a non-GAAP financial measure. Refer to the section "Non-GAAP Financial Measures" of this MD&A for additional information.

The Master Trust Indenture ("MTI") Agreement contains certain financial covenants to be calculated on a yearly basis at the year-end balance sheet date. The Authority has met the required Debt Service Coverage Ratio and Gross Debt Service Coverage Ratio thresholds as per the MTI Agreement, as at December 31, 2023.




Gross Debt per Enplaned Passenger is one of the airport industry's key financial metrics. As at September 30, 2024, Gross Debt per Enplaned Passenger decreased to $348.81, while Net Debt per Enplaned Passenger decreased to $322.24, both as a result of the increase in passenger activity experienced over the trailing twelve-month period. The Authority's debt per enplaned passenger increased significantly in 2020 due to higher debt and lower passenger volumes from the impacts of the Covid-19 pandemic. As passenger activity has recovered at YYC, the metric is now in line with 2019 levels, 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.

The following table provides information on Authority's liquidity position at September 30, 2024 and December 31, 2023.

| **LIQUIDITY & CREDIT FACILITIES** *($ millions)* | **As at Sept 30, 2024** | **As at Dec 31, 2023** | $ Change |
|---|---|---|---|
| **Cash and cash equivalents** | **248.3** | 208.7 | 39.6 |
| O&M Expense Reserve | (47.9) | — | (47.9) |
| **Credit facilities:** | | | |
| Available Operating Credit Facility | **190.0** | 190.0 | — |
| Less: Letters issued | **(5.7)** | (44.9) | 39.2 |
| Operating Credit Facility | **184.3** | 145.1 | 39.2 |
| **Total net liquidity (including cash and cash equivalents)** | **384.7** | 353.8 | 30.9 |
| Available Letter of Credit Facility | **70.0** | 70.0 | — |
| Less: Letters issued | **(59.2)** | (67.5) | 8.3 |
| **Letter of Credit Facility** | **10.8** | 2.5 | 8.3 |

As at September 30, 2024, the Authority's Total net liquidity stood at $384.7 million reflecting an increase of $30.9 million, or 8.7%, from December 31, 2023. This increase was primarily driven by a $39.6 million rise in available Cash and cash equivalents, along with a $39.2 million reduction in Letters of credit issued during the period. This increase was partially offset by $47.9 million  in Cash allocated to the Operating and Maintenance ("O&M") Expense Reserve.

The increase in available cash and cash equivalents resulted from $117.0 million in cash generated by operating activities during the period, which offset $72.6 million used in investing activities and $4.8 million used in financing activities.

## 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 Authority. 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 Authority 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 Authority's performance without having to factor in financing and accounting decisions.

**Free Cash Flow**

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

**Gross Debt**

Gross Debt is Long Term Debt, including current portion, from the Authority's Balance Sheet.

**Gross Debt per Enplaned Passenger**

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

**Net Debt**

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

**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.

# MANAGEMENT'S DISCUSSION & ANALYSIS

## 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.

**MTOW:**

MTOW is an aviation abbreviation used to describe the maximum take-off weight of an aircraft.

## CAUTION REGARDING FORWARD-LOOKING INFORMATION

This MD&A contains certain forward-looking statements or forward-looking information (collectively, "forward-looking information") about the Authority. This forward-looking information is based on a variety of expectations, estimates, projections, judgements and assumptions and is subject to a number of risks and uncertainties. Words such as "believe", "expect", "plan", "intend", "estimate", "anticipate", "preliminary", "project", "trend" 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: expected domestic and international passenger traffic, cargo and aircraft movements and their respective effects on the quarterly results; expected effects of the August hailstorm, including the expected length of the closure of YYC Concourse B and uncertainty relating to the level and timing of associated future insurance recovery; the anticipated drivers of the Authority's financial results; future demand or activity; the Authority's borrowing requirements and its ability to access the capital markets, including in respect of the ability of the Authority to refinance maturing debt as and when needed; the Authority's ability to comply with its contractual covenants, including those related to its outstanding debt; debt levels and service costs; expected revenues, cash flows, working capital and liquidity; the anticipated effects of the Authority's long-term commercial agreements; capital projects and other programs and developments at YYC , including the focus of such projects and programs, as well as the anticipated effects, timing, budgets and funding of such projects, programs and developments; forecasted capital expenditures for certain capital projects; and the funding of outstanding capital commitments.

Forward-looking information is based on certain assumptions and other factors, including: government and passenger actions; 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; the expected duration and cost of land lease agreements at YYC; no significant event such as a pandemic, natural disaster or other calamity will occur that has an impact on the ordinary course of business or the macroeconomic environment; the Authority will be able to access the capital markets at competitive terms and rates; the Authority will be able to repay or refinance its existing debt as it becomes due; and no significant cost overruns relating to capital projects will occur. These assumptions are based on information currently available to the Authority, including information obtained by the Authority from third-party experts and analysts.

Although management believes that the assumptions and other factors upon which forward-looking information is based is reasonable, There is 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:  air carrier instability; passenger volumes; inability to meet business objectives; non-payment by customers and the Authority's ability to comply with covenants under its MTI and existing and future credit facilities; reliance on third parties, including airlines, to successfully operate and maintain their operations; continuing volatility in current and future economic activity including shocks to the macroeconomic environment (changes in fuel prices, inflation, interest rates, currencies, employment and spending); potential recessions in Canada, North America and worldwide; changes in supply and demand trends; public health emergencies; capital market conditions and credit rating risk; competition from other airports; extended interruptions or disruptions in operations at YYC; outbreaks of war, riots, civil unrest or political action, including the war in Eastern Europe and the conflict in the Middle East; 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 Canada Lease and the Springbank 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 Authority'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 Authority 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 except as required by law.

YYC CALGARY AIRPORT AUTHORITY

# THE CALGARY AIRPORT AUTHORITY INTERIM FINANCIAL STATEMENTS

**For the three and nine months ended September 30, 2024**

# BALANCE SHEET *(unaudited)*
## As at September 30, 2024 and December 31, 2023

| *($ millions)* | Note | | **September 30, 2024** | | December 31, 2023 |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| **Current Assets** | | | | | |
| Cash and cash equivalents | | **$** | **248.3** | $ | 208.7 |
| Accounts receivable | 9 | | **52.5** | | 34.6 |
| Inventory | | | **8.6** | | 8.3 |
| Prepaid expenses | | | **6.6** | | 5.5 |
| | | | **316.0** | | 257.1 |
| **Tenant inducements** | | | **3.6** | | 4.1 |
| **Other long-term assets and prepaid expenses** | | | **2.3** | | 2.6 |
| **Capital Assets** | 3 | | **2,867.3** | | 2,870.0 |
| **Intangible Assets** | 4 | | **3.0** | | 3.1 |
| **Pension Asset** | 8 | | **13.7** | | 19.0 |
| | | **$** | **3,205.9** | $ | 3,155.9 |
| **LIABILITIES AND NET ASSETS** | | | | | |
| **Current Liabilities** | | | | | |
| Accounts payable and accrued liabilities | 9 | | **80.6** | | 53.8 |
| Interest payable on long-term debt | 5, 9 | | **54.2** | | 26.4 |
| Deferred revenue | | | **1.8** | | 0.9 |
| Current portion of other long-term liabilities | 9 | | **9.1** | | 7.8 |
| Current portion of long-term debt | 5, 9 | | **7.9** | | 7.8 |
| | | | **153.6** | | 96.7 |
| **Other Long-term Liabilities** | 7, 9 | | **56.4** | | 43.7 |
| **Pension Liability** | 8 | | **14.1** | | 14.3 |
| **Long-term Debt** | 5, 9 | | **3,251.8** | | 3,255.2 |
| | | **$** | **3,475.9** | $ | 3,409.9 |
| **Net Deficit** | | | **(270.0)** | | (254.0) |
| | | **$** | **3,205.9** | $ | 3,155.9 |

See accompanying notes to the interim financial statements.

# STATEMENT OF OPERATIONS AND NET DEFICIT *(unaudited)*
## For the three and nine months ended September 30, 2024

| *($ millions)* | Note | Three months ended September 30, **2024** | 2023 | Nine months ended September 30, **2024** | 2023 |
|---|---|---|---|---|---|
| **REVENUES** | | | | | |
| Airport improvement fees | | **$ 64.0** | $ 65.7 | **$ 162.9** | $ 159.1 |
| Aeronautical revenues | | **29.3** | 28.4 | **77.2** | 76.5 |
| Non-aeronautical revenues | | | | | |
| Concessions | | **37.1** | 34.6 | **78.6** | 70.7 |
| Car parking | | **12.4** | 12.4 | **37.0** | 36.6 |
| Rentals and other | | **9.6** | 8.8 | **29.5** | 26.6 |
| Interest income | | **2.8** | 2.7 | **8.8** | 7.1 |
| | | **61.9** | 58.5 | **153.9** | 141.0 |
| | | **155.2** | 152.6 | **394.0** | 376.6 |
| **EXPENSES** | | | | | |
| Goods and services | | **36.6** | 35.0 | **112.3** | 102.6 |
| Salaries and benefits | 8 | **10.8** | 10.6 | **36.8** | 34.5 |
| Canada Lease | | **16.1** | 15.7 | **40.1** | 38.2 |
| Property taxes | | **4.6** | 4.9 | **16.0** | 14.8 |
| Airport improvement fee handling fees | | **2.5** | 2.6 | **6.4** | 6.3 |
| | | **70.6** | 68.8 | **211.6** | 196.4 |
| **Earnings before interest and financing costs and amortization** | | **84.6** | 83.8 | **182.4** | 180.2 |
| Depreciation and amortization | 3, 4 | **35.0** | 34.2 | **106.5** | 102.5 |
| Interest and financing costs | 10 | **28.0** | 28.3 | **84.5** | 85.3 |
| Loss on disposal of capital assets | 3 | **1.5** | — | **1.5** | — |
| **Income (Loss) from Operations** | | **$ 20.1** | $ 21.3 | **$ (10.1)** | $ (7.6) |
| **Other Income (Expense)** | | | | | |
| Post-employment pension benefits remeasurement gain/(loss) | 8 | **3.4** | (6.7) | **(5.9)** | (3.2) |
| **Net Income (Loss)** | | **$ 23.5** | $ 14.6 | **$ (16.0)** | $ (10.8) |
| **Net Deficit, Beginning of Period** | | **$ (293.5)** | $ (257.6) | **$ (254.0)** | $ (232.2) |
| **Net Deficit, End of Period** | | **$ (270.0)** | $ (243.0) | **$ (270.0)** | $ (243.0) |

See accompanying notes to the interim financial statements.

# STATEMENT OF CASH FLOWS *(unaudited)*
## For the three and nine months ended September 30, 2024

| *($ millions)* | Note | Three months ended September 30, 2024 | 2023 | Nine months ended September 30, 2024 | 2023 |
|---|---|---|---|---|---|
| **OPERATING** | | | | | |
| Net Income (Loss) | | **$ 23.5** | $ 14.6 | **$ (16.0)** | $ (10.8) |
| Employer defined benefit contributions | 8 | **(0.3)** | — | **(1.2)** | — |
| Adjustments: | | | | | |
| Depreciation and amortization | 3, 4 | **35.0** | 34.2 | **106.5** | 102.5 |
| Amortization of deferred financing costs | 10 | **0.2** | 0.2 | **0.6** | 0.6 |
| Post-employment pension benefits | 8 | **(3.2)** | 6.0 | **6.4** | 2.1 |
| Loss on disposal of capital assets | 3 | **1.5** | — | **1.5** | — |
| | | **56.7** | 55.0 | **97.8** | 94.4 |
| Changes in non-cash working capital: | | | | | |
| Accounts receivable | | **(6.8)** | (0.9) | **(17.9)** | 0.8 |
| Inventory | | **(0.4)** | (0.6) | **(0.3)** | (1.0) |
| Prepaid expenses | | **(3.8)** | (2.3) | **(1.1)** | (2.4) |
| Tenant inducements | | **0.2** | 0.1 | **0.5** | 0.4 |
| Other long-term assets and prepaid expenses | | **—** | 0.1 | **0.3** | — |
| Accounts payable and accrued liabilities | | **11.8** | 3.0 | **11.4** | (11.1) |
| Interest payable on long-term debt | | **28.2** | 28.4 | **27.8** | 27.9 |
| Deferred revenue | | **(0.3)** | 0.9 | **0.9** | 0.9 |
| Other liabilities | | **(1.8)** | (2.2) | **(2.4)** | 2.5 |
| | | **27.1** | 26.5 | **19.2** | 18.0 |
| Cash provided by operating activities | | **83.8** | 81.5 | **117.0** | 112.4 |
| **FINANCING** | | | | | |
| Repayment on long-term debt | 5 | **—** | — | **(3.9)** | (3.7) |
| Repayment of lease liabilities | | **(0.4)** | (0.3) | **(0.9)** | (0.6) |
| Cash used in financing activities | | **(0.4)** | (0.3) | **(4.8)** | (4.3) |
| **INVESTING** | | | | | |
| Investment in capital and intangible assets | 3, 4 | **(59.2)** | (20.8) | **(105.2)** | (46.3) |
| Government capital grant funds received | 7 | **9.4** | — | **11.2** | — |
| Change in accounts payable and accrued liabilities related to capital and intangible assets | | **17.8** | 6.0 | **21.4** | (1.5) |
| Cash used in investing activities | | **(32.0)** | (14.8) | **(72.6)** | (47.8) |
| **Increase in cash and cash equivalents** | | **$ 51.4** | $ 66.4 | **$ 39.6** | $ 60.3 |
| **Cash and cash equivalents, beginning of period** | | **$ 196.9** | $ 167.5 | **$ 208.7** | $ 173.6 |
| **Cash and cash equivalents, end of period** | | **$ 248.3** | $ 233.9 | **$ 248.3** | $ 233.9 |
| Cash and cash equivalents consists of: | | | | | |
| Cash in bank | | | | **$ 248.3** | $ 173.9 |
| Short-term investments | | | | **$ —** | $ 60.0 |
| | | | | **$ 248.3** | $ 233.9 |

See accompanying notes to the interim financial statements.

### 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 Notes 3 and 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.

These interim financial statements were approved for circulation on November 20, 2024 by the Audit and Finance Committee of the Board of Directors.

### 2 SIGNIFICANT ACCOUNTING POLICIES

**Basis of measurement and presentation**
These unaudited interim financial statements have been prepared in accordance with Canadian Accounting Standards for Private Enterprises ("ASPE"), which sets out generally accepted accounting principles ("GAAP"). These financial statements do not include all the disclosures required in the annual financial statements and should be read in conjunction with the Authority's financial statements for the year ended December 31, 2023, prepared according to ASPE. The interim 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.

These unaudited interim financial statements have been prepared following the same accounting policies and methods as those used in preparing the Authority's 2023 annual audited financial statements.

**Use of estimates and measurement uncertainty**
The preparation of interim 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 interim financial statements and the reported amounts of revenues, expenses and other income (expense) 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.

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

### 3 CAPITAL ASSETS

| As at September 30, 2024 | Land | Leased Land | Buildings & Structures | Computer Equipment | Vehicles | Machinery & Equipment | Furniture & Fixtures | Construction in Progress | Total |
|---|---|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | | | |
| Beginning Balance | $ 5.8 | $ 34.3 | $ 4,230.5 | $ 37.4 | $ 50.3 | $ 155.6 | $ 21.0 | $ 57.9 | $ 4,592.8 |
| **Additions** | **—** | **0.3** | **—** | **—** | **—** | **—** | **—** | **104.2** | **104.5** |
| **Transfers** | **—** | **—** | **24.4** | **2.6** | **1.7** | **5.6** | **0.1** | **(34.4)** | **—** |
| **Disposals and write-offs** | **—** | **—** | **(32.8)** | **(16.9)** | **(0.4)** | **(4.6)** | **(0.7)** | **—** | **(55.4)** |
| **Ending Balance** | **5.8** | **34.6** | **4,222.1** | **23.1** | **51.6** | **156.6** | **20.4** | **127.7** | **4,641.9** |
| **Accumulated Amortization** | | | | | | | | | |
| Beginning Balance | — | 6.4 | 1,594.8 | 34.2 | 37.4 | 43.3 | 6.7 | — | 1,722.8 |
| **Depreciation & Amortization** | **—** | **0.4** | **96.7** | **0.8** | **1.7** | **5.3** | **0.8** | **—** | **105.7** |
| **Disposals and write-offs** | **—** | **—** | **(31.3)** | **(16.9)** | **(0.4)** | **(4.6)** | **(0.7)** | **—** | **(53.9)** |
| **Ending Balance** | **—** | **6.8** | **1,660.2** | **18.1** | **38.7** | **44.0** | **6.8** | **—** | **1,774.6** |
| **Net Carrying Value** | | | | | | | | | |
| December 31, 2023 | $ 5.8 | $ 27.9 | $ 2,635.7 | $ 3.2 | $ 12.9 | $ 112.3 | $ 14.3 | $ 57.9 | $ 2,870.0 |
| **September 30, 2024** | **$ 5.8** | **$ 27.8** | **$ 2,561.9** | **$ 5.0** | **$ 12.9** | **$ 112.6** | **$ 13.6** | **$ 127.7** | **$ 2,867.3** |

Construction in progress balance consists of costs capitalized for both airside and groundside facility improvement projects. As at September 30, 2024, interest capitalized in construction in progress was $1.7 million (December 31, 2023 – $1.0 million).

On August 5, 2024, a severe hailstorm caused significant damage to parts of the Authority's airport buildings and machinery. As of September 30, 2024, a loss on disposal of assets of $1.5 million has been recognized in the financial statements. Further assessments are ongoing, and additional costs may be recognized.

The Authority is developing a comprehensive repair and restoration plan and is working closely with insurers. Insurance proceeds related to the physical damage will be used to repair the affected capital assets.

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

### 4 INTANGIBLE ASSETS

| As at September 30, 2024 | Computer Software | Work in Progress | Total |
|---|---|---|---|
| **Cost** | | | |
| Beginning Balance | $ 39.2 | $ 2.5 | $ 41.7 |
| **Additions** | **—** | **0.7** | **0.7** |
| **Transfers** | **2.6** | **(2.6)** | **—** |
| **Disposals and write-offs** | **(32.8)** | **—** | **(32.8)** |
| **Ending Balance** | **9.0** | **0.6** | **9.6** |
| **Accumulated Amortization** | | | |
| Beginning Balance | 38.6 | — | 38.6 |
| **Depreciation & Amortization** | **0.8** | **—** | **0.8** |
| **Disposals and write-offs** | **(32.8)** | **—** | **(32.8)** |
| **Ending Balance** | **6.6** | **—** | **6.6** |
| **Net Carrying Value** | | | |
| December 31, 2023 | $ 0.6 | $ 2.5 | $ 3.1 |
| **September 30, 2024** | **$ 2.4** | **$ 0.6** | **$ 3.0** |

### 5 LONG-TERM DEBT

The bonds issued and outstanding under the Master Trust Indenture ("MTI Agreement"), are:

| Supplemental Indenture | Series | Interest Rate | Maturity Date | September 30, 2024 | December 31, 2023 |
|---|---|---|---|---|---|
| First | Series A | 3.1990% | October 7, 2036 | **$ 350.0** | $ 350.0 |
| First | Series B | 3.3410% | October 7, 2038 | **300.0** | 300.0 |
| First | Series C | 3.4540% | October 7, 2041 | **350.0** | 350.0 |
| First | Series D | 3.5540% | October 7, 2051 | **350.0** | 350.0 |
| First | Series E | 3.5540% | October 7, 2053 | **300.0** | 300.0 |
| First | Series F | 3.7540% | October 7, 2061 | **412.9** | 415.4 |
| Second | 4002957 | 2.2580% | October 7, 2031 | **159.4** | 160.8 |
| Second | 4002958 | 3.0120% | April 6, 2035 | **25.0** | 25.0 |
| Second | 4002959 | 3.6430% | February 15, 2042 | **100.0** | 100.0 |
| Second | 4002960 | 3.1530% | December 15, 2047 | **25.0** | 25.0 |
| Second | 4002961 | 2.5622% | September 16, 2049 | **70.0** | 70.0 |
| Second | 4002962 | 3.8550% | March 17, 2034 | **83.0** | 83.0 |
| Second | 4002963 | 2.7900% | March 15, 2030 | **125.0** | 125.0 |
| Second | 4002964 | 4.0590% | November 30, 2033 | **107.9** | 107.9 |
| Second | 4002965 | 4.2580% | September 15, 2033 | **113.0** | 113.0 |
| Second | 4002966 | 3.4200% | June 29, 2032 | **200.0** | 200.0 |
| Second | 4002967 | 3.5130% | June 16, 2029 | **200.0** | 200.0 |
| Total bonds issued | | | | **$ 3,271.2** | $ 3,275.1 |
| Less: Debt issuance costs | | | | **(11.5)** | (12.1) |
| Less: Current portion | | | | **(7.9)** | (7.8) |
| Long-term debt | | | | **$ 3,251.8** | $ 3,255.2 |

The Authority has 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 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.

For the first five bond series issued under the "First Supplemental Indenture" (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.

For the first bond issued under the "Second Supplemental Indenture" (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 MTI Agreement contains certain financial covenants to be calculated on a yearly basis at the year-end balance sheet date. As at December 31, 2023, the Authority was in compliance with all its covenants.

### 6 CREDIT FACILITIES

As at September 30, 2024, the Authority has an available $200.0 million revolving operating line of credit (the "Operating Facility") from a consortium of Canadian Financial Institutions (the "Lender"). Draws on the Operating Facility are by way of overdraft, Canadian prime rate loans and Canadian Overnight Repo Rate Average (CORRA) Loans, U.S. base-rate loans and Secured Overnight Financing rate (SOFR) Loans, and letters of credit. The Operating Facility bears interest at the Lender's prime rate or CORRA, 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 Operating Facility is October 7, 2026. As at September 30, 2024 and December 31, 2023, the amount drawn on the Operating Facility was $nil.

The letters of credit that were outstanding under the Operating Facility as at September 30, 2024 totaled $5.7 million (December 31, 2023 - $44.9 million) which were issued for specific operational expenses. The previous outstanding letter of credit of $39.3 million, 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, has been cancelled in the year. The Authority funded the requirement with $47.9 million in cash.

As at September 30, 2024, the Authority has an available $70.0 million revolving Letter of Credit Facility ("L/C Facility") that can be used for specific operational expenses, capital projects and major capital undertakings. As at September 30, 2024, the letter of credit that was outstanding under the L/C Facility is $59.2 million (December 31, 2023 - $67.5 million). This includes a letter of credit of $55.0 million (December 31, 2023 - $ 58.5 million) 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. The facility matured on October 7, 2024, and was subsequently extended to October 2025.

As at September 30, 2024 and December 31, 2023, the Authority has outstanding two pledged bonds to the Operating and L/C Facilities lenders for $385.0 million and $77.0 million, 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 Operating and L/C Facilities reference the covenants in the MTI Agreement where the Authority will calculate these on a yearly basis at the year-end balance sheet date.

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

### 7 GOVERNMENT ASSISTANCE

In March 2022, the Authority obtained grant approval under the Government of Canada's Airport Critical Infrastructure Program ("ACIP"). As at September 30, 2024, the Authority has recognized $29.5 million (December 31, 2023 – $12.3 million) in eligible funding on the Balance Sheet as Other long-term liabilities, to be amortized to Other Revenue, over the useful life of the related asset, when completed and in service. During the quarter, amortization of $0.2 million (2023 - nil) related to assets now in use, was recognized.

### 8 EMPLOYEE FUTURE BENEFITS

As at September 30, 2024, the discount rate assumption used to measure the pension benefit obligation decreased, compared to December 31, 2023. The discount rate assumption is based on market interest rates of high quality bonds that match the timing and amount of expected benefit payments.

Due to the re-measurement of the pension benefit obligations and related plan assets, primarily driven by a change in the discount rate, the funded status experienced a shift from a net asset of $4.7 million as at December 31, 2023 to a net deficit of $0.4 million as at September 30, 2024 . The Authority recognized a pension asset of $13.7 million and pension liability of $14.1 million as at September 30, 2024, (December 31, 2023 - $19.0 million and $14.3 million, respectively).

### 9 FINANCIAL INSTRUMENTS

The Authority's financial instruments consist of Cash and cash equivalents, Accounts receivable, Accounts payable and accrued liabilities, Interest payable on long-term debt, Long-term debt, Canada lease rent payable and the City of Calgary payable, within Other Long-term Liabilities.

The fair value of the Authority's financial instruments, other than its long-term debt and long-term payables, approximates their 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 September 30, 2024, the fair value of the Authority's long-term debt and Canada Lease rent payable is $3,019.8 million (December 31, 2023 - $2,980.3 million).

### 10 INTEREST AND FINANCING COST

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| | **2024** | 2023 | **2024** | 2023 |
| Interest on long-term debt | **$ 27.4** | $ 28.1 | **$ 82.3** | $ 83.6 |
| Amortization of deferred financing costs | **0.2** | 0.2 | **0.6** | 0.6 |
| Standby fees | **0.1** | 0.5 | **0.7** | 0.9 |
| Fair value adjustment on long-term payable | **0.2** | (0.6) | **0.4** | (0.3) |
| Other interest expense | **0.1** | 0.1 | **0.5** | 0.5 |
| Interest and financing costs | **$ 28.0** | $ 28.3 | **$ 84.5** | $ 85.3 |

### 11 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 License (the "Tunnel Agreement") with the City of Calgary (the "City"). The Tunnel Agreement, which expires June 29, 2072, required 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 which was completed on October 1, 2012. 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 for interchanges, which enhanced access to and egress from airport facilities, was completed in the fall of 2022. 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 is now completed and the second phase third party land has been acquired, the Authority as of September 30, 2024, has recognized a liability of $5.4 million (December 31, 2023 - $9.6 million) towards these obligations. The Authority continues to have a commitment to contribute towards the second phase construction and additional land costs.

As of September 30, 2024, the Authority had approximately $107.0 million in commitments for capital projects commenced during the year. The capital projects include various restoration projects and the rehabilitation of the West Runway.

### 12 INCOME TAXES

Pursuant to the *Airport Transfer (Miscellaneous Matters) Act* (Canada), 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 nine months ended September 30, 2024 and 2023 is considered to be derived from airport business and therefore exempt from income tax.