THE CALGARY AIRPORT AUTHORITY MANAGEMENT'S DISCUSSION & ANALYSIS

For the three months ended March 31, 2023

MANAGEMENT'S DISCUSSION & ANALYSIS

FOR THE THREE MONTHS ENDED MARCH 31, 2023

Dated May 16, 2023

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 "CAA" or the "Authority") for the three months ended March 31, 2023, and should be read in conjunction with the Authority's unaudited interim Financial Statements and note disclosures for the three months ended March 31, 2023. Additional information, including the Authority's most recent annual MD&A ("2022 MD&A") and audited Financial Statements for the year ended December 31, 2022, is available at www.yyc.com. Information contained in the 2022 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 travel and aviation industry recovery from the COVID-19 pandemic accelerated in the second quarter of 2022, with YYC experiencing passenger activity stabilizing in the second half of 2022, at approximately 90% of pre-pandemic levels. This passenger activity improvement has continued in 2023, and is evident in the financial and operating results delivered during the first quarter of 2023.

During the first quarter of 2023:

- Enplaned & Deplaned ("E&D") Passengers increased by 65.3% to 3.8 million, compared to the first quarter of 2022, making YYC the fourth busiest airport in Canada.
- Locally enplaned passengers increased by 76.2% to 1.2 million, compared to the first quarter of 2022, driving AIF revenue to $43.2 million, an 80.0% increase from the same period of 2022.
- YYC saw a 23.1% increase in aircraft landings compared to the first quarter of 2022, predominantly driven by a 32.5% increase in passenger aircraft landings. YYC also experienced a 40.3% increase in landed passenger seats compared to the first quarter of 2022.
- The above mentioned increase in passenger and flight activity resulted in total revenue increasing by 41.2% to $102.8 million in the first quarter of 2023.
- The Authority generated $37.6 million of EBITDA in the first quarter of 2023, an increase of $15.3 million, or 68.6%, from the $22.3 million EBITDA in the first quarter of 2022.

RECENT DEVELOPMENT

- On May 15, 2023, WestJet Pilots issued a 72 hours strike notice. In response to this notice, WestJet issued a lockout notice. A work stoppage could occur as early as May 19, 2023, at 3 a.m. MT. While this labour dispute could impact future operations at YYC, the financial impact, if any, on the Authority is unknown at the stage.

SELECT KEY FINANCIAL AND OPERATIONAL INFORMATION

	For the three months ended Mar 31		
FINANCIAL INFORMATION ($ millions)	**2023**	2022	2023/22
			$ Change
Total Revenues	**102.8**	72.8	30.0
Direct operating costs	**52.9**	42.0	(10.9)
Canada Lease	**10.4**	7.1	(3.3)
Airport improvement fee handling fees	**1.9**	1.4	(0.5)
EBITDA	**37.6**	22.3	15.3
Net Loss	**(20.3)**	(40.2)	19.9
See "Financial Performance" section for details See "Net Operating Results" section for reconciliation from net loss			
Free Cash Flow ($ millions) See "Liquidity and Capital Resources" section for details	**9.1**	(6.2)	15.3

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

	For the three months ended Mar 31		
OPERATIONAL INFORMATION	**2023**	2022	2023/22
			% Change
Enplaned & Deplaned Passengers *(thousands)*	**3,808.7**	2,303.7	65.3
Local Enplanements *(thousands)*	**1,222.9**	693.9	76.2
Connecting Enplanements (%)	**35.9**	39.7	-3.8 pts
Aircraft landings (thousands)	**21.3**	17.3	23.1
Total MTOW *(million kg)*	**1,356.9**	1,047.1	29.6
Landed passenger seats *(thousands)*	**2,245.8**	1,600.5	40.3
Load factor (%)	**85.0**	72.0	13.0 pts
Non-Aeronautical Revenue per Enplanement	**$ 19.70**	$ 21.71	(9.3)
Aeronautical Revenues per Landed Passenger Seat	**$ 9.80**	$ 14.87	(34.1)
Direct Operating Cost per E&D Passenger	**$ 13.89**	$ 18.23	23.8
EBITDA Margin (%)	**36.6**	30.6	6.0 pts
Free Cashflow per E&D Passenger	**$ 2.39**	$ (2.69)	n/a
See "Operating Activity" section for details			

The volatility in passenger activity caused by the COVID-19 pandemic in 2022, and the current industry recovery underway, will impact the comparability of key performance indicators in the table above.

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

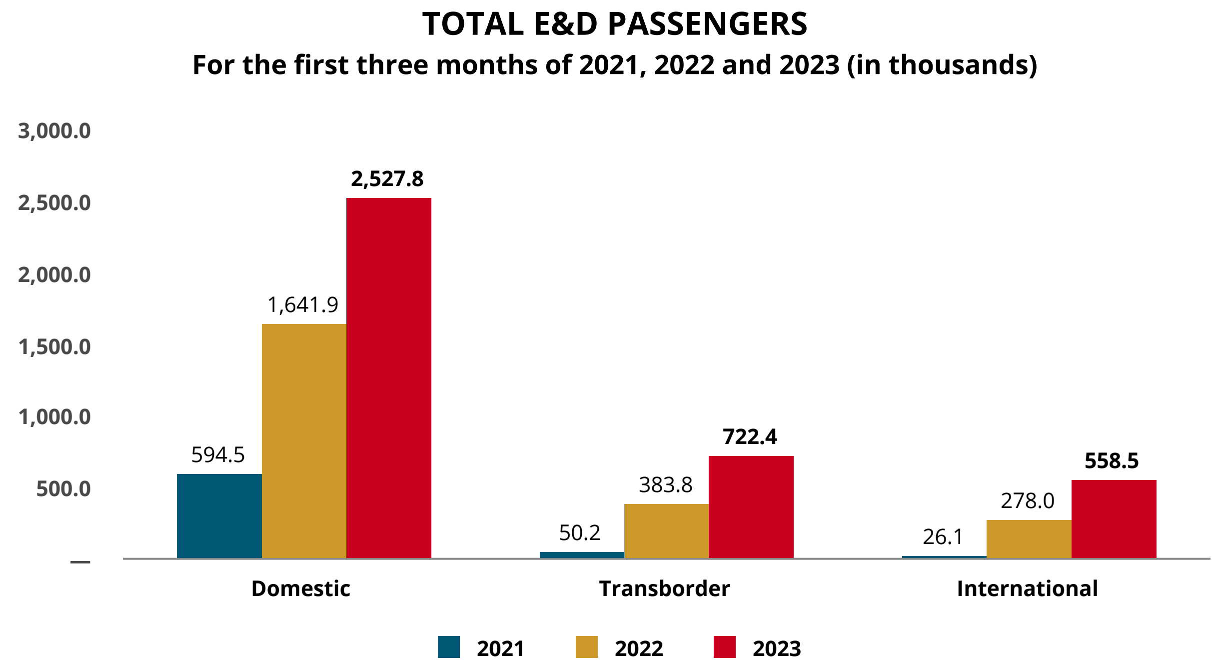
Total Enplaned & Deplaned ("E&D") passenger activity at YYC is categorized into one of three sectors: Domestic (passengers travelling within Canada), Transborder (passengers travelling to and from destinations between Canada and the United States of America (USA)) and International (passengers travelling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

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 busiest airport for enplaned and deplaned traffic in 2019, to Canada's second busiest airport at times during the Pandemic, and was third busiest for most of 2020 and 2021. Additionally, being the Global 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. As travel restrictions eased towards the end of the first quarter of 2022, Transborder and International travel demand and activity escalated rapidly at YYC, and throughout most Canadian airports, resulting in YYC returning to being the fourth busiest airport in Canada, as both Vancouver and Montreal are more heavily weighted towards Transborder and International Travel.

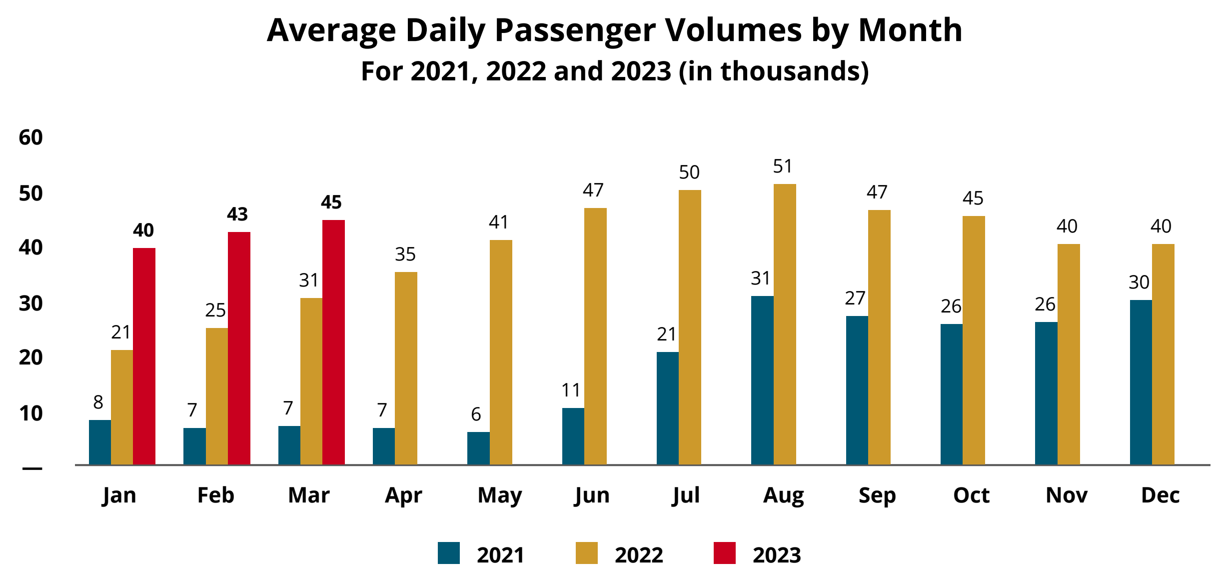
Total E&D passenger activity at YYC in the first quarter of 2023 was 3.8 million, an increase of 1.5 million passengers, or 65.3%, from the 2.3 million passengers in same period of 2022. During the first quarter of 2023, the largest percentage improvements were in the International sector, followed by Transborder, and then the Domestic sector, recording increases in passenger traffic of 100.9%, 88.2%, and 54.0%, respectively, when compared to the same period of 2022. The significant increase experienced in Transborder and International were mainly due to growth from increased flight activity, as well as higher demand for these seats as reflected in higher load factors.

The following table summarizes passenger activity by sector for the three months ended March 31, 2023 and 2022:

	For the three months ended Mar 31		
PASSENGER ACTIVITY *(thousands)*	**2023**	2022	2023/22
			% Change
Domestic	**2,527.8**	1,641.9	54.0
Transborder	**722.4**	383.8	88.2
International	**558.5**	278.0	100.9
Total Enplaned & Deplaned	**3,808.7**	2,303.7	65.3
Local Enplanements	**1,222.9**	693.9	76.2
Connecting Enplanements	**685.3**	457.7	49.7
Total Enplaned	**1,908.2**	1,151.6	65.7
Local Enplanements (%)	**64.1**	60.3	3.8 pts
Connecting Enplanements (%)	**35.9**	39.7	-3.8 pts
Total Enplaned (%)	**100.0**	100.0	



The above table shows E&D passenger activity by flight category for the first quarter of 2021, 2022, and 2023. The first quarter of 2021 shows the severity of the impact of the COVID-19 pandemic on passenger activity, and while demand started to return, the first quarter of 2022 was still hindered by travel restrictions and the Omicron variant. As travel restrictions were lifted, the recovery of travel demand accelerated throughout 2022, and the first quarter of 2023 saw passenger traffic approaching pre-pandemic levels.



Daily passenger volumes at YYC for the first quarter of 2023 increased 65.2% to an average of 42,300 passengers per day, from an average of 25,600 per day for the same period of 2022. Passenger activity in Q1 2022 was impacted by international travel restrictions still in effect due to the spread of Omicron variant that emerged late in 2021. These restrictions had been lifted by the end of the first quarter of 2022.

The Authority monitors two principal types of passengers: local enplanements and connecting enplanements. A local enplanement is a passenger trip originating at YYC, while a connecting passenger changes aircraft at YYC en route to a final destination, characteristic of a hub airport.

During the first quarter of 2023, the percentage split between local and connecting enplanements was 64.1% and 35.9%, respectively, compared to 60.3% and 39.7% in the same period of 2022, as YYC had seen additional connecting traffic from being a hub airport during the pandemic. As other airports gain back their share of connecting flights and with the commencement of new airlines from YYC such as Lynx, Porter and Canadian North, there has been a shift towards higher local enplanement passenger traffic as a percentage of overall activity at YYC.

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, driving Aircraft landing fee revenue. The 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 months ended March 31, 2023 and 2022.

	For the three months ended Mar 31		
FLIGHT ACTIVITY	**2023**	2022	2023/22
(thousands)			% Change
Aircraft landings	**21.3**	17.3	23.1
Passenger aircraft landings	**16.3**	12.3	32.5
Landed passenger seats	**2,245.8**	1,600.5	40.3
(millions)			
Total MTOW (kg)	**1,356.9**	1,047.1	29.6
Passenger MTOW (kg)	**1,149.1**	809.8	41.9
Seats per passenger aircraft movement	**137.8**	129.9	6.1
Load factor (%)	**85.0%**	72.0%	13.0 pts

Passenger aircraft landings increased 32.5% in the first three months of 2023, compared to the same period of 2022, due to the easing of COVID-19 air travel restrictions increasing passenger demand as the industry recovery continues. Total aircraft landings, which include both passenger and non-passenger movements, increased 23.1% in Q1 2023, compared to 2022. With the introduction of Lynx in April 2022, Porter and Canadian North Airlines in 2023, there were 15 airlines operating at YYC during the first three months of 2023, compared to 12 that were operating during the same period of 2022.

During the first three months of 2023, MTOW was 1,356.9 million kilograms, an increase of 29.6% from the same period of 2022. This change was driven mainly by the 41.9% increase in passenger MTOW due to the increase in landings and larger aircraft being utilized by carriers as the industry recovers from the COVID-19 pandemic.

Landed Passenger Seats in the first three months of 2023 was 2.2 million, an increase of 0.6 million, or 40.3%, compared to 1.6 million seats in the same period of 2022. The number of seats per passenger aircraft movement during the first quarter of 2023 was 137.8, an increase of 7.9 seats, or 6.1%, compared to 129.9 seats per passenger aircraft movement in the same period in 2022, due to carriers utilizing larger aircraft. Load factors increased 13.0 percentage points, from 72.0% in Q1 2022, to 85.0% in the first quarter of 2023, also surpassing Q1 2019 pre-pandemic load factor of 81.2%.

In the first three months of 2023, Cargo landings decreased 18.0% to 1,173, from 1,431 in the same period of 2022, while Cargo MTOW decreased 24.1% over the same period. As most municipalities have reduced, or removed entirely, COVID-19 restrictions, there has been a reduction in the need for cargo shipments for personal protective equipment, and a reduction in the level of online shopping, as people have returned to shopping in-person. Additionally, as passenger aircraft movements increase, more belly cargo is carried on commercial passenger flights, rather than using cargo freighters. Similar to the trend for passenger activity, cargo activity is returning to levels those seen pre-pandemic.

FINANCIAL PERFORMANCE

Net Operating Results

The following table summarizes the Authority's net operating results for the three months ended March 31, 2023 and 2022.

NET OPERATING RESULTS *($ millions)*	For the three months ended Mar 31 **2023**	2022	2023/22 $ Change
Net Loss	**(20.3)**	(40.2)	19.9
Post-employment pension benefits gain	**4.7**	—	4.7
Loss from Operations	**(25.0)**	(40.2)	15.2
Add: Interest and financing costs	**28.5**	28.5	—
Depreciation and amortization	**34.1**	34.0	0.1
EBITDA	**37.6**	22.3	15.3
EBITDA Margin (%)	**36.6%**	30.6%	6.0 pts

In the first three months of 2023, the Authority incurred a loss from operations of $25 million, compared to a loss from operations of $40.2 million, for the same period of 2022. The main driver of the decreased loss in 2023 was due to higher revenues from the improvement in passenger and flight activity in 2023. These items were partially offset by higher expenses from the increased operational costs to meet the increased passenger activity, higher Canada Lease rent from increased airport revenues, and higher salaries and benefits due to the increased staffing levels required to meet the operational demand of the higher passenger and flight activity.

In first three months of 2023, EBITDA was $37.6 million, an increase of $15.3 million, compared to the same period of 2022. The EBITDA margin was 36.6% in 2023, an increase of 6.0 percentage points compared to the same period of 2022. The increase in EBITDA and EBITDA Margin was due to increased revenue from the higher flight and passenger activity experienced as the COVID-19 pandemic recovery continues.

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 revenues ("NAR") (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.

NAR is earned from non-aeronautical commercial activities, such as concessions, real estate, parking, ground transportation, 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 months ended March 31, 2023 and 2022.

	For the three months ended Mar 31		
REVENUES *($ millions)*	**2023**	2022	2023/22
			$ Change
Airport Improvement Fees	**43.2**	24.0	19.2
Concessions	**15.7**	8.4	7.3
Car parking	**11.2**	6.0	5.2
Land rental	**5.8**	5.8	—
Terminal space rental	**2.4**	2.3	0.1
Interest income	**2.0**	0.2	1.8
Other revenue	**0.5**	2.3	(1.8)
Non-Aeronautical Revenues	**37.6**	25.0	12.6
General terminal fees	**10.0**	10.8	(0.8)
Aircraft landing fees	**8.2**	8.7	(0.5)
Other aeronautical fees	**3.8**	4.3	(0.5)
Aeronautical Revenues	**22.0**	23.8	(1.8)
Total Revenues	**102.8**	72.8	30.0
			% Change
Non-Aeronautical Revenue per Enplanement	**$ 19.70**	$ 21.71	(9.3)
Aeronautical Revenues per Landed Passenger Seat	**$ 9.80**	$ 14.87	(34.1)

In the first three months of 2023, AIF revenue was $43.2 million, an increase of $19.2 million, or 80.0%, compared to the same period of 2022, driven mainly by increased local enplanement passenger traffic.

In the first three months of 2023, NAR was $37.6 million, an increase of $12.6 million, or 50.4%, compared to the same period of 2022, mainly due to the increase in passenger activity, which drives most NAR streams.

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 these revenue sources is passenger activity, hence, with passenger activity showing significant improvement, the positive effects can be seen in the Concessions revenue results. Concession revenue was $15.7 million in the first three months of 2023, an increase of $7.3 million, or 86.9%, compared to the same period of 2022. In Q1 2023, YYC saw 15 additional food and beverage, retail, and service locations operating compared to Q1 2022. Additionally, an in-terminal hotel reopened December 2022, after being closed during the pandemic for renovations.

In the first three months of 2023, car parking revenue was $11.2 million, an increase of $5.2 million, or 86.7%, compared to the same period of 2022, predominantly driven by public parking from the increase in local enplanements of 76.2% in the year and from the positive response to YYC's online parking reservation system, which generated $1.0 million additional revenue compared to the same period in 2022.

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 at a fixed rate for the number of acres leased, some with escalation clauses, therefore, this revenue stream does not fluctuate with passenger activity. Land rental revenue of $5.8 million in Q1 2023, was consistent with the comparable period of 2022, as most of the rent increases last year were offset by tenant attrition.

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 include customer service counters and office space, as such, this revenue stream is not directly impacted by passenger activity. Terminal Space Rental revenue was $2.4 million in the first three months of 2023, an increase of $0.1 million, or 4.3%, compared to the same period of 2022.

Other Revenue comprises revenue generated from activities such as Federal rent recovery fees, construction services, insurance proceeds, and pass office fees. In the first three months of 2023, Other Revenue was $0.5 million, a decrease of $1.8 million from 2022, mainly driven by a $1.5 million insurance proceeds received in the comparative period.

Total Aeronautical revenue in the first three months of 2023 decreased by $1.8 million, or 7.6%, compared to the same period of 2022. The Authority has entered into long-term commercial agreements with airline partners which include rebates of Aeronautical Fees if certain growth thresholds are achieved. The allocation of these rebates in the first quarter of 2023 resulted in a decrease in Aeronautical revenue compared to the first quarter of 2022. General Terminal fees decreased by $0.8 million, or 7.4%, Landing Fees decreased by $0.5 million, or 5.7%, and Other aeronautical fees decreased by $0.5 million, or 11.6%, due to the allocation of rebates to airline partners.

Expenses

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

The following table summarizes Authority's expenses for the three months ended March 31, 2023 and 2022.

	For the three months ended Mar 31		
EXPENSES *($ millions)*	**2023**	2022	2023/22
			$ Change
Goods and services	**34.4**	27.4	(7.0)
Salaries and benefits	**13.6**	10.3	(3.3)
Property taxes	**4.9**	4.3	(0.6)
Direct Operating Costs	**52.9**	42.0	(10.9)
Canada Lease	**10.4**	7.1	(3.3)
Airport improvement fee handling fees	**1.9**	1.4	(0.5)
Total Operating Expenses	**65.2**	50.5	(14.7)
Depreciation and amortization	**34.1**	34.0	(0.1)
Interest and financing costs	**28.5**	28.5	—
Pension benefits remeasurement gain	**(4.7)**	—	4.7
Total Expenses	**123.1**	113.0	(10.1)
			% Change
Direct Operating Costs per E&D Passenger	**$ 13.89**	$ 18.23	23.8

In the first three months of 2023, Goods and Services expense was $34.4 million, an increase of $7.0 million, or 25.5%, compared to the same period of 2022. In early 2022, some large operational service contracts were still operating at reduced levels and funding related to enforcement of pandemic travel restrictions was still offsetting a portion of costs. All contracts are now operating at pre-pandemic levels, resulting in increased costs, furthermore, a number of operational contracts have experienced significant cost increases due to inflationary pressure. New initiatives in several areas including technology modernization, software enhancements and process improvements have also driven a portion of the year-over-year increase. Utility costs have also increased due to higher carbon tax rates and rapidly increasing distribution related fees, which are largely based on market rates. The remainder of the increase was driven by several factors related to higher passenger activity at the Airport, including increased maintenance costs, supplies consumption, insurance premiums and credit card fees.

Salaries & Benefits costs in the first three months of 2023 increased $3.3 million, or 32.0%, compared to the same period of 2022, driven mainly by direct salary costs due to the increase in staffing levels required to support the higher passenger traffic and larger operational footprint of the airport.

Canada Lease expense at YYC in the first three months of 2023 was $10.4 million, an increase of $3.3 million, or 46.5%, compared to the same period of 2022. The Canada Lease expense for 2023 and 2022 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. The AIF Handling Fee expense of $1.9 million in the first three months of 2023 was $0.5 million, or 35.7%, higher than the same period of 2022, due to higher AIF revenue.

In the first three months of 2023, interest and financing costs were $28.5 million, which was consistent with the same period of 2022, as there has been no change in the Authority's long-term debt outstanding.

Pension benefits remeasurement resulted in a gain of $4.7 million in the first three months of 2023, primarily due to positive return on plan assets, partially offset by actuarial losses during the period.

Summary of Quarterly Results

Select unaudited consolidated quarterly financial information for the quarters ended June 30, 2021, through March 31, 2023, is set out in the following table.

	Quarter Ended							
	2023	2022				2021		
($ millions)	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Revenues	102.8	111.2	129.5	102.4	72.8	74.5	72.9	36.1
Operating expenses	(65.2)	(60.1)	(59.1)	(53.5)	(50.5)	(48.1)	(38.2)	(31.9)
EBITDA	37.6	51.1	70.4	48.9	22.3	26.4	34.7	4.2
Post-employment pension benefits gain (loss)	4.7	(22.3)	—	—	—	9.6	—	—
Depreciation and amortization	(34.1)	(34.2)	(34.1)	(34.1)	(34.0)	(34.1)	(34.0)	(34.2)
Interest and financing costs	(28.5)	(27.2)	(29.0)	(28.7)	(28.5)	(172.4)	(25.9)	(26.0)
Net (Loss) Income	(20.3)	(32.6)	7.3	(13.9)	(40.2)	(170.5)	(25.2)	(56.0)

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. The quarterly EBITDA clearly shows the recovery experienced since Q3 2021.

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 the customer experience.

The following table provides information on the actual capital expenditures for the three months ended March 31, 2023 and 2022.

	For the three months ended Mar 31		
CAPITAL EXPENDITURES *($ millions)*	**2023**	2022	2023/22
			$ Change
Improvement Projects	**3.9**	1.6	2.3
Restoration Capital	**1.7**	0.5	1.2
Revenue Projects	**0.2**	0.1	0.1
Capital Expenditures	**5.8**	2.2	3.6
Acreage Assessment	**4.5**	—	4.5
Capital Leases	**1.4**	—	1.4
Total Capital	**11.7**	2.2	9.5

Capital expenditures in the first quarter of 2023 were $5.8 million, an increase of $3.6 million compared to the same period of 2022, predominantly due to $1.8 million of capital project work relating to security and passenger processing initiatives. The planned capital expenditures for 2023 is $70.1 million.

The most significant current capital projects, progress-to-date and capital funds expended by the Authority in millions are as follows:

Project Name	Description	Current Year Spend ($ millions)	Spend to Date ($ millions)	Approximate Total Planned ($ millions)	Expected Completion
West Runway Reconstruction*	Full removal & replacement to modernize elements of the West Runway	$0.7	$11.3	$200.0	2025
Airside Pavement Restoration Program**	Remove & replace aging concrete apron panels	$—	N/A	N/A	N/A
Fire Sprinkler System Restoration	Modernize Fire Sprinkler System in the Domestic Terminal Building	$—	$5.6	$50.0	2034
Parkade Restoration	Upgrade aging infrastructure in the P1 parkade	$0.1	$3.7	$30.0	2030
Concourse B Transformer Upgrades	Upgrade the electrical distribution system in Concourse B	$0.4	$1.2	$7.8	2024

** The Authority was approved for grant funding of $57.5 million under the Airport Critical Infrastructure Program (ACIP) for the West Runway Reconstruction project. To date the Authority has received $5.9M and has currently accrued $2.5 million for claims submitted.*

*** The Airside Pavement Restoration Program is an ongoing annual effort at a current expected cost of $10.0 million per annum.*

ASSETS AND LIABILITIES

Total consolidated assets, liabilities and net deficit as at March 31, 2023 and December 31, 2022 are set out in the following table:

Net Assets *($ millions)*	**As at Mar 31, 2023**	**As at Dec 31, 2022**	2023/22 $ Change
Total assets	**3,180.7**	3,186.3	(5.6)
Total liabilities	**3,433.2**	3,418.5	(14.7)
Net deficit	**(252.5)**	(232.2)	(20.3)

At March 31, 2023, when compared to December 31, 2022, the Authority's Total assets decreased by $5.6 million, primarily due to a $22.4 million decrease in Capital and Intangible Assets as a result of the reduced capital program not fully offsetting depreciation expense in the period, and a decrease in Accounts receivable of $8.5 million, partially offset by a $19.6 million increase in cash due to improved EBITDA performance. The Authority's Total liabilities increased by $14.7 million, primarily due to a $27.7 million increase in Interest payable on long-term debt, partially offset by a $15.5 million decrease in Accounts payable and accrued liabilities.

The Authority has a Net deficit position of $252.5 million as at March 31, 2023, mainly due to the impact of COVID-19 since 2020 and the $146.0 million penalty paid on prepayment of long-term debt as a result of the debt restructuring on October 7, 2021. The Net deficit has increased by $20.3 million, compared to December 31, 2022, due to the Loss from Operations generated in the period.

LIQUIDITY AND CAPITAL RESOURCES

The following table provides cash flow information for the three months ended March 31, 2023:

CASHFLOW *($ millions)*	**For the three months ended Mar 31** 2023	2022	2023/22
			$ Change
Cash generated by operating activities	**38.2**	25.7	12.5
Cash used in investing activities	**(18.5)**	(2.2)	(16.3)
Repayment of lease liabilities	**(0.1)**	(0.1)	—
Increase in cash and cash equivalents	**19.6**	23.4	(3.8)

Cash and cash equivalents increased $19.6 million for the first quarter ended March 31, 2023, $3.8 million less than the same period of 2022 due to higher cash generated by operating activities, offset by increased cash used by investing activities, and the same cash from financing activities.

The following table provides information on the Authority's Free Cash Flow for the three months ended March 31, 2023:

CASHFLOW *($ millions)*	**For the three months ended Mar 31** 2023	2022	2023/22
			$ Change
Net Loss	**(20.3)**	(40.2)	19.9
Add: Depreciation and amortization	**34.1**	34.0	0.1
Interest and financing costs	**28.5**	28.5	—
Pension benefits remeasurement gain	**(4.7)**	—	(4.7)
EBITDA	**37.6**	22.3	15.3
Less: Interest and financing costs, net of prepayment penalty and deferrals	**(28.5)**	(28.5)	—
Free Cash Flow	**9.1**	(6.2)	15.3
			% Change
Free Cash Flow per E&D Passenger	**$ 2.39**	$ (2.69)	n/a

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.

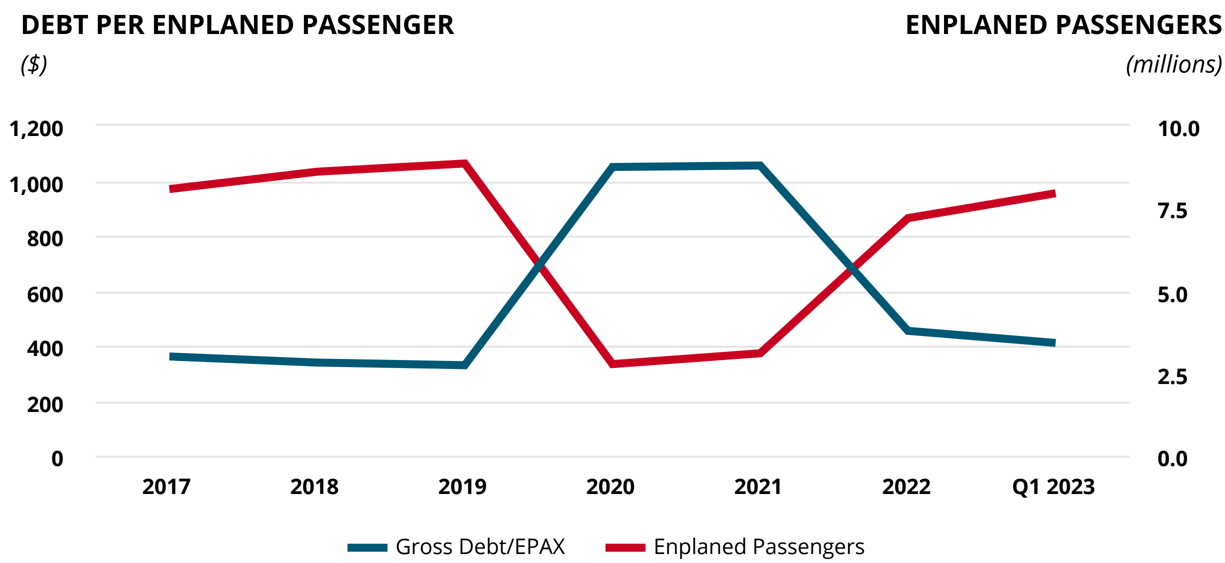
The following table provides information on Authority's debt position at March 31, 2023 and December 31, 2022:

LONG TERM DEBT *($ millions)*	**As at Mar 31, 2023**	**As at Dec 31, 2022**	2023/22
			$ Change
Long Term Debt, including current portion	**3,270.0**	3,269.8	(0.2)
Cash	**193.2**	173.6	19.6
Net Debt	**3,076.8**	3,096.2	19.4
Key Credit Metrics			% Change
Debt Service Coverage Ratio	**1.77**	1.65	
Gross Debt Service Coverage Ratio	**5.42**	5.01	
Gross Debt/Enplaned Passenger ($)	**$ 411.12**	$ 454.32	9.5
Net Debt/Enplaned Passenger ($)	**$ 386.83**	$ 430.20	10.1

Key Credit Metrics in the above table have been calculated based on operating results for the twelve months ended March 31, 2023, for the purpose of providing an annualized metric.

As at March 31, 2023, long-term debt remained at $3.3 billion, while net debt decreased by $19.4 million to $3.1 billion mainly due to the increase in cash. 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 at the year-end balance sheet date. Based on a trailing twelve-month calculation, the Authority exceeded the required covenant threshold as per the MTI Agreement, as at March 31, 2023.



Gross debt per enplaned passenger is one of the airport industry's key financial metrics. As at March 31, 2023, gross debt per enplaned passenger decreased to $411.12, while net debt per enplaned passenger decreased to $386.83, both as a result of the increase in passenger activity experienced in the first quarter of 2023. The Authority's debt per enplaned passenger was 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, and with increases in passenger traffic as the recovery continues is now trending towards historical 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 debt position at March 31, 2023 and December 31, 2022:

LIQUIDITY & CREDIT FACILITIES *($ millions)*	**As at Mar 31, 2023**	**As at Dec 31, 2022**	2023/22 $ Change
1) Cash and cash equivalents	**193.2**	173.6	19.6
Credit facilities:			
2) Available Operating Credit Facility	**332.5**	332.5	—
Less: Letters issued	**(59.7)**	(49.3)	(10.4)
Operating Credit Facility	**272.8**	283.2	(10.4)
Total net liquidity (including cash and cash equivalents)	**466.0**	456.8	9.2
3) Available Letter of Credit Facility	**70.0**	70.0	—
Less: Letters issued	**(58.5)**	(60.0)	1.5
Letter of Credit Facility	**11.5**	10.0	1.5

As at March 31, 2023, the Authority's total net liquidity was $466.0 million, an increase of $9.2 million, or 2.0%, from December 31, 2022. The increase in 2023 was due to an extra $19.6 million available cash and cash equivalents due to $38.2 million cash generated from operating activities partially offset by investing activities in the period.

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.

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.

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.

Non-Aeronautical Revenue per Enplanement

Non-Aeronautical Revenue per Enplanement is defined as total NAR 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 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.

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 about the Authority. This forward-looking information is based on a variety of expectations, estimates, projections, judgements and assumptions and is subject to risks and uncertainties. Words such as “believe”, “expect”, “plan”, “intend”, “estimate”, “anticipate”, “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: the ongoing impact of COVID-19 including on the long-term financial sustainability of the Authority; expected domestic and international passenger traffic and cargo; expected return to pre-COVID-19 passenger and flight levels; 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; capital projects and other developments at YYC and the timing, budgets and funding of such projects and developments; forecasted capital expenditures for certain capital projects; and the funding of outstanding capital commitments.

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 due to the COVID-19 pandemic. Travel demand is volatile and may be significantly impacted by changing government restrictions in Canada and around the world, the emergence of new variants of COVID-19 and public concerns about travel due to COVID-19 and other public health emergencies. While conditions improved significantly in 2022 and continued to improve in the first quarter of 2023, there can be no assurance that future developments or responses to the COVID-19 pandemic or other public health emergencies will not materially impact demand for air travel and the Authority's business.

Other material factors and assumptions include: the continued impact of the COVID-19 pandemic and expected duration thereof; government and passenger actions; the post-pandemic economic recovery, including the continued recovery of flight and passenger activity to pre-pandemic levels; 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 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.

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 impact of the COVID-19 pandemic or other public health emergencies on the Authority's business; 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; capital market conditions and credit rating risk; competition from other airports; extended interruptions or disruptions in operations at YYC; outbreaks of war, riots or political action, including the conflict between Russia and Ukraine; 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.

THE CALGARY AIRPORT AUTHORITY INTERIM FINANCIAL STATEMENTS

For the three months ended March 31, 2023

BALANCE SHEET *(unaudited)*
As at March 31, 2023 and December 31, 2022

($ millions)	Note		**March 31, 2023**		December 31, 2022
ASSETS					
Current Assets					
Cash and cash equivalents		**$**	**193.2**	$	173.6
Accounts receivable			**26.9**		35.4
Inventory			**7.1**		7.4
Prepaid expenses			**4.1**		3.3
			231.3		219.7
Tenant Inducements			**4.3**		4.4
Other long-term assets and prepaid expenses			**2.9**		2.7
Capital Assets	3		**2,924.4**		2,946.8
Intangible Assets	4		**1.0**		1.0
Pension Asset			**16.8**		11.7
		$	**3,180.7**	$	3,186.3
LIABILITIES AND NET ASSETS					
Current Liabilities					
Accounts payable and accrued liabilities			**42.4**		57.9
Interest payable on long-term debt	5		**54.2**		26.5
Deferred revenue			**0.5**		0.5
Current portion of other long-term liabilities			**10.2**		11.2
Current portion of long-term debt	5, 9		**7.5**		7.5
			114.8		103.6
Other Long-term Liabilities			**42.3**		39.4
Pension Liability			**13.6**		13.2
Long-Term Debt	5, 9		**3,262.5**		3,262.3
		$	**3,433.2**	$	3,418.5
Net Deficit			**(252.5)**		(232.2)
		$	**3,180.7**	$	3,186.3

See accompanying notes to the financial statements.

STATEMENT OF OPERATIONS AND NET DEFICIT *(unaudited)*
For the three months ended March 31, 2023

($ millions)	Note		Three months ended March 31, 2023		2022
REVENUES					
Airport improvement fees		**$**	**43.2**	$	24.0
Non-aeronautical revenues					
Concessions			**15.7**		8.4
Car parking			**11.2**		6.0
Land rental			**5.8**		5.8
Terminal space rental			**2.4**		2.3
Interest income			**2.0**		0.2
Other revenue			**0.5**		2.3
			37.6		25.0
Aeronautical revenues					
General terminal fees			**10.0**		10.8
Aircraft landing fees			**8.2**		8.7
Other aeronautical fees			**3.8**		4.3
			22.0		23.8
			102.8		72.8
EXPENSES					
Goods and services			**34.4**		27.4
Salaries and benefits			**13.6**		10.3
Canada Lease			**10.4**		7.1
Property taxes			**4.9**		4.3
Airport improvement fee handling fees			**1.9**		1.4
			65.2		50.5
Earnings before interest and financing costs and amortization			**37.6**		22.3
Depreciation and amortization	3, 4		**34.1**		34.0
Interest and financing costs	10		**28.5**		28.5
Loss from Operations		**$**	**(25.0)**	$	(40.2)
Other Income (Expense)					
Post-employment pension benefits remeasurement gain			**4.7**		—
Net Loss		**$**	**(20.3)**	$	(40.2)
Net Deficit, Beginning of Period		**$**	**(232.2)**	$	(152.8)
Net Deficit, End of Period		**$**	**(252.5)**	$	(193.0)

See accompanying notes to the financial statements.

STATEMENT OF CASH FLOWS *(unaudited)*
For the three months ended March 31, 2023

			Three months ended March 31,		
($ millions)	**Note**		**2023**		2022
OPERATING					
Net Loss		**$**	**(20.3)**	$	(40.2)
Adjustments:					
Depreciation and amortization	3, 4		**34.1**		34.0
Amortization of deferred financing costs	10		**0.2**		0.3
Post-employment pension benefits	8		**(4.7)**		—
			9.3		(5.9)
Changes in non-cash working capital:					
Accounts receivable			**8.5**		(5.5)
Inventory			**0.3**		(0.8)
Prepaid expenses			**(0.8)**		1.8
Tenant Inducements			**0.1**		3.7
Other long-term assets and prepaid expenses			**(0.2)**		(0.9)
Accounts payable and accrued liabilities			**(8.6)**		5.0
Interest payable on long-term debt			**27.7**		27.8
Other liabilities			**1.9**		0.5
			28.9		31.6
Cash provided by operating activities			**38.2**		25.7
FINANCING					
Repayment of lease liabilities			**(0.1)**		(0.1)
Cash used in financing activities			**(0.1)**		(0.1)
INVESTING					
Investment in capital and intangible assets	3, 4		**(11.7)**		(2.2)
Change in accounts payable and accrued liabilities related to capital and intangible assets			**(6.8)**		—
Cash used in investing activities			**(18.5)**		(2.2)
Increase in cash and cash equivalents		**$**	**19.6**	$	23.4
Cash and cash equivalents, beginning of period		**$**	**173.6**	$	120.9
Cash and cash equivalents, end of period		**$**	**193.2**	$	144.3
Cash and cash equivalents consists of:					
Cash in bank		**$**	**133.2**	$	144.3
Short-term investments		**$**	**60.0**	$	—
		$	**193.2**	$	144.3

See accompanying notes to the 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 Note 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 May 16, 2023 by the Audit and Finance Committee.

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, 2022, 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 2022 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 (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.

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

3 CAPITAL ASSETS

As at March 31, 2023	Land	Leased Land	Buildings & Structures	Computer Equipment	Vehicles	Machinery & Equipment	Furniture & Fixtures	Construction in Progress	Total
Cost:									
Beginning Balance	$ 5.8	$ 29.6	$ 4,205.8	$ 40.4	$ 45.3	$ 162.2	$ 20.3	$ 42.9	$ 4,552.3
Additions	**—**	**4.7**	**0.7**	**—**	**1.4**	**—**	**—**	**4.8**	**11.6**
Transfers	**—**	**—**	**11.9**	**0.5**	**—**	**0.4**	**0.5**	**(13.3)**	**—**
Ending Balance	**5.8**	**34.3**	**4,218.4**	**40.9**	**46.7**	**162.6**	**20.8**	**34.4**	**4,563.9**
Accumulated Amortization									
Beginning Balance	—	5.9	1,471.2	40.3	36.1	44.1	7.9	—	1,605.5
Depreciation & Amortization	**—**	**0.1**	**31.4**	**0.2**	**0.4**	**1.7**	**0.2**	**—**	**34.0**
Ending Balance	**—**	**6.0**	**1,502.6**	**40.5**	**36.5**	**45.8**	**8.1**	**—**	**1,639.5**
Net Carrying Value									
December 31, 2022	$ 5.8	$ 23.7	$ 2,734.6	$ 0.1	$ 9.2	$ 118.1	$ 12.4	$ 42.9	$ 2,946.8
March 31, 2023	**$ 5.8**	**$ 28.3**	**$ 2,715.8**	**$ 0.4**	**$ 10.2**	**$ 116.8**	**$ 12.7**	**$ 34.4**	**$ 2,924.4**

Construction in progress balance consists of costs capitalized for both airside and groundside facility improvement projects. As at March 31, 2023, interest capitalized in construction in progress in respect to borrowings for infrastructure expansion under the operating line of credit facility was $0.1 million (December 31, 2022 – $0.5 million).

4 INTANGIBLE ASSETS

As at March 31, 2023	Computer Software	Work in Progress	Total
Cost:			
Beginning Balance	$ 39.0	$ —	$ 39.0
Additions	**—**	**0.1**	**0.1**
Ending Balance	**39.0**	**0.1**	**39.1**
Accumulated Amortization			
Beginning Balance	38.0	—	38.0
Depreciation & Amortization	**0.1**	**—**	**0.1**
Ending Balance	**38.1**	**—**	**38.1**
Net Carrying Value			
December 31, 2022	$ 1.0	$ —	$ 1.0
March 31, 2023	**$ 0.9**	**$ 0.1**	**$ 1.0**

5 LONG-TERM DEBT

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 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.

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

The bonds issued and outstanding under the MTI Agreement are ($millions):

Supplemental Indenture	Series	Interest Rate	Maturity Date	March 31, 2023	December 31, 2022
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	**420.3**	420.3
Second	4002957	2.2580%	October 7, 2031	**163.4**	163.4
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				**3,282.6**	3,282.6
Less: Debt issuance costs				**(12.6)**	(12.8)
Less: Current portion				**(7.5)**	(7.5)
Long-term debt				**3,262.5**	3,262.3

The MTI Agreement contains certain financial covenants to be calculated on a yearly basis at the year-end balance sheet date.

6 CREDIT FACILITIES

The Authority has an available $350.0 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, U.S. base-rate loans, letters of credit, bankers' acceptance, and Libor loans. The 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 Operating Facility is October 7, 2026. As at March 31, 2023 and December 31, 2022, the amount drawn on the Operating Facility was $nil.

The letters of credit that were outstanding under the Operating Facility as at March 31, 2023 total $59.7 million (December 31, 2022 - $49.3 million) which were issued for specific operational expenses including a letter of credit of $39.3 million (December 31, 2022 - $28.6 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.

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 March 31, 2023, the letter of credit that was outstanding under the L/C Facility is $58.5 million (December 31, 2022 - $60.0 million). 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. The maturity date of the L/C Facility is October 7, 2023.

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

As of March 31, 2023 and December 31, 2022, 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 on a yearly basis at the year-end, balance sheet date.

7 GOVERNMENT ASSISTANCE

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

As at March 31, 2023, the Authority has recognized $10.0 million (December 31, 2022 – $7.0 million) in eligible funding on the Balance Sheet as Other long-term liabilities, to be amortized over the useful life of the related asset, when completed and in service.

8 EMPLOYEE FUTURE BENEFITS

As at March 31, 2023, the discount rate assumption used to measure the pension benefit obligation remains consistent from December 31, 2022. 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, the funded status decreased from a net deficit of $1.5 million at December 31, 2022 to a net asset of $3.2 million at March 31, 2023. As at March 31, 2023, the Authority recognized a pension asset of $16.8 million and pension liability of $13.6 million (December, 31, 2022 - $11.7 million and $13.2 million).

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 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 March 31, 2023, the fair value of the Authority's long-term debt and Canada Lease rent payable is $2.7 billion (December 31, 2022 - $2.8 billion).

10 INTEREST AND FINANCING COST

	Three months ended March 31, **2023**	2022
Interest on long-term debt	**$ 27.6**	$ 27.6
Amortization of deferred financing costs	**0.2**	0.3
Standby fees	**0.3**	0.2
Fair value adjustment on long-term payable	**0.1**	0.1
Other interest expense	**0.3**	0.3
Interest and financing costs	**$ 28.5**	$ 28.5

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 is for interchanges, which will enhance 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 March 31, 2023, has a liability of $15.1 million (December 31, 2022 - $14.8 million) towards these obligations. The Authority continues to have a commitment to contribute towards the second phase construction and additional land costs.

As of March 31, 2023, the Authority has approximately $29.8 million in commitments for capital projects commenced during the year. The capital projects includes various restoration projects and the construction of a new runway.

12 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 three months ended in March 31, 2023 and 2022 are considered to be derived from airport business and therefore, exempt from income tax.

13 COMPARATIVE INFORMATION

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

14 SUBSEQUENT EVENTS

Subsequent events have been reviewed through May 16, 2023, the date on which these interim financial statements were approved by the Audit and Finance Committee. There were no subsequent events requiring disclosure or adjustment to the interim financial statements.