

# **THE CALGARY AIRPORT AUTHORITY MANAGEMENT'S DISCUSSION & ANALYSIS**

**For the three months ended March 31, 2024**



## MANAGEMENT'S DISCUSSION & ANALYSIS

FOR THE THREE MONTHS ENDED MARCH 31, 2024

Dated May 14, 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 months ended March 31, 2024, and should be read in conjunction with the Authority's unaudited interim Financial Statements and note disclosures for the three months ended March 31, 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](http://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 financial and operating results for the first quarter of 2024 showed continued growth compared to the prior period due to increased flight activity, increased seat capacity and higher travel demand.

During the first quarter of 2024:

- Enplaned & Deplaned ("E&D") passengers increased by 6.7% to 4.1 million, compared to the first quarter of 2023, making YYC the fourth busiest airport in Canada.
- Locally enplaned passengers increased by 8.7% to 1.3 million, compared to the first quarter of 2023, driving Airport Improvement Fee (AIF) revenue to \$46.6 million, a 7.9% increase from the same period of 2023.
- YYC saw a 0.5% increase in aircraft landings compared to the first quarter of 2023, mainly driven by an increase in cargo landings. YYC also experienced a 3.7% increase in landed passenger seats compared to the first quarter of 2023.
- The above-mentioned increase in passenger activity resulted in total revenue increasing by 10.0% to \$113.1 million in the first quarter of 2024, compared to the same period of 2023.
- The Authority generated \$41.3 million of EBITDA (margin 36.5%) in the first quarter of 2024, an increase of \$3.7 million, or 9.8%, from the \$37.6 million of EBITDA (margin 36.6%) in the first quarter of 2023.

## SELECT KEY FINANCIAL AND OPERATIONAL INFORMATION

FINANCIAL INFORMATION (\$ millions)	For the three months ended Mar 31		
	2024	2023	\$ Change
<b>Total Revenues</b>	<b>113.1</b>	102.8	10.3
Direct operating costs	<b>58.7</b>	52.9	5.8
Canada Lease	<b>11.3</b>	10.4	0.9
Airport improvement fee handling fees	<b>1.8</b>	1.9	(0.1)
<b>EBITDA</b>	<b>41.3</b>	37.6	3.7
<b>Net Loss</b>	<b>(23.8)</b>	(20.3)	(3.5)
<i>See "Financial Performance" section for details See "Net Operating Results" section for reconciliation from net loss.</i>			
<b>Free Cash Flow</b> (\$ millions)	<b>13.1</b>	9.1	4.0
<i>See "Liquidity and Capital Resources" section for details</i>			

*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.*

## MANAGEMENT'S DISCUSSION & ANALYSIS

OPERATIONAL INFORMATION	For the three months ended Mar 31		
	2024	2023	% Change
Enplaned & Deplaned Passengers ( <i>thousands</i> )	<b>4,065.7</b>	3,808.7	6.7
Local Enplanements ( <i>thousands</i> )	<b>1,329.4</b>	1,222.9	8.7
Connecting Enplanements (%)	<b>34.8%</b>	35.9%	-1.1 pts
Aircraft landings ( <i>thousands</i> )	<b>21.4</b>	21.3	0.5
Total MTOW ( <i>million kg</i> )	<b>1,430.9</b>	1,356.9	5.5
Landed passenger seats ( <i>thousands</i> )	<b>2,329.0</b>	2,245.8	3.7
Load factor (%)	<b>87.5%</b>	85.0%	2.5 pts

### 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).

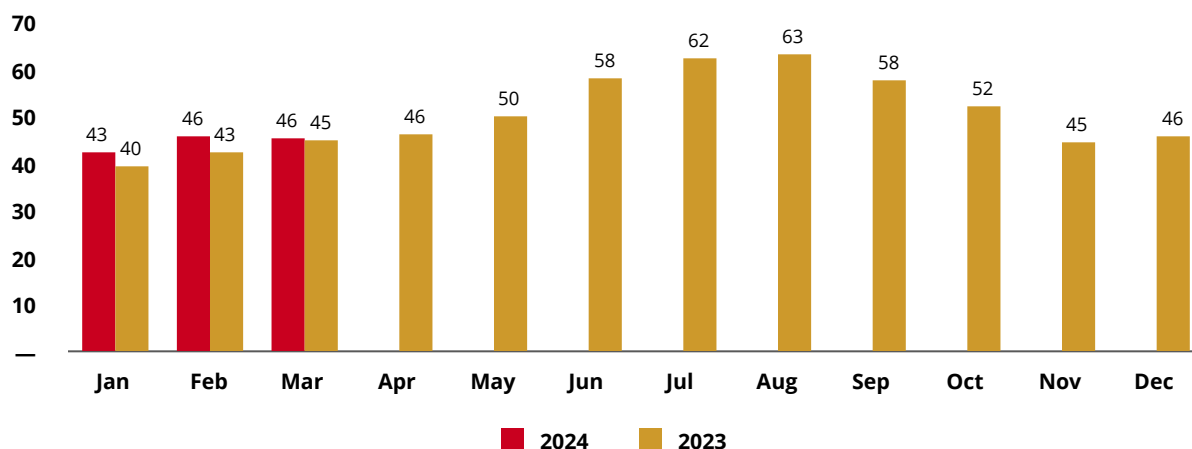
The following table summarizes passenger activity by sector for the three months ended March 31, 2024 and 2023:

PASSENGER ACTIVITY ( <i>thousands</i> )	For the three months ended Mar 31		
	2024	2023	% Change
Domestic	<b>2,614.7</b>	2,527.8	3.4
Transborder	<b>845.6</b>	722.4	17.1
International	<b>605.4</b>	558.5	8.4
<b>Total Enplaned &amp; Deplaned</b>	<b>4,065.7</b>	3,808.7	6.7
Local Enplanements	<b>1,329.4</b>	1,222.9	8.7
Connecting Enplanements	<b>709.2</b>	685.3	3.5
<b>Total Enplaned</b>	<b>2,038.6</b>	1,908.2	6.8
Local Enplanements (%)	<b>65.2%</b>	64.1%	1.1 pts
Connecting Enplanements (%)	<b>34.8%</b>	35.9%	-1.1 pts
<b>Total Enplaned (%)</b>	<b>100.0%</b>	100.0%	

Total E&D passenger activity at YYC in the first quarter of 2024 was 4.1 million, an increase of 0.3 million passengers, or 6.7%, from the 3.8 million passengers in the same period of 2023. The Transborder sector saw the largest growth at 17.1%, driven by WestJet and United Airline's increased seat capacity on existing routes, as well as Flair's resumption of their Transborder services, partially offset by reductions in Air Canada's seat capacity year-over-year. International traffic grew by 8.4%, led by WestJet, Discover, and Flair, from expanded capacity to existing routes, partially offset by Air Canada. The Domestic sector increased by 3.4%, mainly from WestJet's expanded capacity and Porter's new Ottawa service, though Flair, Air Canada, and Lynx Air (until Lynx Air's cessation of operations on February 26, 2024) had reduced capacity in this sector. All sectors saw strong demand, with load factor increasing 2.5 percentage points, from 85.0% in Q1 2023 to 87.5% in the first quarter of 2024.

## MANAGEMENT'S DISCUSSION & ANALYSIS

### Average Daily Passenger Volumes by Month For 2023 to 2024 (in thousands)



Daily passenger volumes at YYC for the first quarter of 2024 increased 5.7% to an average of 44,700 passengers per day, up from an average of 42,300 per day in the same period of 2023. Passenger activity exceeded 2023 in each month of the first quarter of 2024. The impact of Lynx Air ceasing operations on February 26, 2024 did not have a material impact as passenger demand was largely absorbed by other carriers.

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 changes aircraft at YYC en route to a final destination, characteristic of a hub airport.

During the first quarter of 2024, Local Enplanements increased 8.7% to 1.3 million passengers and Connecting Enplanements increased by 3.5% to 0.7 million passengers when compared to the same period of 2023. The percentage split between Local and Connecting Enplanements was 65.2% and 34.8%, respectively, compared to 64.1% and 35.9% in the same period of 2023. While YYC has seen an increase in connecting traffic due to its role as WestJet's global hub airport, this was offset by point-to-point routes from airlines such as Porter, Flair and United which primarily have trips originating from YYC, resulting in more local passenger traffic.

### 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 months ended March 31, 2024 and 2023.

FLIGHT ACTIVITY <i>(thousands)</i>	For the three months ended Mar 31		
	2024	2023	% Change
Aircraft landings	21.4	21.3	0.5
Passenger aircraft landings	16.3	16.3	—
Landed passenger seats	2,329.0	2,245.8	3.7
<i>(millions)</i>			
Total MTOW (kg)	1,430.9	1,356.9	5.5
Passenger MTOW (kg)	1,195.1	1,149.1	4.0
Seats per passenger aircraft movement	142.6	137.8	3.5
Load factor (%)	87.5%	85.0%	2.5 pts

## MANAGEMENT'S DISCUSSION & ANALYSIS

Passenger aircraft landings in the first three months of 2024 were in-line with the same period of 2023. Total Aircraft landings, which include both passenger and non-passenger movements, increased 0.5% in Q1 2024, compared to 2023. There were 13 airlines operating at YYC as at March 31, 2024, compared to 15 in the same period of 2023.

During the first three months of 2024, MTOW was 1,430.9 million kilograms, an increase of 5.5% from the same period of 2023. This change was driven mainly by the 4.0% increase in passenger MTOW due to the increase in landings and larger aircraft being utilized by carriers.

Landed passenger seats in the first three months of 2024 was 2.3 million, an increase of 0.1 million, or 3.7%, compared to 2.2 million seats in the same period of 2023. The number of Seats per passenger aircraft movement during the first quarter of 2024 was 142.6, an increase of 4.8 seats, or 3.5%, compared to 137.8 seats per passenger aircraft movement in the same period in 2023, due to carriers utilizing larger aircraft. Load factors increased 2.5 points, from 85.0% in Q1 2023, to 87.5% in the first quarter of 2024.

In the first three months of 2024, cargo landings increased 7.8% to 1,264, from 1,173 in the same period of 2023, while cargo MTOW increased 20.8% over the same period as larger aircraft were utilized to meet cargo demand.

## FINANCIAL PERFORMANCE

### Net Operating Results

The following table summarizes the Authority's net operating results for the three months ended March 31, 2024 and 2023.

NET OPERATING RESULTS (\$ millions)	For the three months ended Mar 31		
	2024	2023	\$ Change
<b>Net Loss</b>	<b>(23.8)</b>	(20.3)	(3.5)
Post-employment pension benefits (loss) gain	(1.7)	4.7	(6.4)
<b>Loss from Operations</b>	<b>(22.1)</b>	(25.0)	2.9
Add: Interest and financing costs	28.2	28.5	(0.3)
Depreciation and amortization	35.2	34.1	1.1
<b>EBITDA</b>	<b>41.3</b>	37.6	3.7
EBITDA Margin (%)	<b>36.5%</b>	36.6%	-0.1 pts

In the first three months of 2024, the Authority incurred a Loss from Operations of \$22.1 million, compared to a Loss from Operations of \$25.0 million, for the same period of 2023. The main driver of the decreased Loss from Operations in 2024 was due to higher revenues from the growth in passenger and flight activity in 2024. These items were partially offset by higher expenses from the increased operational costs to meet the increased passenger activity and higher Canada Lease rent from increased airport revenues.

In the first three months of 2024, EBITDA was \$41.3 million, an increase of \$3.7 million, compared to the same period of 2023. The EBITDA margin was 36.5% in the first quarter of 2024, a decrease of 0.1 points compared to the same period of 2023. The increase in EBITDA was due to increased revenue from the higher flight and passenger activity experienced compared to the first three months of 2023.

### 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.

## MANAGEMENT'S DISCUSSION & ANALYSIS

The following table summarizes the Authority's revenues for the three months ended March 31, 2024 and 2023.

REVENUES (\$ millions)	For the three months ended Mar 31		
	2024	2023	\$ Change
<b>Airport Improvement Fees</b>	<b>46.6</b>	43.2	3.4
<b>Aeronautical Revenues</b>	<b>23.1</b>	22.0	1.1
Concessions	18.9	15.7	3.2
Car parking	11.6	11.2	0.4
Rentals and other	9.8	8.7	1.1
Interest income	3.1	2.0	1.1
<b>Non-Aeronautical Revenues</b>	<b>43.4</b>	37.6	5.8
<b>Total Revenues</b>	<b>113.1</b>	102.8	10.3

In the first three months of 2024, AIF revenue was \$46.6 million, an increase of \$3.4 million, or 7.9%, compared to the same period of 2023, driven mainly by increased local enplanement passenger traffic.

Aeronautical revenues in the first three months of 2024 increased by \$1.1 million, or 5.0%, compared to the same period of 2023, due to year-over-year growth in flight and passenger activity. The Authority may enter into long-term commercial agreements with airline partners which may include rebates of aeronautical fees if certain growth thresholds are achieved.

In the first three months of 2024, NAR was \$43.4 million, an increase of \$5.8 million, or 15.4%, compared to the same period of 2023, mainly due to the increase in passenger activity, which drives most NAR streams, and additional Interest Income earned.

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. Concession revenue was \$18.9 million in the first three months of 2024, an increase of \$3.2 million, or 20.4%, compared to the same period of 2023. In Q1 2024, YYC saw the opening of three new retail locations and one new full-service restaurant.

In the first three months of 2024, Car parking revenue was \$11.6 million, an increase of \$0.4 million, or 3.6%, compared to the same period of 2023, from the increase in local enplanements and positive response to YYC's online parking reservation system.

Rentals and other revenue is primarily generated by sub-leasing airport lands and the leasing of physical space inside the terminal buildings. Most land lease agreements tend to be longer term and do not fluctuate with passenger activity. Rentals and other revenue was \$9.8 million in Q1 2024, an increase of \$1.1 million, or 12.6%, compared to the same period of 2023, driven by year-over-year rent escalations, and other lease amendments. In Q1 2024, YYC welcomed the opening of a Shell gas station on the airport campus.

## MANAGEMENT'S DISCUSSION & ANALYSIS

### Expenses

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

The following table summarizes the Authority's expenses for the three months ended March 31, 2024 and 2023.

EXPENSES (\$ millions)	For the three months ended Mar 31		
	2024	2023	\$ Change
Goods and services	39.4	34.4	5.0
Salaries and benefits	13.6	13.6	—
Property taxes	5.7	4.9	0.8
<b>Direct Operating Costs</b>	<b>58.7</b>	<b>52.9</b>	<b>5.8</b>
Canada Lease	11.3	10.4	0.9
Airport improvement fee handling fees	1.8	1.9	(0.1)
<b>Total Operating Expenses</b>	<b>71.8</b>	<b>65.2</b>	<b>6.6</b>
Depreciation and amortization	35.2	34.1	1.1
Interest and financing costs	28.2	28.5	(0.3)
Pension benefits remeasurement loss (gain)	1.7	(4.7)	6.4
<b>Total Expenses</b>	<b>136.9</b>	<b>123.1</b>	<b>13.8</b>

In the first three months of 2024, Goods and services expense was \$39.4 million, an increase of \$5.0 million, or 14.5%, compared to the same period of 2023. Operational service contracts have experienced cost increases due to both enhancements as well as contractual cost escalations. In addition, increased repair and maintenance costs were incurred in the first quarter of 2024. Partially offsetting these increased expenditures was favourable utility consumption compared to the same period of 2023.

Salaries and benefits costs in the first three months of 2024 were consistent with the same period of 2023.

Canada Lease expense at YYC in the first three months of 2024 was \$11.3 million, an increase of \$0.9 million, or 8.7%, compared to the same period of 2023. 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. The AIF Handling Fee expense of \$1.8 million in the first three months of 2024 was \$0.1 million, or 5.3%, lower than the same period of 2023, due to a higher handling fee rate in effect during the prior period. This rate was reduced in later periods in 2023 due to YYC reaching a higher annual passenger activity threshold.

In the first three months of 2024, Interest and financing costs were \$0.3 million, or 1.1%, lower than the same period of 2023.

Pension benefits remeasurement resulted in a loss of \$1.7 million in the first three months of 2024, primarily due to the difference between the actual return on pension plan assets and the expected actuarial return during the period.



## MANAGEMENT'S DISCUSSION & ANALYSIS

### Summary of Quarterly Results

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

(\$ millions)	Quarter Ended							
	2024	2023				2022		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Revenues	113.1	120.7	152.6	121.2	102.8	111.2	129.5	102.4
Operating expenses	(71.8)	(73.0)	(68.8)	(62.4)	(65.2)	(60.1)	(59.1)	(53.5)
<b>EBITDA</b>	41.3	47.7	83.8	58.8	37.6	51.1	70.4	48.9
Depreciation and amortization	(35.2)	(37.3)	(34.2)	(34.2)	(34.1)	(34.2)	(34.1)	(34.1)
Interest and financing costs	(28.2)	(29.4)	(28.3)	(28.5)	(28.5)	(27.2)	(29.0)	(28.7)
Post-employment pension benefits (loss) gain	(1.7)	8.0	(6.7)	(1.2)	4.7	(22.3)	—	—
<b>Net (Loss) Income</b>	(23.8)	(11.0)	14.6	(5.1)	(20.3)	(32.6)	7.3	(13.9)

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 months ended March 31, 2024 and 2023.

CAPITAL EXPENDITURES (\$ millions)	For the three months ended Mar 31		
	2024	2023	\$ Change
Improvement projects	7.0	3.9	3.1
Restoration capital	2.0	1.7	0.3
Revenue projects	0.3	0.2	0.1
<b>Capital Expenditures</b>	<b>9.3</b>	<b>5.8</b>	<b>3.5</b>
Acreage assessment	—	4.5	(4.5)
Capital leases	—	1.4	(1.4)
<b>Total Capital</b>	<b>9.3</b>	<b>11.7</b>	<b>(2.4)</b>

Capital Expenditures in the first quarter of 2024 were \$9.3 million, an increase of \$3.5 million compared to the same period of 2023, primarily due to West Runway Rehabilitation Project costs incurred in 2024.

# MANAGEMENT'S DISCUSSION & ANALYSIS

## ASSETS AND LIABILITIES

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

<b>Net Assets</b> (\$ millions)	<b>As at Mar 31, 2024</b>	<b>As at Dec 31, 2023</b>	<b>\$ Change</b>
Total assets	<b>3,148.6</b>	3,155.9	(7.3)
Total liabilities	<b>3,426.4</b>	3,409.9	16.5
<b>Net deficit</b>	<b>(277.8)</b>	(254.0)	(23.8)

As at March 31, 2024, when compared to December 31, 2023, the Authority's Total assets decreased by \$7.3 million, primarily due to a \$25.9 million decrease in capital and intangible assets, partially offset by a \$20.8 million increase in cash and cash equivalents. The Authority's Total liabilities increased by \$16.5 million, primarily due to a \$27.7 million increase in interest payable on long-term debt and a \$2.3 million increase in other long-term liabilities, partially offset by a \$13.3 million decrease in accounts payable and accrued liabilities.

The Authority has a Net deficit position of \$277.8 million as at March 31, 2024. The Net deficit has increased by \$23.8 million, compared to December 31, 2023, due to the Loss from Operations realized in the period.

## LIQUIDITY AND CAPITAL RESOURCES

The following table provides cash flow information for the three months ended March 31, 2024.

<b>CASHFLOW</b> (\$ millions)	<b>For the three months ended Mar 31</b>		
	<b>2024</b>	<b>2023</b>	<b>\$ Change</b>
Cash generated by operating activities	<b>28.6</b>	38.2	(9.6)
Cash used in investing activities	<b>(7.4)</b>	(18.5)	11.1
Cash used in financing activities	<b>(0.4)</b>	(0.1)	(0.3)
<b>Increase in cash and cash equivalents</b>	<b>20.8</b>	19.6	1.2

Cash and cash equivalents increased \$20.8 million for the first quarter ended March 31, 2024, \$1.2 million more than the same period of 2023 due to lower Cash used in investing activities, partially offset by lower Cash generated by operating activities and higher Cash used in financing activities.

The following table provides information on the Authority's Free Cash Flow for the three months ended March 31, 2024.

<b>CASHFLOW</b> (\$ millions)	<b>For the three months ended Mar 31</b>		
	<b>2024</b>	<b>2023</b>	<b>\$ Change</b>
<b>Net Loss</b>	<b>(23.8)</b>	(20.3)	(3.5)
Add: Depreciation and amortization	<b>35.2</b>	34.1	1.1
Interest and financing costs	<b>28.2</b>	28.5	(0.3)
Pension benefits remeasurement loss (gain)	<b>1.7</b>	(4.7)	6.4
<b>EBITDA</b>	<b>41.3</b>	37.6	3.7
Less: Interest and financing costs	<b>(28.2)</b>	(28.5)	0.3
<b>Free Cash Flow</b>	<b>13.1</b>	9.1	4.0

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.

## MANAGEMENT'S DISCUSSION & ANALYSIS

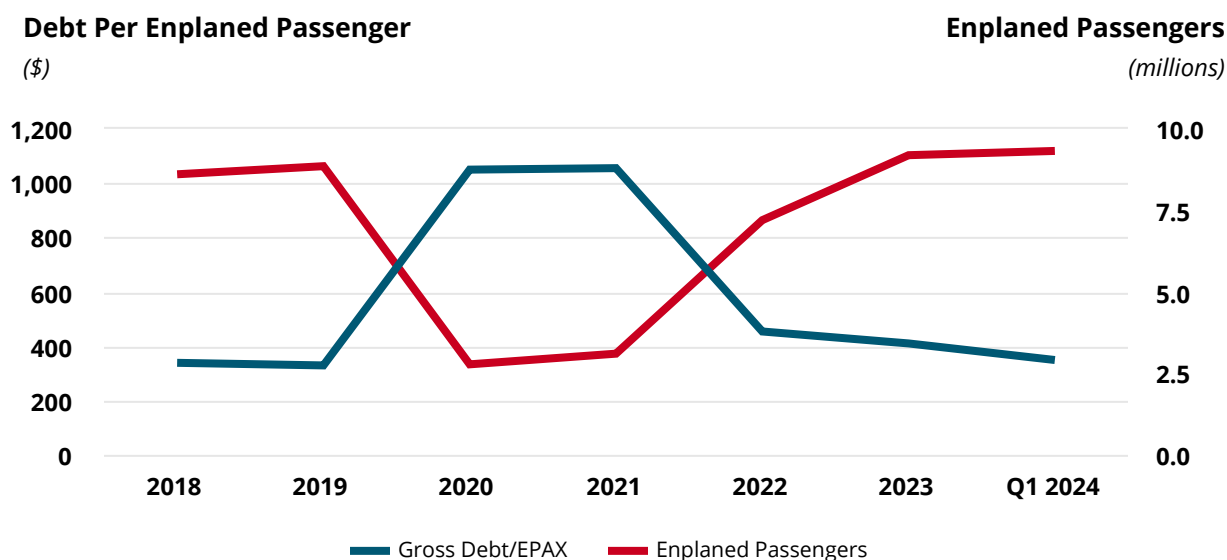
The following table provides information on Authority's debt position at March 31, 2024 and December 31, 2023.

<b>LONG TERM DEBT</b> (\$ millions)	<b>As at Mar 31, 2024</b>	<b>As at Dec 31, 2023</b>	<b>\$ Change</b>
Long Term Debt, including current portion	<b>3,263.2</b>	3,263.0	0.2
Cash	<b>229.5</b>	208.7	20.8
<b>Net Debt</b>	<b>3,033.7</b>	3,054.3	(20.6)
<b>Key Credit Metrics</b>			<b>% Change</b>
Debt Service Coverage Ratio	<b>2.42</b>	2.04	
Gross Debt Service Coverage Ratio	<b>5.41</b>	4.87	
Gross Debt/Enplaned Passenger (\$)	<b>\$ 350.02</b>	\$ 354.96	(1.4)
Net Debt/Enplaned Passenger (\$)	<b>\$ 325.40</b>	\$ 332.26	(2.1)

Key Credit Metrics in the above table have been calculated based on operating results for the twelve months ended March 31, 2024, for the purpose of providing an annualized metric.

As at March 31, 2024, Long Term Debt increased by \$0.2 million, while Net Debt decreased by \$20.6 million to \$3.0 billion, compared to December 31, 2023, 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 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 March 31, 2024, Gross Debt per Enplaned Passenger decreased to \$350.02, while Net Debt per Enplaned Passenger decreased to \$325.40, 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.

## MANAGEMENT'S DISCUSSION & ANALYSIS

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

<b>LIQUIDITY &amp; CREDIT FACILITIES</b> (\$ millions)	<b>As at Mar 31, 2024</b>	<b>As at Dec 31, 2023</b>	<b>\$ Change</b>
<b>Cash and cash equivalents</b>	<b>229.5</b>	208.7	20.8
<b>Credit facilities:</b>			
Available Operating Credit Facility	<b>190.0</b>	190.0	—
Less: Letters issued	<b>(44.9)</b>	(44.9)	—
Operating Credit Facility	<b>145.1</b>	145.1	—
<b>Total net liquidity (including cash and cash equivalents)</b>	<b>374.6</b>	353.8	20.8
Available Letter of Credit Facility	<b>70.0</b>	70.0	—
Less: Letters issued	<b>(67.5)</b>	(67.5)	—
<b>Letter of Credit Facility</b>	<b>2.5</b>	2.5	—

As at March 31, 2024, the Authority's Total net liquidity was \$374.6 million, an increase of \$20.8 million, or 5.9%, from December 31, 2023. The increase during 2024 was a result of an additional \$20.8 million in available Cash and cash equivalents during the period. The increase in available Cash and cash equivalents was due to \$28.6 million cash generated by operating activities in the period partially offset by \$7.4 million cash used in investing activities and \$0.4 million cash used in financing activities. There was no change in letters of credit issued during the period.

# MANAGEMENT'S DISCUSSION & ANALYSIS

## 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 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", "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 return to pre-COVID-19 passenger and flight levels; the anticipated effects of passenger activity on concession revenue; 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 and 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.

Other material factors and assumptions include: government and passenger actions; the post-pandemic economic recovery, including YYC's recovery of flight and passenger activity to pre-pandemic levels; 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 other 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.

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: 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

## MANAGEMENT'S DISCUSSION & ANALYSIS

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.

# **THE CALGARY AIRPORT AUTHORITY INTERIM FINANCIAL STATEMENTS**

**For the three months ended March 31, 2024**



## BALANCE SHEET *(unaudited)*

### As at March 31, 2024 and December 31, 2023

<i>(\$ millions)</i>	Note	March 31, 2024	December 31, 2023
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents		\$ 229.5	\$ 208.7
Accounts receivable	9	36.0	34.6
Inventory		8.2	8.3
Prepaid expenses		4.2	5.5
		<b>277.9</b>	257.1
<b>Tenant inducements</b>		<b>3.9</b>	4.1
<b>Other long-term assets and prepaid expenses</b>		<b>2.5</b>	2.6
<b>Capital Assets</b>	3	<b>2,844.1</b>	2,870.0
<b>Intangible Assets</b>	4	<b>3.1</b>	3.1
<b>Pension Asset</b>	8	<b>17.1</b>	19.0
		<b>\$ 3,148.6</b>	\$ 3,155.9
<b>LIABILITIES AND NET ASSETS</b>			
<b>Current Liabilities</b>			
Accounts payable and accrued liabilities	9	40.5	53.8
Interest payable on long-term debt	5, 9	54.1	26.4
Deferred revenue		0.6	0.9
Current portion of other long-term liabilities	9	8.3	7.8
Current portion of long-term debt	5, 9	7.8	7.8
		<b>111.3</b>	96.7
<b>Other Long-term Liabilities</b>	7, 9	<b>46.0</b>	43.7
<b>Pension Liability</b>	8	<b>13.7</b>	14.3
<b>Long-term Debt</b>	5, 9	<b>3,255.4</b>	3,255.2
		<b>\$ 3,426.4</b>	\$ 3,409.9
<b>Net Deficit</b>		<b>(277.8)</b>	(254.0)
		<b>\$ 3,148.6</b>	\$ 3,155.9

See accompanying notes to the interim financial statements.

# STATEMENT OF OPERATIONS AND NET DEFICIT *(unaudited)*

## For the three months ended March 31, 2024

<i>(\$ millions)</i>	<b>Note</b>	<b>Three months ended</b>	
		<b>2024</b>	<b>March 31, 2023</b>
<b>REVENUES</b>			
Airport improvement fees	\$	46.6	\$ 43.2
Aeronautical revenues		23.1	22.0
Non-aeronautical revenues			
Concessions		18.9	15.7
Car parking		11.6	11.2
Rentals and other		9.8	8.7
Interest income		3.1	2.0
		<b>43.4</b>	<b>37.6</b>
		<b>113.1</b>	<b>102.8</b>
<b>EXPENSES</b>			
Goods and services		39.4	34.4
Salaries and benefits	8	13.6	13.6
Canada Lease		11.3	10.4
Property taxes		5.7	4.9
Airport improvement fee handling fees		1.8	1.9
		<b>71.8</b>	<b>65.2</b>
<b>Earnings before interest and financing costs and amortization</b>		<b>41.3</b>	<b>37.6</b>
Depreciation and amortization	3, 4	35.2	34.1
Interest and financing costs	10	28.2	28.5
<b>Loss from Operations</b>		<b>\$ (22.1)</b>	<b>\$ (25.0)</b>
<b>Other Income (Expense)</b>			
Post-employment pension benefits remeasurement (loss)/gain	8	(1.7)	4.7
<b>Net Loss</b>		<b>\$ (23.8)</b>	<b>\$ (20.3)</b>
<b>Net Deficit, Beginning of Period</b>		<b>\$ (254.0)</b>	<b>\$ (232.2)</b>
<b>Net Deficit, End of Period</b>		<b>\$ (277.8)</b>	<b>\$ (252.5)</b>

See accompanying notes to the interim financial statements.

# STATEMENT OF CASH FLOWS *(unaudited)*

## For the three months ended March 31, 2024

<i>(\$ millions)</i>	Note	Three months ended March 31,	
		2024	2023
<b>OPERATING</b>			
Net Loss	\$	(23.8)	\$ (20.3)
Employer defined benefit contributions	8	(0.5)	—
Adjustments:			
Depreciation and amortization	3, 4	35.2	34.1
Amortization of deferred financing costs	10	0.2	0.2
Post-employment pension benefits	8	1.7	(4.7)
		<b>12.8</b>	<b>9.3</b>
Changes in non-cash working capital:			
Accounts receivable		(1.4)	8.5
Inventory		0.1	0.3
Prepaid expenses		1.3	(0.8)
Tenant inducements		0.2	0.1
Other long-term assets and prepaid expenses		0.1	(0.2)
Accounts payable and accrued liabilities		(13.4)	(8.6)
Interest payable on long-term debt		27.7	27.7
Deferred revenue		(0.3)	—
Other liabilities		1.5	1.9
		<b>15.8</b>	<b>28.9</b>
Cash provided by operating activities		<b>28.6</b>	<b>38.2</b>
<b>FINANCING</b>			
Repayment of lease liabilities		(0.4)	(0.1)
Cash used in financing activities		(0.4)	(0.1)
<b>INVESTING</b>			
Investment in capital and intangible assets	3, 4	(9.3)	(11.7)
Government capital grant funds received	7	1.8	—
Change in accounts payable and accrued liabilities related to capital and intangible assets		0.1	(6.8)
Cash used in investing activities		(7.4)	(18.5)
<b>Increase in cash and cash equivalents</b>	<b>\$</b>	<b>20.8</b>	<b>\$ 19.6</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>\$</b>	<b>208.7</b>	<b>\$ 173.6</b>
<b>Cash and cash equivalents, end of period</b>	<b>\$</b>	<b>229.5</b>	<b>\$ 193.2</b>
Cash and cash equivalents consists of:			
Cash in bank		\$ 229.5	\$ 133.2
Short-term investments		\$ —	\$ 60.0
		<b>\$ 229.5</b>	<b>\$ 193.2</b>

See accompanying notes to the interim financial statements.

# Notes to Financial Statements *(unaudited)*

## As at and for the three months ended March 31, 2024

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

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### 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 May 14, 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.

# Notes to Financial Statements *(unaudited)*

## As at and for the three months ended March 31, 2024

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

### 3 CAPITAL ASSETS

As at March 31, 2024	Land	Leased Land	Buildings & Structures	Computer Equipment	Vehicles	Machinery & Equipment	Furniture & Fixtures	Construction in Progress	Total
<b>Cost</b>									
Beginning Balance	\$ 5.8	\$ 34.3	\$ 4,230.5	\$ 37.4	\$ 50.3	\$ 155.6	\$ 21.0	\$ 57.9	\$ 4,592.8
<b>Additions</b>	—	—	—	—	—	—	—	<b>9.1</b>	<b>9.1</b>
<b>Transfers</b>	—	—	<b>21.6</b>	<b>1.1</b>	—	<b>3.0</b>	—	<b>(25.7)</b>	—
<b>Disposals and write-offs</b>	—	—	<b>(0.1)</b>	<b>(16.8)</b>	—	<b>(1.6)</b>	—	—	<b>(18.5)</b>
<b>Ending Balance</b>	<b>5.8</b>	<b>34.3</b>	<b>4,252.0</b>	<b>21.7</b>	<b>50.3</b>	<b>157.0</b>	<b>21.0</b>	<b>41.3</b>	<b>4,583.4</b>
<b>Accumulated Amortization</b>									
Beginning Balance	—	6.4	1,594.8	34.2	37.4	43.3	6.7	—	1,722.8
<b>Depreciation &amp; Amortization</b>	—	<b>0.1</b>	<b>31.9</b>	<b>0.1</b>	<b>0.6</b>	<b>2.0</b>	<b>0.3</b>	—	<b>35.0</b>
<b>Disposals and write-offs</b>	—	—	<b>(0.1)</b>	<b>(16.8)</b>	—	<b>(1.6)</b>	—	—	<b>(18.5)</b>
<b>Ending Balance</b>	—	<b>6.5</b>	<b>1,626.6</b>	<b>17.5</b>	<b>38.0</b>	<b>43.7</b>	<b>7.0</b>	—	<b>1,739.3</b>
<b>Net Carrying Value</b>									
December 31, 2023	\$ 5.8	\$ 27.9	\$ 2,635.7	\$ 3.2	\$ 12.9	\$ 112.3	\$ 14.3	\$ 57.9	\$ 2,870.0
<b>March 31, 2024</b>	<b>\$ 5.8</b>	<b>\$ 27.8</b>	<b>\$ 2,625.4</b>	<b>\$ 4.2</b>	<b>\$ 12.3</b>	<b>\$ 113.3</b>	<b>\$ 14.0</b>	<b>\$ 41.3</b>	<b>\$ 2,844.1</b>

Construction in progress balance consists of costs capitalized for both airside and groundside facility improvement projects. As at March 31, 2024, interest capitalized in construction in progress was \$0.3 million (December 31, 2023 – \$1.0 million).

### 4 INTANGIBLE ASSETS

As at March 31, 2024	Computer Software	Work in Progress	Total
<b>Cost</b>			
Beginning Balance	\$ 39.2	\$ 2.5	\$ 41.7
<b>Additions</b>	—	<b>0.2</b>	<b>0.2</b>
<b>Transfers</b>	<b>1.2</b>	<b>(1.2)</b>	—
<b>Ending Balance</b>	<b>40.4</b>	<b>1.5</b>	<b>41.9</b>
<b>Accumulated Amortization</b>			
Beginning Balance	38.6	—	38.6
<b>Depreciation &amp; Amortization</b>	<b>0.2</b>	—	<b>0.2</b>
<b>Ending Balance</b>	<b>38.8</b>	—	<b>38.8</b>
<b>Net Carrying Value</b>			
December 31, 2023	\$ 0.6	\$ 2.5	\$ 3.1
<b>March 31, 2024</b>	<b>\$ 1.6</b>	<b>\$ 1.5</b>	<b>\$ 3.1</b>

# Notes to Financial Statements *(unaudited)*

## As at and for the three months ended March 31, 2024

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

### 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.

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 bonds issued and outstanding under the MTI Agreement are:

Supplemental Indenture	Series	Interest Rate	Maturity Date	March 31, 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	415.4	415.4
Second	4002957	2.2580%	October 7, 2031	160.8	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				\$ 3,275.1	\$ 3,275.1
Less: Debt issuance costs				(11.9)	(12.1)
Less: Current portion				(7.8)	(7.8)
Long-term debt				\$ 3,255.4	\$ 3,255.2

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.

# Notes to Financial Statements *(unaudited)*

## As at and for the three months ended March 31, 2024

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

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### 6 CREDIT FACILITIES

As at March 31, 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, 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, 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 March 31, 2024 total \$44.9 million (December 31, 2023 - \$44.9 million) which were issued for specific operational expenses including a letter of credit of \$39.3 million (December 31, 2023 - \$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. Subsequent to March 31, 2024, the Authority cancelled its letter of credit and funded the requirement with \$47.9 million in cash.

As at March 31, 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 March 31, 2024, the letter of credit that was outstanding under the L/C Facility is \$67.5 million (December 31, 2023 - \$67.5 million). This includes a letter of credit of \$58.5 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 maturity date of the L/C Facility is October 7, 2024. Subsequent to March 31, 2024, the Authority decreased the amount of its letter of credit required under the MTI agreement to \$53.5 million.

As of March 31, 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.

### 7 GOVERNMENT ASSISTANCE

In March, 2022, the Authority obtained grant approval under the Government of Canada's Airport Critical Infrastructure Program ("ACIP"). As at March 31, 2024, the Authority has recognized \$14.1 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.

### 8 EMPLOYEE FUTURE BENEFITS

As at March 31, 2024, the discount rate assumption used to measure the pension benefit obligation remains consistent from 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, as at March 31, 2024, the Authority recognized a pension asset of \$17.1 million and pension liability of \$13.7 million (December 31, 2023 - \$19.0 million and \$14.3 million). The funded status as at March 31, 2024, is a net asset of \$3.4 million (net asset of \$4.7 million at December 31, 2023).

### 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.

# Notes to Financial Statements *(unaudited)*

## As at and for the three months ended March 31, 2024

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

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 March 31, 2024, the fair value of the Authority's long-term debt and Canada Lease rent payable is \$2,907.0 million (December 31, 2023 - \$2,980.3 million).

### 10 INTEREST AND FINANCING COST

	Three months ended	
	March 31,	
	2024	2023
Interest on long-term debt	\$ 27.4	\$ 27.6
Amortization of deferred financing costs	0.2	0.2
Standby fees	0.3	0.3
Fair value adjustment on long-term payable	0.1	0.1
Other interest expense	0.2	0.3
Interest and financing costs	\$ 28.2	\$ 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 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 March 31, 2024, has recorded a liability of \$9.7 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 March 31, 2024, the Authority had approximately \$161.5 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 three months ended March 31, 2024 and 2023 is considered to be derived from airport business and therefore exempt from income tax.

### 13 COMPARATIVE INFORMATION

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



# Notes to Financial Statements *(unaudited)*

## As at and for the three months ended March 31, 2024

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

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### **14 SUBSEQUENT EVENTS**

Subsequent events have been reviewed through May 14, 2024, the date on which these interim financial statements were approved by the Audit and Finance Committee of the Board of Directors. Except for the events mentioned in Note 6, there were no subsequent events requiring disclosure or adjustment to the financial statements.