

Calgary Exhibition and Stampede Limited
Summary of Audited (except for 2023 Budget) Operating Results (\$000s)

	2023 Budget	2022	2021	2020	2019
Gross revenue	159,198	142,221	66,714	25,010	154,105
Provincial Government grants	6,055	6,055	5,918	6,023	7,112
COVID-19 related Government funding	--	12,969	14,905	9,944	--
Direct expenses	(95,652)	(91,733)	(52,721)	(24,322)	(104,034)
Subtotal	69,601	69,512	34,816	16,655	57,183
Indirect expenses (Note 1)	(55,529)	(42,653)	(29,591)	(29,149)	(40,059)
Amortization of tangible capital assets	(14,895)	(13,045)	(13,517)	(14,054)	(14,876)
Excess of Revenue over Expenses	(823)	13,814	(8,292)	(26,548)	2,248

Note 1: Includes Administration, Marketing, Park Maintenance, Interest and Employee Benefits.

	2023 Budget	2022	2021	2020	2019
EBITDA*	18,072	30,064	4,994	(11,038)	19,681
Less unfunded capital expenditures**	(4,500)	(3,063)	(1,876)	(1,955)	(5,838)
Available to service debt	13,572	27,001	3,118	(12,993)	13,843
Debt Service Requirements	9,406	6,122	2,460	3,949	7,905
Annual DSCR***	1.44	4.41	N/A	N/A	1.75
Rolling Average DSCR***	2.61	4.41	N/A	N/A	1.59

* EBITDA stands for Earnings Before Interest, Taxes, Depreciation and Amortization.

** Unfunded capital expenditures stands for capital expenditures not funded by third party contributors

*** DSCR stands for Debt Service Coverage Ratio.

Calculated as: Available to service debt/ Debt Service Requirements. Minimum required is 1.00 : 1.

2019 and prior was a 4-Year Rolling Average. Waived for 2020. Not required for 2021.

2022 requirement is the Annual DSCR only. 2023 requirement is a 2-Year average of 2022 and 2023 DSCR.

Current Ratio (=Current Assets/ Current Liabilities)	N/A	1.06	0.88	0.81	0.94
---	-----	------	------	------	------

2022 Current Ratio excludes credit facilities expected to be renewed in 2023 but included in Current Liabilities

2023 Budget

The above 2023 budget was prepared in the fall of 2022 and will be reviewed twice in 2023 as part of The Stampede's forecasting process. The increased revenue projection of \$159 million versus 2022 actual results is due to the anticipated increased scale for the 2023 annual exhibition as well as increased activity levels for the year-round business activities. The estimated expenses are to align with activity levels and capital expenditures have increased from the pandemic spending levels, but still remain below pre-pandemic investment and continue to include essential maintenance requirements. There are no COVID based subsidies included in the 2023 budget and the provincial government grant is assumed flat to 2022. In this scenario, the budget is cash-flow neutral before necessary BMO Expansion operating investments and \$6.0 million of term-debt is repaid in the year.

2022 Operating Results

After being cancelled in 2020 for the first time in nearly 100 years and operating on a greatly reduced scale in 2021, the annual exhibition returned in 2022 on a scale comparable to pre-pandemic levels. The 2022 annual exhibition was budgeted in a financially prudent manner due

to the uncertainty that existed around its full return and assumed attendance of one million over the ten days. The actual attendance for the annual exhibition was just over 1.2 million with revenues not far off pre-pandemic levels. Other year-round revenue generating activities also continued to be impacted through the first quarter of 2022 due to the restrictions surrounding the Omicron variant, but reopened in the spring and operated close to pre-pandemic levels to the end of the year. The Stampede’s fiscal 2022 operating income was \$13.8 million aided by prudent fiscal management and \$13.0 million of COVID-19 related government funding.

The Stampede’s revenues in 2022 improved to \$142.2 million from \$66.7 million in 2021 but were still down from pre-pandemic revenues in 2019 of \$154.1 million. The Stampede was profitable with excess revenues over expenses in the year of \$13.8 million, due primarily to an \$8.6 million one-time federal support program for major festivals that was received in the year as well as \$4.4 million of other COVID-19 based funding. Liquidity improved as reflected in The Stampede’s increase in its Current Ratio to 1.06 in 2022 from .88 in 2021.

The Stampede received \$6.1 million in funding from the Government of Alberta through Alberta Culture and Tourism in 2022 (\$5.9 million in 2021). The Stampede does not have a long-term grant agreement with the Province; however, grants renew on an annual basis. The grants are expected to remain unchanged for 2023 at \$6.1 million.

In 2022, The Stampede also received COVID-19 related financial assistance of \$13.0 million from the Federal government (\$14.9 million in 2021, \$13.9 million from the Federal government and \$1.0 million from the Alberta government), which significantly mitigated some of the financial impact of the pandemic.

Financial Covenant

The Debt Service Coverage Ratio (“DSCR”) is a financial covenant within both The City’s and The Stampede’s external bank lender’s credit agreements. Prior to 2020, the covenant required that the four-year average DSCR be not less than 1:00 to 1. However, in 2020, due to the financial impacts of the pandemic, The City and The Stampede’s external bank lender both agreed to amendments to permit The Stampede to exclude 2020 results from the financial covenant calculation. In 2021, The City and The Stampede’s external bank lender both agreed to amend their credit agreements with The Stampede to remove the DSCR for 2021 but limit credit facilities to certain thresholds. As a result, The Stampede has remained in compliance, in all material respects, with the covenants contained in its credit agreements.

The amended credit agreements require The Stampede’s annual DSCR to be not less than 1:00 to 1 in 2022, which was met. Over the years 2023 through 2025 the four-year average DSCR will be phased back in. Calculation of the required future DSCR is summarized in the table below:

	2022	2023	2024	2025 (and beyond)
Rolling Average DSCR (minimum of 1.00 : 1)	2022 only	2 year avg. of 2022 and 2023	3 year avg. of 2022, 2023 and 2024	4 year avg. of 2022 through 2025

Asset to Loan Ratio and amendment to lands pledged as security

The Stampede provided The City with an appraisal of The Stampede’s owned lands with a “Hypothetical Current Market Value Estimate” as at 2019 March 15. The City’s security includes parcels with an aggregate value of \$94.1 million which would offer 133 per cent coverage to the maximum loan guarantee amount of \$70.8 million (based on exposure as of 2022 December). The next appraisal is to be completed in 2024.

The Stampede and The City entered into a land exchange agreement whereby certain of The Stampede's lands were transferred to The City with the intention of building a new Event Centre on that land. Once a new Event Centre has been completed The City will transfer ownership of certain lands to The Stampede to complete the land exchange. Because a portion of the lands now owned by The City for a new Event Centre had been pledged as loan guarantee security to The City, The Stampede has pledged a different parcel of land as security. By doing so, this avoided a breach in the required minimum value to guaranteed debt ratio of 125 per cent by providing coverage of 133 per cent as noted above.

Capital Campaign / Projects Update

BMO Centre Expansion

In 2016 March, The Stampede announced it was exploring options for a \$500 million expansion of the BMO Centre ("BMO Centre Expansion") and in 2018, The Stampede entered into a development agreement with Calgary Municipal Land Corporation to oversee the BMO Centre Expansion. The BMO Centre Expansion is being funded equally by the three levels of government.

The project broke ground on 2021 April 29 and is currently executing on time and on budget and brings Calgary into alignment with other international "Tier 1" convention cities.

At the time of preparing this report, The City, through a loan to Calgary Municipal Land Corporation has advanced \$206.0 million to the project.

Park Development

In early 2019, The Stampede entered into a marketing agreement with Calgary Municipal Land Corporation ("CMLC") to carry-out the marketing and development strategy of Stampede-owned lands for mixed-use development opportunities. This land assembly is at the centre of Calgary's future culture and entertainment district. In December 2022, Calgary Stampede and CMLC jointly announced an initial hotel development on Stampede lands in support of the needs of the BMO Centre expansion.

CMLC is also carrying out other projects including the redesign of the Victoria Park/Stampede LRT Station, the east extension to 17th Avenue onto Stampede Park, and the development of the Stampede Trail roadway.

The Stampede is also proceeding with the construction of the SAM Centre – a building on its Youth Campus designed as a western heritage museum and interpretive centre with the aim of bringing the Stampede experience alive on a year-round basis. Construction is underway with completion expected in Spring 2024.

The City and The Stampede have agreed to await the results of efforts currently being undertaken to achieve Calgary's goal of having a new Event Centre.