

Calgary Exhibition and Stampede Limited

Summary of Audited (except for 2024 Budget) Operating Results (\$000s)

	2024 Budget	2023	2022	2021	2020	2019
Gross revenue	197,403	173,444	142,221	66,714	25,010	154,105
Provincial Government grants	6,055	6,055	6,055	5,918	6,023	7,112
COVID-19 related Government funding	--	1,036	12,969	14,905	9,944	--
Direct expenses	(110,908)	(115,771)	(91,733)	(52,721)	(24,322)	(104,034)
Subtotal	92,550	64,764	69,512	34,816	16,655	57,183
Indirect expenses (Note 1)	(66,927)	(48,723)	(42,653)	(29,591)	(29,149)	(40,059)
Amortization of tangible capital assets	(30,347)	(13,125)	(13,045)	(13,517)	(14,054)	(14,876)
Excess of Revenue over Expenses	(4,724)	2,916	13,814	(8,292)	(26,548)	2,248

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

	2024 Budget	2023	2022	2021	2020	2019
EBITDA*	30,215	20,241	30,241	5,177	(11,026)	19,681
Less unfunded capital expenditures**	(5,385)	(5,642)	(3,064)	(1,876)	(1,955)	(5,838)
Available to service debt	24,830	14,599	27,177	3,301	(12,981)	13,843
Debt Service Requirements	8,357	9,636	6,300	2,460	3,949	7,905
Annual DSCR***	2.97	1.52	4.31	N/A	N/A	1.75
Rolling Average DSCR***	2.74	2.62	4.31	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.

2024 requirement is a 3-Year average of 2022 through 2024. 2023 requirement is a 2-Year average of 2022 and 2023.

Debt Service Requirements exclude lump sum principal payments deferred to end of the loan terms due to the pandemic.

Current Ratio (=Current Assets/ Current Liabilities)	N/A	1.08	1.06	0.88	0.81	0.94
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2023 and 2022 Current Ratio excludes credit facilities in Current Liabilities but expected to be renewed the following year.

2024 Budget

The above 2024 budget was prepared in the fall of 2023 and will be reviewed twice in 2024 as part of The Stampede's forecasting process. The increased revenue projection of \$197 million versus 2023 actual results is due to the anticipated increased activity levels for the year-round business activities with the expanded BMO convention centre opening midway through 2024 as well as increased deferred contribution revenue recognized from the BMO expansion project. Excess of revenue over expenses is budgeted at negative \$4.7M in 2024 versus a positive \$2.9M in 2023. This is due to two primary factors. The first is the Stampede's annual exhibition event being budgeted assuming 1.3M in attendance versus just under 1.4M in 2023 with a 2024 net financial contribution slightly less than 2023 actuals, due primarily to the lower assumed attendance. The second factor is related to the expanded BMO convention center. The Stampede will incur start up expenses beginning early in 2024 when the Stampede takes possession of the building prior to when it opens and can begin earning revenue, at which time amortization of the capital cost will also begin.

In the budget, the estimated direct expenses are aligned 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 2024 budget and the provincial government grant is assumed flat in 2024. \$10.3 million of term-debt is repaid in the year, which includes a final balloon payment of \$5.5 million on Facility C from principal payments deferred during the pandemic.

2023 Operating Results

The 2023 annual exhibition was budgeted with the expectation of 1.2 million in attendance and while financial prudence was part of its planning strategy, it included investments in targeted areas to improve guest experience and achieve financial results. The actual attendance for the annual exhibition was just under 1.4 million with revenues exceeding pre-pandemic levels. Other year-round revenue generating activities were impacted by the auto and motorcycle shows not returning for 2023 as well as reduced regionally based meetings and events due to the heavy construction in the area. The Stampede's fiscal 2023 operating income was \$2.9 million aided by prudent fiscal management and a successful annual exhibition, which was partially offset with softer year-round results.

The Stampede's revenues in 2023 improved to \$173.3 million from \$142.2 million in 2022 and also exceeded pre-pandemic revenues in 2019 of \$154.1 million. The Stampede was profitable with excess revenues over expenses in the year of \$2.9 million. Liquidity improved as reflected in The Stampede's increase in its Current Ratio to 1.08 in 2023 from 1.06 in 2022.

The Stampede received \$6.1 million in funding from the Government of Alberta through Alberta Culture and Tourism in 2023 (\$6.1 million in 2022). 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 2024 at \$6.1 million.

In 2023, The Stampede also received COVID-19 related financial assistance of \$1.0 million from the Federal government (\$13.0 million in 2022). The \$1.0 million received in 2023 was the final payment from a \$10 million Major Festivals and Events Support Initiative with \$9.0 million of the initiative received in 2022 and the remaining \$1.0 million in 2023.

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.

The amended credit agreements required The Stampede's annual DSCR to be not less than 1:00 to 1 in 2022. Over the years 2023 through 2025 the amended credit agreements require the four-year average DSCR to be phased back in. Calculation of the required DSCR over this time period 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

The Stampede has remained in compliance to date, in all material respects, with the covenants contained in its credit agreements.

Asset to Loan Ratio and amendment to lands pledged as security

The Stampede provided The City with an independent appraisal of The Stampede's owned lands with a "Hypothetical Current Market Value Estimate" as at 2019 March 15. As at year end 2023 The City's security includes pledged parcels with an aggregate estimated value of \$123.8 million which would offer 166 per cent coverage to the maximum loan guarantee amount of \$74.6 million. The required minimum value to guaranteed debt ratio is 125 per cent.

With The City's new guarantee of Facility H in 2023 and in support of the Event Centre The Stampede and The City have entered into land exchange and land sale agreements whereby certain of The Stampede's lands have been transferred to The City with the intention of building the new Event Centre on that land. Because of the new guarantee of Facility H and given that a portion of the lands now owned by The City for the new Event Centre had been pledged as loan guarantee security to The City, The Stampede pledged a different parcel of land as security in 2023. This ensured the required minimum asset value to guaranteed debt ratio of 125 per cent was maintained.

The Stampede is required to provide an updated land appraisal to The City every five years. The next appraisal is to be completed in 2024. After closing of the land transactions described above and after completion of the 2024 appraisal the adequacy of The City's existing land security will be reevaluated. The Stampede is obligated to pledge additional land for security to avoid a breach in the required minimum value to guaranteed debt ratio of 125 per cent if required. The Stampede may also request release of land security if aggregate estimated land values of pledged parcels are above the required minimum of 125 per cent.

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.

The project commemorated substantial completion in a media and partners event on March 13, 2024, and the building will play host to its Grand Opening in early June 2024.

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. Specifically, The Stampede and CMLC are focused on securing one or more hotels in service to the new BMO Centre. All parties agree that hotel support in the area will be critical to the BMO Centre meeting its full potential in hosting travelling convention-goers, and the recently announced Calgary Event Centre provides further evidence to potential hoteliers that the area is ready for their investment.

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 Calgary Stampede Foundation reached substantial completion of the SAM Centre in March 2024 – a building on its Youth Campus designed as a western heritage museum and interpretive centre with the aim of bringing the annual exhibition experience alive on a year-round basis. The SAM Centre is scheduled to open Spring 2024.