AIR CANADA

News Release

Air Canada Reports Third Quarter 2023 Financial Results

- *Operating revenues of $6.344 billion increased 19 per cent from the third quarter of 2022*
- *Operating income of $1.415 billion, with an operating margin of 22.3 per cent, increased $771 million year over year*
- *Adjusted EBITDA* of $1.830 billion, with adjusted EBITDA margin* of 28.8 per cent, an improvement of over $773 million year over year*
- *Third quarter net cash flows from operating activities of $408 million, and free cash flow* of $135 million*
- *Leverage ratio* of 1.4 at September 30, 2023, down from 5.1 at December 31, 2022*

MONTREAL, October 30, 2023 – Air Canada today reported its third quarter 2023 financial results.

"Air Canada performed strongly in the third quarter, generating solid operating revenues of more than $6.3 billion, a 19 per cent increase over the same period last year. Our focus on growing our international network, building scale at our hubs and leveraging our solid partnerships is delivering strong results. Our operating income reached $1.4 billion, more than double from a year ago, and adjusted EBITDA grew by $773 million to $1.83 billion, representing an adjusted EBITDA margin of nearly 29 per cent. I thank our employees and management team for their hard work in safely transporting 12.6 million customers during the busy and demanding summer season. We managed costs prudently, with operating expenses rising 5 per cent, on a 10 per cent increase in capacity. We have continued to pay down debt in the quarter, lowering our leverage ratio to 1.4 from 5.1 at the end of last year, while also maintaining a healthy level of liquidity, which stood at nearly $10 billion at the quarter's end," said Michael Rousseau, President and Chief Executive Officer at Air Canada.

"Viewed sequentially, Air Canada's progressive performance to date proves the success of its strategy to grow back the airline and improve operational stability, while mitigating risks. This requires navigating geopolitical uncertainty, inflation and the volatile fuel price environment, meeting increased competition and dealing with supply chain, and the evolving regulatory environment. Yet our demonstrated adaptability, combined with a stable demand environment, give us every confidence for the rest of the year and into 2024 despite the inevitable headwinds to which our global industry is prone. We will continue to manage our business with diligence. We remain confident with our full year adjusted EBITDA guidance and at this point in time, expect to land in the higher range of our full year guidance."

[*]Adjusted CASM, adjusted EBITDA (earnings before interest, taxes, depreciation, and amortization), adjusted EBITDA margin, leverage ratio, net debt, adjusted pre-tax income (loss), adjusted net income (loss), adjusted earnings (loss) per share, and free cash flow are referred to in this news release. Such measures are non-GAAP financial measures, non-GAAP ratios, or supplementary financial measures, are not recognized measures for financial statement presentation under GAAP, do not have standardized meanings, may not be comparable to similar measures presented by other entities and should not be considered a substitute for or superior to GAAP results. Refer to the "Non-GAAP Financial Measures" section of this news release for descriptions of these measures, and for a reconciliation of Air Canada non-GAAP measures used in this news release to the most comparable GAAP financial measure.

Third Quarter 2023 Financial Results

- Operating revenues of $6.344 billion increased over $1 billion from the third quarter of 2022 driven by higher passenger revenues. Operated capacity increased 10 per cent from the third quarter of 2022, about one percentage point below the projection provided in Air Canada's August 11, 2023, news release.
- Operating expenses of $4.929 billion increased $251 million or 5 per cent from the third quarter of 2022. The increase was due primarily to increases in nearly all line items reflecting higher traffic and capacity year over year and general inflationary pressures. Lower aircraft fuel expense resulting from 23 per cent lower jet fuel prices year over year partially offset the increase.
- Operating income of $1.415 billion, with an operating margin of 22.3 per cent, improved $771 million from the third quarter of 2022.
- Adjusted EBITDA of $1.830 billion, with an adjusted EBITDA margin of 28.8 per cent, increased $773 million from the third quarter of 2022.
- Net income of $1.250 billion increased $1.758 billion from the third quarter of 2022. Diluted earnings per share of $3.08 compared to a diluted loss per share of $1.42 in the third quarter of 2022.
- Adjusted net income of $1.281 billion improved $850 million from the third quarter of 2022. Adjusted earnings per diluted share of $3.41 compared to $1.07 in the third quarter of 2022.
- Adjusted CASM of 12.20 cents increased 5.6 per cent from the third quarter of 2022. The unit cost was impacted by a 17 per cent increase in salaries, wages and benefits expenses — on higher staffing levels — and by higher passenger service costs due to higher traffic and higher selling costs — which are correlated to revenues — and by inflationary pressures on various line items. Third quarter 2023 CASM of 17.57 cents decreased 4.0 per cent from the third quarter of 2022, driven by lower fuel prices and higher capacity year over

year, and was partially offset by higher salaries, wages and benefits, higher passenger service costs and inflationary pressures.

- Net cash flows from operating activities of $408 million increased $118 million from the third quarter of 2022.
- Free cash flow of $135 million increased $178 million from the third quarter of 2022.
- Net debt-to-adjusted EBITDA ratio was 1.4, as measured at September 30, 2023, an improvement from the ratio of 1.7 at June 30, 2023, and 5.1 at December 31, 2022, driven by an increase in adjusted EBITDA and a $2.1 billion reduction in net debt in the first nine months of 2023.

Outlook

For the fourth quarter of 2023, Air Canada plans to increase its ASM capacity by about 10 per cent from the same quarter in 2022. Air Canada is providing the following update for the full year 2023 guidance as described below.

Metric	Full Year 2023	
	Prior 2023 Guidance (Provided on August 11, 2023)	Updated 2023 Guidance (Provided on October 30, 2023)
ASM capacity	About 21 per cent increase versus 2022	About 20 per cent increase versus 2022
Adjusted CASM	About 0.5 to 1.5 per cent above 2022 levels	About 1.5 to 2.25 per cent above 2022 levels
Adjusted EBITDA	About $3.75 - $4.0 billion	About $3.75 - $4.0 billion

Major Assumptions

Air Canada made assumptions in preparing its updated guidance and making forward looking statements — including moderate Canadian GDP growth for 2023, that the Canadian dollar will trade, on average, at C$1.35 per U.S. dollar for the full year 2023 and that the price of jet fuel will average C$1.13 per litre for the full year 2023.

Air Canada is modifying its 2023 adjusted CASM guidance to reflect the change in full year ASM capacity guidance, as well as adjustments to various expense items related to the ongoing cost environment.

Air Canada is not updating its 2024 targets at this time and will continue evaluating them as it progresses with its plans and executes on its strategic priorities.

Non-GAAP Financial Measures

Below is a description of certain non-GAAP financial measures and ratios used by Air Canada to provide readers with additional information on its financial and operating performance. Such measures are not recognized measures for financial statement presentation under GAAP, do not have standardized meanings, may not be comparable to similar measures presented by other entities and should not be considered a substitute for or superior to GAAP results.

Adjusted CASM

Air Canada uses adjusted CASM to assess the operating and cost performance of its ongoing airline business without the effects of aircraft fuel expense, the cost of ground packages at Air Canada Vacations, impairment of assets and freighter costs as these items may distort the analysis of certain business trends and render comparative analysis across periods less meaningful and their exclusion generally allows for a more meaningful analysis of Air Canada's operating expense performance and a more meaningful comparison to that of other airlines.

In calculating adjusted CASM, aircraft fuel expense is excluded from operating expense results as it fluctuates widely, depending on many factors, including international market conditions, geopolitical events, jet fuel refining costs and Canada/U.S. currency exchange rates. Air Canada also incurs expenses related to ground packages at Air Canada Vacations, which some airlines, without comparable tour operator businesses, may not incur. In addition, these costs do not generate ASMs and, therefore, excluding these costs from operating expense results provides for a more meaningful comparison across periods when such costs may vary.

Air Canada also incurs expenses related to the operation of freighter aircraft that some airlines, without comparable cargo businesses, may not incur. Air Canada had six Boeing 767 dedicated freighter aircraft in its operating fleet as at September 30, 2023, compared to two Boeing 767 dedicated freighter aircraft in service as at September 30, 2022. These costs do not generate ASMs and, therefore, excluding these costs from operating expense results provides for a more meaningful comparison of the passenger airline business across periods.

Adjusted CASM is reconciled to GAAP operating expense as follows:

(Canadian dollars in millions, except where indicated)	Third Quarter			First Nine Months		
	2023	2022	Change	2023	2022	Change
Operating expense – GAAP	**$ 4,929**	**$ 4,678**	**$ 251**	**$ 14,458**	**$ 12,035**	**$ 2,423**
Adjusted for:						
Aircraft fuel	(1,365)	(1,617)	252	(3,927)	(3,817)	(110)
Ground package costs	(99)	(80)	(19)	(543)	(311)	(232)
Impairment of assets	-	-	-	-	(4)	4
Freighter costs (excluding fuel)	(41)	(26)	(15)	(111)	(59)	(52)
Operating expense, adjusted for the above-noted items	**$ 3,424**	**$ 2,955**	**$ 469**	**9,877**	**7,844**	**2,033**
ASMs (millions)	**28,060**	**25,562**	**9.8%**	**74,573**	**60,190**	**23.9%**
Adjusted CASM (cents)	**¢ 12.20**	**¢ 11.56**	**¢ 0.64**	**¢ 13.24**	**¢ 13.03**	**¢ 0.21**

EBITDA and Adjusted EBITDA

EBITDA (earnings before interest, taxes, depreciation and amortization) is commonly used in the airline industry and is used by Air Canada as a means to assess operating results before interest, taxes, depreciation and amortization as these costs can vary significantly among airlines due to differences in the way airlines finance their aircraft and other assets. In calculating adjusted EBITDA, Air Canada excludes impairment of assets as this may distort the analysis of certain business trends and render comparative analysis across periods or to other airlines less meaningful.

Adjusted EBITDA Margin

Adjusted EBITDA margin (adjusted EBITDA as a percentage of operating revenues) is commonly used in the airline industry and is used by Air Canada as a means to assess the operating margin before interest, taxes, depreciation and amortization as these costs can vary significantly among airlines due to differences in the way airlines finance their aircraft and other assets.

EBITDA, adjusted EBITDA and adjusted EBITDA margin are reconciled to GAAP operating income (loss) as follows:

(Canadian dollars in millions, except where indicated)	Third Quarter			First Nine Months		
	2023	2022	Change	2023	2022	Change
Operating income (loss) – GAAP	**$ 1,415**	**$ 644**	**$ 771**	**$ 2,200**	**$ (159)**	**$ 2,359**
Add back:						
Depreciation and amortization	415	413	2	1,261	1,223	38
EBITDA	**$ 1,830**	**$ 1,057**	**$ 773**	**$ 3,461**	**$ 1,064**	**$ 2,397**
Remove:						
Impairment of assets	-	-	-	-	4	(4)
Adjusted EBITDA	**$ 1,830**	**$ 1,057**	**$ 773**	**$ 3,461**	**$ 1,068**	**$ 2,393**
Operating revenues	**$ 6,344**	**$ 5,322**	**$ 1,022**	**$ 16,658**	**$ 11,876**	**$ 4,782**
Operating margin (%)	**22.3**	**12.1**	**10.2 pp**	**13.2**	**(1.3)**	**14.5 pp**
Adjusted EBITDA margin (%)	**28.8**	**19.9**	**8.9 pp**	**20.8**	**9.0**	**11.8 pp**

Adjusted Pre-tax Income (Loss)

Adjusted pre-tax income (loss) is used by Air Canada to assess the overall pre-tax financial performance of its business without the effects of impairment of assets, foreign exchange gains or losses, net interest relating to employee benefits, gains or losses on financial instruments recorded at fair value, gains or losses on the sale and leaseback of assets, gains or losses on disposal of assets, and gains or losses on debt settlements and modifications, as these items may distort the analysis of certain business trends and render comparative analysis across periods or to other airlines less meaningful.

Adjusted pre-tax income (loss) is reconciled to GAAP income (loss) before income taxes as follows:

	Third Quarter			First Nine Months		
(Canadian dollars in millions)	2023	2022	$ Change	2023	2022	$ Change
Income (loss) before income taxes – GAAP	**$ 1,317**	**$ (504)**	**$ 1,821**	**$ 2,090**	**$ (1,670)**	**$ 3,760**
Adjusted for:						
Impairment of assets	-	-	-	-	4	(4)
Foreign exchange (gain) loss	61	951	(890)	(317)	1,048	(1,365)
Net interest relating to employee benefits	(6)	(9)	3	(18)	(17)	(1)
(Gain) loss on financial instruments recorded at fair value	(101)	25	(126)	(24)	(89)	65
(Gain) loss on debt settlement	7	(17)	24	9	(17)	26
Adjusted pre-tax income (loss)	**$ 1,278**	**$ 446**	**$ 832**	**$ 1,740**	**$ (741)**	**$ 2,481**

Adjusted Net Income (Loss) and Adjusted Earnings (Loss) Per Share – Diluted

Air Canada uses adjusted net income (loss) and adjusted earnings (loss) per share — diluted as a means to assess the overall financial performance of its business without the after-tax effects of impairment of assets, foreign exchange gains or losses, net financing expense relating to employee benefits, gains or losses on financial instruments recorded at fair value, gains or losses on the sale and leaseback of assets, gains or losses on debt settlements and modifications, and gains or losses on disposal of assets as these items may distort the analysis of certain business trends and render comparative analysis to other airlines less meaningful.

Adjusted net income (loss) and adjusted earnings (loss) per share are reconciled to GAAP net income as follows:

	Third Quarter			First Nine Months		
(Canadian dollars in millions)	**2023**	**2022**	**$ Change**	**2023**	**2022**	**$ Change**
Net income (loss) – GAAP	**$ 1,250**	**$ (508)**	**$ 1,758**	**$ 2,092**	**$ (1,868)**	**$ 3,960**
Adjusted for:						
Impairment of assets	-	-	-	-	4	(4)
Foreign exchange (gain) loss	61	951	(890)	(317)	1,048	(1,365)
Net interest relating to employee benefits	(6)	(9)	3	(18)	(17)	(1)
(Gain) loss on financial instruments recorded at fair value	(101)	25	(126)	(24)	(89)	65
Gain (loss) on debt settlement	7	(17)	24	9	(17)	26
Income tax, including for the above reconciling items (1)	70	(11)	81	15	168	(153)
Adjusted net income (loss)	**$ 1,281**	**$ 431**	**$ 850**	**$ 1,757**	**$ (771)**	**$ 2,528**
Weighted average number of outstanding shares used in computing diluted income per share (in millions)	376	404	(28)	376	358	18
Adjusted earnings (loss) per share – diluted	**$ 3.41**	**$ 1.07**	**$ 2.34**	**$ 4.67**	**$ (2.15)**	**$ 6.82**

(1) In 2023, the deferred income tax expense recorded in other comprehensive income related to remeasurements on employee benefit liabilities is offset by a deferred income tax recovery that was recorded through Air Canada's consolidated statement of operations. This recovery is removed from adjusted net income (loss). In comparison, a deferred income tax expense was removed from adjusted net income (loss) for the year 2022.

The table below reflects the share amounts used in the computation of basic and diluted earnings per share on an adjusted earnings per share basis:

(In millions)	Third Quarter		First Nine Months	
	2023	2022	2023	2022
Weighted average number of shares outstanding – basic	**358**	**358**	**358**	**358**
Effect of dilution	18	46	18	-
Weighted average number of shares outstanding – diluted	**376**	**404**	**376**	**358**

Free Cash Flow

Free cash flow is a non-GAAP financial measure used by Air Canada as an indicator of the financial strength and performance of its business, indicating how much cash it can generate from operations after capital expenditures. Free cash flow is calculated as net cash flows from operating activities minus additions to property, equipment, and intangible assets, net of proceeds from sale and leaseback transactions. Such measure is not a recognized measure for financial statement presentation under GAAP, does not have a standardized meaning, may not be comparable to similar measures presented by other entities and should not be considered a substitute for or superior to GAAP results.

The table below reconciles free cash flow to net cash flows from (used in) operating activities for the periods indicated.

(Canadian dollars in millions)	Third Quarter			First Nine Months		
	2023	2022	$ Change	2023	2022	$ Change
Net cash flows from operating activities	**$ 408**	**$ 290**	**$ 118**	**$ 3,335**	**$ 1,721**	**$ 1,614**
Additions to property, equipment, and intangible assets	(273)	(333)	60	(1,248)	(1,245)	(3)
Free cash flow	**$ 135**	**$ (43)**	**$ 178**	**$ 2,087**	**$ 476**	**$ 1,611**

Net Debt

Net debt is a capital management measure and a key component of the capital managed by Air Canada and provides management with a measure of its net indebtedness. It refers to total long-term debt liabilities (including current portion) less cash, cash equivalents and short- and long-term investments.

Net Debt to Trailing 12-Month Adjusted EBITDA (Leverage Ratio)

Net debt to trailing 12-month adjusted EBITDA ratio (also referred to as "leverage ratio") is commonly used in the airline industry and is used by Air Canada as a means to measure financial leverage. Leverage ratio is calculated by dividing net debt by trailing 12-month adjusted EBITDA.

(Canadian dollars in millions)	September 30, 2023	December 31, 2022	Change
Long-term debt and lease liabilities	$ 13,413	$ 15,043	$ (1,630)
Current portion of long-term debt and lease liabilities	959	1,263	(304)
Total long-term debt and lease liabilities	**14,372**	**16,306**	**(1,934)**
Less cash, cash equivalents and short- and long-term investments	(8,934)	(8,811)	(123)
Net debt	**$ 5,438**	**$ 7,495**	**$ (2,057)**
Adjusted EBITDA (trailing 12 months)	**$ 3,850**	**1,457**	**2,393**
Net debt to adjusted EBITDA ratio	**1.4**	**5.1**	**(3.7)**

For further information on Air Canada's public disclosure file, including Air Canada's 2022 Annual Information Form, dated March 29, 2023, consult SEDAR at www.sedarplus.ca.

Third Quarter 2023 Conference Call

Air Canada will host its quarterly analysts' call today, Monday, October 30, 2023, at 8:00 a.m. ET. Michael Rousseau, Air Canada President and Chief Executive Officer, John Di Bert, Executive Vice President and Chief Financial Officer, and Mark Galardo, Executive Vice President, Revenue and Network Planning, will present the results and be available for analysts' questions. Immediately following the analysts' Q&A session, Mr. Di Bert and Pierre Houle, Vice President and Treasurer, will be available to answer questions from term loan B lenders and holders of Air Canada bonds.

Media and the public may access this call on a listen-only basis. Details are as follows:

Webcast: https://edge.media-server.com/mmc/p/qgxngghw

Note: This is a listen-in audio webcast.

By telephone: 1-800-715-9871 (toll-free), passcode 4751482

Please allow 10 minutes to be connected to the conference call.

CAUTION REGARDING FORWARD-LOOKING INFORMATION

This news release includes forward-looking statements within the meaning of applicable securities laws. Forward-looking statements relate to analyses and other information that are based on forecasts of future results and estimates of amounts not yet determinable. These statements may involve, but are not limited to, comments relating to guidance, strategies, expectations, planned operations or future actions. Forward-looking statements are identified using terms and phrases such as "preliminary", "anticipate", "believe", "could", "estimate", "expect", "intend", "may", "plan", "predict", "project", "will", "would", and similar terms and phrases, including references to assumptions.

Forward-looking statements, by their nature, are based on assumptions including those described herein and are subject to important risks and uncertainties. Forward-looking statements cannot be relied upon due to, among other things, changing external events and general uncertainties of the business of Air Canada. Actual results may differ materially from results indicated in forward-looking statements due to a number of factors, including those discussed below.

Factors that may cause results to differ materially from results indicated in forward-looking statements include economic and geopolitical conditions such as the conflicts in the Middle East and between Russia and Ukraine, Air Canada's ability to successfully achieve or sustain positive net profitability, industry and market conditions and the demand environment, competition, the remaining effects from the COVID-19 pandemic, Air Canada's dependence on technology, cybersecurity risks, Air Canada's ability to successfully implement appropriate strategic and other important initiatives (including Air Canada's ability to manage operating costs), energy prices, Air Canada's ability to pay its indebtedness and maintain or increase liquidity, interruptions of service, climate change and environmental factors (including weather systems and other natural phenomena and factors arising from anthropogenic sources), Air Canada's dependence on key suppliers (including government agencies and other stakeholders supporting airport and airline operations), Air Canada's dependence on regional and other carriers, Air Canada's ability to attract and retain required personnel, the availability and onboarding of Air Canada's workforce, other epidemic diseases, changes in laws, regulatory developments or proceedings, employee and labour relations and costs, terrorist acts, war, Air Canada's ability to successfully operate its loyalty program, casualty losses, Air Canada's dependence on Star Alliance™ and joint ventures, Air Canada's ability to preserve and grow its brand, pending and future litigation and actions by third parties, currency exchange fluctuations, limitations due to restrictive covenants, insurance issues and costs, and pension plan obligations, as well as the factors identified in Air Canada's public disclosure file available at www.sedarplus.ca and, in particular, those identified in section 18 "Risk Factors" of Air Canada's 2022 MD&A dated February 17, 2023, and in section 14 "Risk Factors" of Air Canada's third quarter 2023 MD&A.

The forward-looking statements contained or incorporated by reference in this news release represent Air Canada's expectations as of the date of this news release (or as of the date they are otherwise stated to be made) and are subject to change after such date. However, Air Canada disclaims any intention or obligation to update or revise any forward-looking statements whether because of new information, future events or otherwise, except as required under applicable securities regulations.

INFORMATION

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Selected Financial Metrics and Statistics

The financial and operating highlights for Air Canada for the periods indicated are as follows:

(Canadian dollars in millions, except per share data or where indicated)	Third Quarter			First Nine Months		
Financial Performance Metrics	**2023**	**2022**	**$ Change**	**2023**	**2022**	**$ Change**
Operating revenues	6,344	5,322	1,022	16,658	11,876	4,782
Operating profit (loss)	1,415	644	771	2,200	(159)	2,359
Operating margin [(1)] (%)	22.3	12.1	10.2 pp [(8)]	13.2	(1.3)	14.5 pp
Adjusted EBITDA [(2)]	1,830	1,057	773	3,461	1,068	2,393
Adjusted EBITDA margin [(2)] (%)	28.8	19.9	8.9 pp	20.8	9.0	11.8 pp
Net income (loss) before income taxes	1,317	(504)	1,821	2,090	(1,670)	3,760
Net income (loss)	1,250	(508)	1,758	2,092	(1,868)	3,960
Adjusted pre-tax income (loss) [(2)]	1,278	446	832	1,740	(741)	2,481
Adjusted net income (loss) [(2)]	1,281	431	850	1,757	(771)	2,528
Total liquidity [(3)]	9,949	10,236	(287)	9,949	10,236	(287)
Net cash flows from operating activities	408	290	118	3,335	1,721	1,614
Free cash flow [(2)]	135	(43)	178	2,087	476	1,611
Net debt [(2)]	5,438	7,829	(2,391)	5,438	7,829	(2,391)
Diluted earnings (loss) per share	3.08	(1.42)	4.50	5.55	(5.22)	10.77
Adjusted earnings (loss) per share – diluted [(2)]	3.41	1.07	2.34	4.67	(2.15)	6.82
Operating Statistics [(4)]	**2023**	**2022**	**Change %**	**2023**	**2022**	**Change %**
Revenue passenger miles (RPMs) (millions)	25,202	22,118	13.9	65,397	47,970	36.3
Available seat miles (ASMs) (millions)	28,060	25,562	9.8	74,573	60,190	23.9
Passenger load factor %	89.8%	86.5%	3.3 pp	87.7%	79.7%	8.0 pp
Passenger revenue per RPM (Yield) (cents)	23.3	21.8	6.8	22.7	21.2	7.0
Passenger revenue per ASM (PRASM) (cents)	20.9	18.8	10.8	19.9	16.9	17.8
Operating revenue per ASM (TRASM) (cents)	22.6	20.8	8.6	22.3	19.7	13.2
Operating expense per ASM (CASM) (cents)	17.6	18.3	(4.0)	19.4	20.0	(3.0)
Adjusted CASM (cents) [(2)]	12.2	11.6	5.6	13.2	13.0	1.6
Average number of full-time-equivalent (FTE) employees (thousands) [(5)]	35.9	31.8	12.7	35.4	29.6	19.8
Aircraft in operating fleet at period-end	354	344	3	354	344	3
Seats dispatched (thousands)	14,707	13,951	5.4	40,390	34,348	17.6
Aircraft frequencies (thousands)	101.0	99.6	1.5	279.7	250.6	11.6
Average stage length (miles) [(6)]	1,908	1,832	4.1	1,846	1,752	5.4
Fuel cost per litre (cents)	101.9	131.8	(22.6)	109.6	128.4	(14.7)
Fuel litres (thousands)	1,342,967	1,227,669	9.4	3,572,766	2,972,219	20.2
Revenue passengers carried (thousands) [(7)]	12,635	11,466	10.2	33,891	26,046	30.1

(1) *Operating margin is a supplementary financial measure and is defined as operating income (loss) as a percentage of operating revenues.*

(2) *Adjusted EBITDA (earnings before interest, taxes, depreciation, and amortization), adjusted EBITDA margin, adjusted pre-tax income (loss), adjusted net income (loss), free cash flow, net debt, adjusted earnings (loss) per share, and adjusted CASM are non-GAAP financial measures, capital management measures, non-GAAP ratios or supplementary financial measures. Such measures are not recognized measures for financial statement presentation under GAAP, do not have standardized meanings, may not be comparable to similar measures presented by other entities and should not be considered a substitute for or superior to GAAP results. Refer to section "Non-GAAP Financial Measures" of this news release for descriptions of Air Canada's non-GAAP financial measures and for a quantitative reconciliation of Air Canada's non-GAAP financial measures to the most comparable GAAP measure.*

(3) *Total liquidity refers to the sum of cash, cash equivalents, short- and long-term investments and the amounts available under Air Canada's credit facilities. Total liquidity, as at September 30, 2023, of $9,949 million consisted of $8,934 million in cash, cash equivalents, short- and long-term investments and $1,015 million available under undrawn credit facilities. As at September 30, 2022, total liquidity of $10,236 million consisted of $9,206 million in cash and*

cash equivalents, short- and long-term investments, and $1,030 million available under undrawn credit facilities. Cash and cash equivalents also include funds ($240 million as at September 30, 2023, and $231 million as at September 30, 2022) held in trust by Air Canada Vacations in accordance with regulatory requirements governing advance sales for tour operators.

(4) Except for the reference to average number of FTE employees, operating statistics in this table include Jazz operating under its capacity purchase agreement with Air Canada.

(5) Reflects average FTE employees at Air Canada and its subsidiaries. Excludes FTE employees at Jazz, operating under the capacity purchase agreements with Air Canada.

(6) Average stage length is calculated by dividing the total number of available seat miles by the total number of seats dispatched.

(7) Revenue passengers are counted on a flight number basis (rather than by journey/itinerary or by leg) which is consistent with the IATA definition of revenue passengers carried.

(8) "pp" denotes percentage points and refers to a measure of the arithmetic difference between two percentages.