Air Canada

Third Quarter 2025 Update

November 4, 2025

Caution Regarding Forward-Looking Information

This presentation 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, which are amplified in the current environment. 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 conditions, statements or actions by governments and uncertainty relating to the imposition of (or threats to impose) tariffs on Canadian exports or imports and their resulting impacts on the Canadian, North American and global economies and travel demand, geopolitical conditions such as the military 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, Air Canada's dependence on technology, cybersecurity risks, 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), employee and labour relations and costs, 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, Air Canada's dependence on regional and other carriers, Air Canada's ability to attract and retain required personnel, epidemic diseases, changes in laws, regulatory developments or proceedings, 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 2024 MD&A and in section 14 “Risk Factors” of Air Canada's Third Quarter 2025 MD&A.

Air Canada has and continues to establish targets, make commitments and assess the impact regarding climate change, and related initiatives, plans and proposals that Air Canada and other stakeholders (including government, regulatory and other bodies) are pursuing in relation to climate change and carbon emissions. The achievement of our commitments and targets depends on many factors, including the combined actions of governments, industry, suppliers and other stakeholders and actors, as well as the development and implementation of new technologies. In particular, our 2030 carbon emission-related targets and our related 2050 aspiration are ambitious and heavily dependent on new technologies, renewable energies and the availability of a sufficient supply of sustainable aviation fuels (SAF), which continues to present serious challenges. In addition, Air Canada has incurred, and expects to continue to incur, costs to achieve its goal of net-zero carbon emissions and to comply with environmental sustainability legislation and regulation and other standards and accords. The precise nature of future binding or non-binding legislation, regulation, standards and accords, on which local and international stakeholders are increasingly focusing, cannot be predicted with any degree of certainty, nor can their financial, operational or other impact. There can be no assurance of the extent to which any of our climate goals will be achieved or that any future investments that we make in furtherance of achieving our climate goals will produce the expected results or meet increasing stakeholder environmental, social and governance expectations. Moreover, future events could lead Air Canada to prioritize other nearer-term interests over progressing toward our current climate goals based on business strategy, economic, regulatory and social factors, and potential pressure from investors, activist groups or other stakeholders. If we are unable to meet or properly report on our progress toward achieving our climate change goals and commitments, we could face adverse publicity and reactions from investors, customers, advocacy groups or other stakeholders, which could result in reputational harm or other adverse effects to Air Canada.

The forward-looking statements contained or incorporated by reference in this presentation represent Air Canada's expectations as of the date of this presentation (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.

Q3 2025

Highlights of our financial results

See our full financial results at Air Canada's Investor Relations website: **aircanada.com/investors**

Welcomed revenue passengers

12.2M

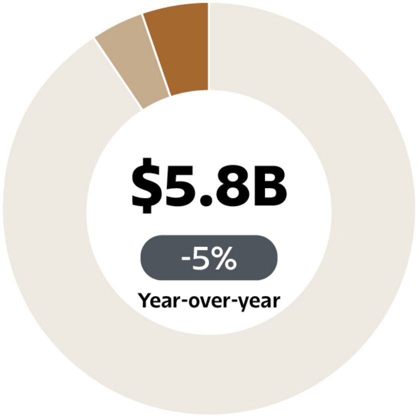
-3.6%

Year-over-year

-2.1% Year-over-year

Capacity – ASM (Available Seat Miles)

Total operating revenues



$5.2B	$239M	$291M
Passenger	Cargo	Other

TRASM (Total Revenue per ASM)	20.4 cents
CASM (Cost per ASM)	19.4 cents
Adjusted CASM*	14.0 cents

$284M Operating income — -$756M Year-over-year

$961M Adjusted EBITDA* — -$562M Year-over-year

88¢ Diluted earnings per share — -$4.50 Year-over-year

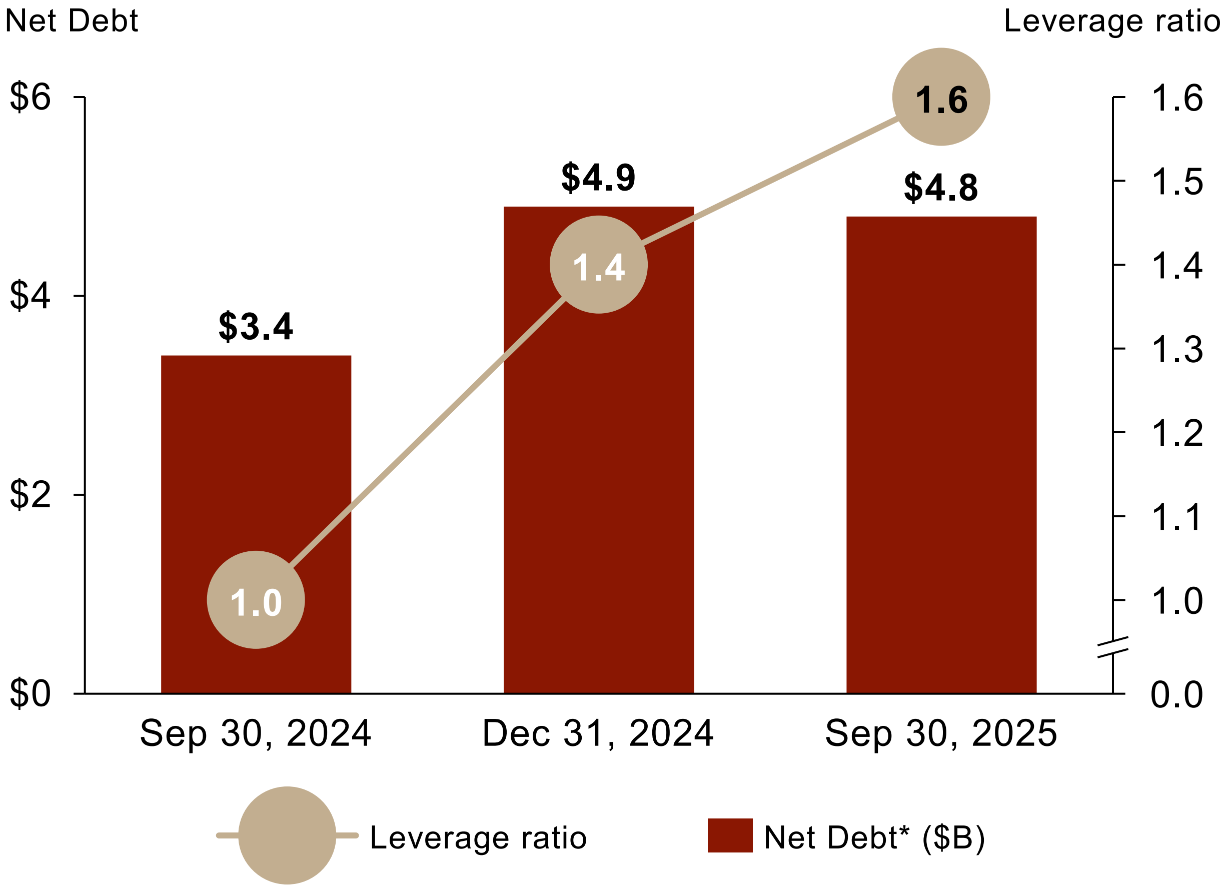
75¢ Adjusted diluted earnings per share* — -$1.82 Year-over-year

1.6x Leverage ratio* at September 30, 2025

*Adjusted EBITDA (earnings before interest, taxes, depreciation, amortization and impairment) is a non-GAAP financial measure. Adjusted CASM, adjusted diluted earnings (loss) per share and leverage ratio are non-GAAP financial ratios. These 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 presentation for further information and for a quantitative reconciliation to the most comparable GAAP financial measure.

AIR CANADA

Maintaining a strong and resilient balance sheet



TOTAL LIQUIDITY

$8.3B
at Sep. 30, 2025

CASH FROM OPERATIONS

$813M
in Q3 2025
+$76M YoY

FCF *

$211M
in Q3 2025
-$71M YoY

* 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. Free cash flow (FCF) 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. These measures are not recognized for financial statement presentation under GAAP, do 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. Please refer the Non-GAAP Financial Measures section of this presentation for further information and for a reconciliation to the most comparable GAAP measure.

Q3 2025 Performance & Key Developments

Labour disruption	12.2M customers carried in Q3, declined 4% YoY. $375M net impact of the disruption to Q3 2025 operating income and adjusted EBITDA.
Brand strength	Flexible goodwill policies for customers to reimburse out-of-pocket expenses. Quick rebound in booking patterns post labour disruption, continuing into Q4.
Diverse network and offering	Acted quickly on improving trends in the Atlantic and Domestic. Solid performance in premium, corporate revenues and other revenues.
Operational excellence	Continued momentum in operational performance.
Disciplined capital allocation	Repaid convertible senior notes in full, retired 18 million potentially issuable shares.
Fleet	In November 2025, the total number of firm Boeing 787-10s was reduced to 14, 10 are scheduled for delivery by 2028 and the remaining four by 2030.

Key Management Actions

Diverse network and offering	Managed capacity to capture Atlantic and Domestic growth, reduced Transborder risk. Announced 2026 network expansion, international growth and improved downtown Toronto connectivity.
Cost management	Advanced $150M cost reduction plan, aiming for full completion in 2025. Gain of $48M from jet fuel hedging in the first nine months.
Operational excellence	Improved operational metrics and customer satisfaction year-over-year. Successfully handled shutdown and restart plan for August labour disruption.
Balance sheet & capital allocation	Maintained strong balance sheet. Leverage ratio at 1.6x as of September 30, 2025, affected by lower adjusted EBITDA. Repurchased 62 million shares, deployed ~$1.7B on anti-dilutive actions.

Updated 2025 guidance*

Capacity	Adjusted CASM	Adjusted EBITDA	Free Cash Flow
~0.75% increase versus 2024 *Prior: 0.5%-1.5% increase versus 2024*	Between 14.60¢ and 14.70¢ *Unchanged*	Between $2.95B and $3.05B *Prior: $2.9B to $3.1B*	$0 to $200M *Prior: -$50M to $150M*

*As communicated in Air Canada's news release dated November 4, 2025. Air Canada made assumptions in providing its guidance—including a marginal Canadian GDP growth for 2025. Air Canada now assumes that the Canadian dollar will trade, on average, at C$1.40 per U.S. dollar for the full year 2025 (previously $1.39) and that the price of jet fuel will average C$0.91 (previously C$0.92) per litre for the full year 2025.

Air Canada's guidance constitutes forward-looking information within the meaning of applicable securities laws and is subject to important risks and uncertainties, including in relation to the potential impact of statements or actions by governments relating to the imposition of (or threats to impose) tariffs on exports or imports, and related consequences. Please see the discussion above under Caution Regarding Forward-looking Information.

Key industry awards

2025 Skytrax World Airline Awards

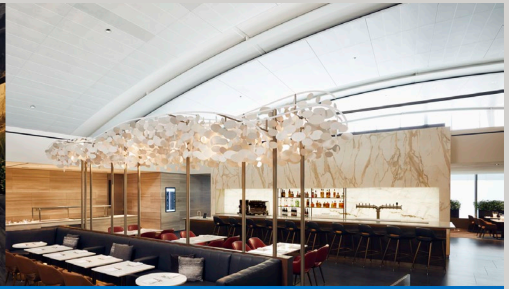
- ✓ Awarded in 9 categories, most among North American airlines
- ✓ Including:
  - ✓ Best Airline in North America
  - ✓ Best Cabin Crew in North America
  - ✓ Best Cabin Crew in Canada
  - ✓ Best Low-Cost Airline - Rouge
- ✓ Only North American airline in the world's Top 20 in Skytrax's global rankings in 2025

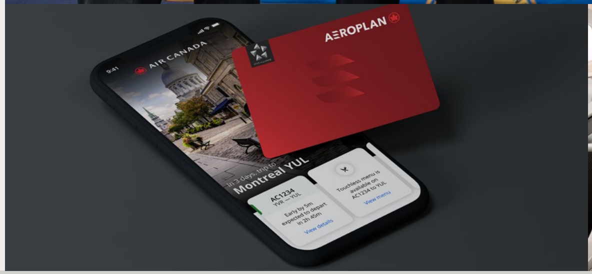
APEX 2026 Awards

- ✓ Earned Passenger-Rated Five Star Global Airline Award for Sixth Consecutive Year

2025 Freddie Awards (Aeroplan loyalty program)

- ✓ Awarded in 3 categories including Best Program of the Year (Airline)





Air Canada’s Leadership

Experienced and dedicated to drive long-term value

Michael Rousseau
President and Chief Executive Officer

Marc Barbeau
EVP, Chief Legal Officer and Corporate Secretary

John Di Bert
EVP and Chief Financial Officer

Mark Galardo
EVP, Chief Commercial Officer and President, Cargo

Craig Landry
EVP & Chief Innovation Officer and President of Aeroplan

Arielle Meloul-Wechsler
EVP, Chief Human Resources Officer and Public Affairs

Mark Nasr
EVP & Chief Operations Officer

Kevin O’Connor
SVP, Global Airports & Operations Control

Murray Strom
SVP, Flight Operations and Maintenance

Our strong foundation

- Balance sheet and liquidity management
- Fleet
- Global network
- Brand
- Leading products and services
- Air Canada Rouge and Air Canada Vacations
- Air Canada Cargo
- Technology
- People
- Aeroplan

Strong value creation*

A unique value creation opportunity – 2030 aspiration

- >$30B revenues by 2030, Accelerated revenue growth 7-8% p.a.
- 18-20% adj. EBITDA margin. Margin expansion of 300bps+ returning to pre-pandemic highs.
- ~5% FCF margin. <12% CAPEX investment levels. Structural FCF margin of ~5%
- Shareholder returns. <300M fully diluted shares outstanding. Deploying >$2B to shareholder returns.

Performance culture, disciplined management and superior balance sheet enhance risk / reward proposition

*As communicated in Air Canada's December 17, 2024 news release. Please see the discussion above under Caution Regarding Forward-looking Information.

Thank you

aircanada.com

Appendix

Glossary

Aeroplan – Refers to Aeroplan Inc. or the Aeroplan program.

Available seat miles or ASMs – Refers to a measure of passenger capacity calculated by multiplying the total number of seats available for passengers by the miles flown.

CASM – Refers to operating expense per ASM.

Passenger load factor – Refers to a measure of passenger capacity utilization derived by expressing Revenue Passenger Miles as a percentage of ASMs.

Passenger revenue per available seat mile or PRASM – Refers to average passenger revenue per ASM.

Revenue passenger carried – Refers to the International Air Transport Association's definition of passenger carried whereby passengers are counted on a flight number basis rather than by journey/itinerary or by leg.

Revenue passenger miles or RPMs – Refers to a measure of passenger traffic calculated by multiplying the total number of revenue passengers carried by the miles they are carried.

Total operating revenues per available seat mile or TRASM – Refers to average total operating revenues per ASM.

Yield – Refers to average passenger revenue per RPM.

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. The non-GAAP financial measures or ratios described in this section typically have exclusions or adjustments that include one or more of the following characteristics, such as being highly variable, difficult to project, unusual in nature, significant to the results of a particular period or not indicative of past or future operating results. These items are excluded because the company believes these 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 may allow for a more meaningful comparison to other airlines.

Air Canada excludes the effect of impairment of assets, if any, when calculating adjusted CASM, adjusted EBITDA, adjusted EBITDA margin, adjusted pre-tax income (loss) and adjusted net income (loss) as it may distort the analysis of certain business trends and render comparative analysis across periods or to other airlines less meaningful.

A charge of $34 million was recorded in the third quarter of 2024 in other operating expenses related to estimated costs associated with contractual lease obligations. Air Canada excluded this expense in computing adjusted CASM, adjusted EBITDA, adjusted pre-tax income and adjusted net income.

In the third quarter of 2025 Air Canada recorded a one-time pension past service cost and other labour related charges of $173 million, including from the pension plan amendments made in conjunction with the tentative agreement reached with CUPE. Air Canada has excluded this charge in computing its adjusted EBITDA, adjusted CASM, adjusted pre-tax income and adjusted net income.

Non-GAAP Financial Measures (Cont'd)

Adjusted Cost per Available Seat Mile

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, freighter costs and other items discussed above. 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 may allow for 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 which some airlines, without comparable cargo businesses, may not incur. Air Canada had six Boeing 767 dedicated freighter aircraft in service as at September 30, 2025, and September 30, 2024. 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					
	2025		2024		Change		2025		2024		Change	
Operating expense – GAAP	**$**	**5,490**	**$**	**5,066**	**$**	**424**	**$**	**16,008**	**$**	**15,334**	**$**	**674**
Adjusted for:												
Aircraft fuel		(1,212)		(1,377)		165		(3,546)		(3,964)		418
Ground package costs		(103)		(102)		(1)		(633)		(574)		(59)
Freighter costs (excluding fuel)		(44)		(40)		(4)		(128)		(113)		(15)
Provision for contractual lease obligations		-		(34)		34		-		(34)		34
Pension plan amendments and other labor related charges		(173)		-		(173)		(173)		-		(173)
Operating expense, adjusted for the above-noted items	**$**	**3,958**	**$**	**3,513**	**$**	**445**	**$**	**11,528**		**10,649**		**879**
ASMs (millions)		**28,282**		**28,892**		**(2.1) %**		**79,382**		**79,432**		**(0.1) %**
Adjusted CASM (cents)	**¢**	**13.99**	**¢**	**12.15**	**¢**	**1.84**	**¢**	**14.52**	**¢**	**13.41**	**¢**	**1.11**

Non-GAAP Financial Measures (Cont’d)

Adjusted Cost per Available Seat Mile

Adjusted CASM is reconciled to GAAP operating expense as follows:

(Canadian dollars in millions, except where indicated)	Full Year			
	2024		2023	
Operating expense – GAAP	$	20,992	$	19,554
Adjusted for:				
Aircraft fuel		(5,118)		(5,318)
Ground package costs		(782)		(720)
Freighter costs (excluding fuel)		(163)		(157)
Provision for contractual lease obligations		(34)		-
Pension plan amendments		(490)		-
Operating expense, adjusted for the above-noted items		14,405		13,359
ASMs (millions)		104,381		99,012
Adjusted CASM (cents)	¢	13.80	¢	13.49

Non-GAAP Financial Measures (Cont’d)

Adjusted EBITDA and Adjusted EBITDA Margin

Adjusted EBITDA (earnings before interest, taxes, depreciation, amortization and impairment) and adjusted EBITDA margin (adjusted EBITDA as a percentage of operating revenues) are commonly used in the airline industry and are used by Air Canada as a means to view operating results and the related margin before interest, taxes, depreciation, amortization and impairment and other items discussed above. These items can vary significantly among airlines due to differences in the way airlines finance their aircraft and other assets.

Adjusted EBITDA and adjusted EBITDA margin are reconciled to GAAP operating income as follows:

(Canadian dollars in millions, except where indicated)	Third Quarter			First Nine Months		
	2025	2024	Change	2025	2024	Change
Operating income – GAAP	**$ 284**	**$ 1,040**	**$ (756)**	**$ 594**	**$ 1,517**	**$ (923)**
Add back:						
Depreciation, amortization and impairment	504	449	55	1,490	1,339	151
Provision for contractual lease obligations	-	34	(34)	-	34	(34)
Pension plan amendments and other labour related charges	173	-	173	173	-	173
Adjusted EBITDA	**$ 961**	**$ 1,523**	**$ (562)**	**$ 2,257**	**$ 2,890**	**$ (633)**
Operating revenues	**$ 5,774**	**$ 6,106**	**$ (332)**	**$ 16,602**	**$ 16,851**	**$ (249)**
Operating margin (%)	**4.9**	**17.0**	**(12.1) pp**	**3.6**	**9.0**	**(5.4) pp**
Adjusted EBITDA margin (%)	**16.6**	**24.9**	**(8.3) pp**	**13.6**	**17.2**	**(3.6) pp**

Non-GAAP Financial Measures (Cont'd)

Adjusted EBITDA and Adjusted EBITDA Margin

Adjusted EBITDA and adjusted EBITDA margin are reconciled to GAAP operating income as follows:

(Canadian dollars in millions, except where indicated)	Full Year	
	2024	**2023**
Operating income – GAAP	**$ 1,263**	**$ 2,279**
Add back:		
Depreciation and amortization	1,799	1,703
EBITDA	**3,062**	**3,982**
Add back:		
Provision for contractual lease obligations	34	-
Pension plan amendments	490	-
Adjusted EBITDA	**$ 3,586**	**$ 3,982**
Total operating revenues	**$ 22,255**	**$ 21,833**
Operating margin (%)	**6**	**10**
Adjusted EBITDA margin (%)	**16**	**18**

Non-GAAP Financial Measures (Cont'd)

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 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 sale and leaseback of assets, gains or losses on debt settlements and modifications, gains or losses on disposal of assets and other items discussed above. These items may distort the analysis of certain business trends and render comparative analysis to other airlines less meaningful.

A corporate charge for the settlement of tax matters related to the 2019 acquisition of Aeroplan $26 million was recorded in the first nine months of 2025. As this item is non-recurring and cash-neutral to Air Canada, since a related tax refund was also recorded, it has been excluded from adjusted net income.

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

(Canadian dollars in millions)	Third Quarter			First Nine Months		
	2025	2024	Change	2025	2024	Change
Net income – GAAP	**$ 264**	**$ 2,035**	**$ (1,771)**	**$ 348**	**$ 2,364**	**$ (2,016)**
Adjusted for:						
Provision for contractual lease obligations	-	34	(34)	-	34	(34)
Pension plan amendments and other labour related charges	173	-	173	173	-	173
Foreign exchange (gain) loss	(343)	85	(428)	(142)	28	(170)
Net interest relating to employee benefits	(4)	(5)	1	(14)	(16)	2
Gain on financial instruments recorded at fair value	(16)	(26)	10	(76)	(66)	(10)
Loss on debt settlements	-	-	-	-	46	(46)
Other corporate expenses	8	-	8	26	-	26
Income tax, including for the above reconciling items	141	(1,154)	1,295	(35)	(1,148)	1,113
Adjusted net income	**$ 223**	**$ 969**	**$ (746)**	**$ 280**	**$ 1,242**	**$ (962)**
Weighted average number of outstanding shares used in computing diluted income per share (in millions)	297	376	(79)	328	376	(48)
Adjusted earnings per share – diluted	**$ 0.75**	**$ 2.57**	**$ (1.82)**	**$ 0.85**	**$ 3.30**	**$ (2.45)**

Non-GAAP Financial Measures (Cont'd)

Free Cash Flow

Air Canada uses free cash flow as an indicator of the financial strength and performance of its business, indicating the amount of cash Air Canada can generate from operations and after capital expenditures. Free cash flow is calculated as net cash flows from operating activities minus additions to property, equipment, and intangible assets, and is net of proceeds from sale and leaseback transactions.

The tables below reconcile 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		
	2025	2024	Change	2025	2024	Change
Net cash flows from operating activities	**$ 813**	**$ 737**	**$ 76**	**$ 3,234**	**$ 3,253**	**$ (19)**
Additions to property, equipment, and intangible assets	(602)	(455)	(147)	(2,009)	(1,464)	(545)
Free cash flow	**$ 211**	**$ 282**	**$ (71)**	**$ 1,225**	**$ 1,789**	**$ (564)**

(Canadian dollars in millions)	Full Year	
	2024	2023
Net cash flows from operating activities	**$ 3,930**	**$ 4,320**
Additions to property, equipment, and intangible assets	(2,636)	(1,564)
Free cash flow	**$ 1,294**	**$ 2,756**

Non-GAAP Financial Measures (Cont’d)

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.

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.

The table below reconciles leverage ratio to Air Canada’s net debt balances as at the dates indicated.

(Canadian dollars in millions)	September 30, 2025		December 31, 2024		September 30, 2024	
Total long-term debt and lease liabilities	$	8,699	$	10,915	$	10,716
Current portion of long-term debt and lease liabilities		3,070		1,755		1,652
Total long-term debt and lease liabilities (including current portion)		**11,769**		**12,670**		**12,368**
Less cash, cash equivalents and short and long-term investments		(6,939)		(7,752)		(8,942)
Net debt	**$**	**4,830**	**$**	**4,918**	**$**	**3,426**
Adjusted EBITDA (trailing 12 months)	**$**	**2,953**		**3,586**	**$**	**3,411**
Net debt to adjusted EBITDA ratio		**1.6**		**1.4**		**1.0**

Non-GAAP Financial Measures (Cont'd)

Net cash flows from operating activities as a percentage of adjusted EBITDA

Air Canada uses net cash flows from operating activities as a percentage of adjusted EBITDA to measure cash conversion from adjusted EBITDA. This measure is defined as the ratio of net cash flows from operating activities to adjusted EBITDA.

Additions to property, equipment and intangible assets as a percentage of operating revenues

Air Canada uses additions to property, equipment and intangible assets as a percentage of operating revenues to measure the proportion of operating revenues that are reinvested as capital expenditures. This measure is defined as the ratio of additions to property, equipment and intangible assets to operating revenues.

Free cash flow margin

Air Canada uses free cash flow margin to measure the amount its free cash flow represents as a percentage of operating revenues. This measure is defined as the ratio of free cash flow to operating revenues.

The table below presents the quantitative reconciliation for net cash flows from operating activities as a percentage of adjusted EBITDA, additions to property, equipment and intangible assets as a percentage of operating revenues and free cash flow margin, in each case for the financial years ended December 31, 2024 and 2023.

(Canadian dollars in millions)	**2024**		**2023**	
Total operating revenues – GAAP	$	22,255	$	21,833
Adjusted EBITDA	$	3,586	$	3,982
Net cash flows from operating activities	$	3,930	$	4,320
Additions to property, equipment and intangible assets		(2,636)		(1,564)
Free cash flow	$	1,294	$	2,756
Net cash flows from operating activities as a percentage of adjusted EBITDA		**110%**		**108%**
Additions to property, equipment and intangible assets as a percentage of operating revenues		**12%**		**7%**
Free cash flow margin		**6%**		**13%**