

News Release

Air Canada Reports First Quarter 2026 Financial Results

- Delivered record first quarter operating revenues of \$5.8 billion driven by strong demand across the network
- Operating income of \$117 million and record first quarter adjusted EBITDA* of \$623 million
- Generated \$1.8 billion in net cash flows from operating activities and \$1.6 billion in free cash flow*
- Suspended full-year 2026 guidance and introduced second quarter 2026 financial guidance providing near-term visibility
- Demand remains solid and resilient amid elevated geopolitical instability

MONTREAL, April 30, 2026 – Air Canada today reported its financial results for the first quarter of 2026 and provided financial guidance for the second quarter 2026. Given the volatility and uncertainty in relation to jet fuel prices for the second half of the year, Air Canada has suspended its full-year 2026 financial guidance.

“In the first quarter, Air Canada built on the momentum of our best-ever fourth quarter to launch strongly into 2026. We reported record operating revenues of \$5.8 billion, up more than 11 per cent from the same period in 2025. Our operating income of \$117 million was a positive \$225 million swing from a year ago, and we generated record adjusted EBITDA of \$623 million, up 61%. These results show the efficacy of our strategy and the dedication of our employees, whom I thank for their hard work,” said Michael Rousseau, President and Chief Executive Officer.

“We are committed to maintaining a strong financial footing while delivering long-term shareholder value. During the quarter, we generated \$1.8 billion in cash from operating activities, \$1.6 billion in free cash flow and repurchased more than \$140 million of our shares. This performance reflects our prudent approach to capital allocation and balance sheet management, allowing us to invest in the business, manage debt and return capital to shareholders while preserving financial flexibility.

“Supported by solid demand, our second quarter 2026 guidance reflects our expectation to offset between 50 per cent and 60 per cent of the estimated incremental fuel expense through various



commercial and cost actions. We continue to see strong demand across the network and throughout the booking window for the latter half of the year. I believe Air Canada is very well positioned from a financial, fleet and network perspective. As evidenced by two consecutive record quarters, the airline is performing well and the team is consistently executing on our long-term strategy,” said Mr. Rousseau.

Adjusted CASM, adjusted EBITDA (earnings before interest, taxes, depreciation, amortization and impairment), adjusted EBITDA margin, leverage ratio, net debt, adjusted pre-tax income (loss), adjusted net income (loss), adjusted earnings (loss) per share – diluted, 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. Leverage ratio of 1.3 at March 31, 2025. Adjusted EBITDA and operating income for the trailing 12-month periods ended March 31, 2026 were \$3.360 billion and \$1.143 billion, respectively (\$3.520 billion and \$1.144 billion, respectively for the trailing 12-month periods ended March 31, 2025). 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.

First Quarter 2026 Financial Results

- Operating revenues of \$5.785 billion
- Operating expenses of \$5.668 billion
- Operating income of \$117 million with an operating margin of 2.0% and record adjusted EBITDA of \$623 million with an adjusted EBITDA margin* of 10.8%
- Income before income taxes of \$123 million and adjusted pre-tax income* of \$18 million
- Net income of \$48 million and diluted earnings per share of \$0.16
- Adjusted net loss* of \$16 million and adjusted loss per diluted share* of \$0.05
- Adjusted CASM* of 16.11 cents
- Net cash flows from operating activities of \$1.798 billion and free cash flow of \$1.604 billion
- Long-term debt and lease liabilities of \$12.301 billion and net leverage ratio* of 1.4x



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Outlook

Given ongoing disruption in global energy markets caused by recent developments in the Middle East and the significant volatility in jet fuel prices, the reliability of any fuel forecast for the second half of 2026 is materially reduced. Air Canada has determined that suspending its full year 2026 guidance and providing financial guidance for the second quarter of 2026 is more appropriate in the current environment.

Air Canada's financial guidance for the second quarter of 2026 is as follows:

Metric	Second Quarter 2026 Guidance
Adjusted EBITDA	\$575 million to \$725 million
ASM capacity	0.5% to 1% increase from the second quarter of 2025

Major Assumptions

Air Canada made assumptions in providing its guidance—including current demand trends continuing for the second quarter of 2026 and that the Canadian dollar will trade, on average, at C\$1.36 per U.S. dollar for the second quarter of 2026. Air Canada is assuming that the price of jet fuel will average at approximately C\$1.28 per litre for the second quarter of 2026, which includes an estimated hedging gain of C\$0.21 per litre. Our assumption is based on the forward curve as of April 28, 2026, adjusted to reflect Air Canada's specific supply chain environment, including Air Canada's fuel infrastructure at Canadian hubs, where fuel is typically contracted and received on a one- to two-month forward basis, as well as pricing exposure at international station locations. These jet fuel estimates reflect Air Canada's capacity plans and remain subject to ongoing volatility in global energy markets.

Air Canada also assumes it can offset between 50 to 60 per cent of the estimated incremental jet fuel expense above prior assumptions for the second quarter of 2026, which includes the expected hedging gains in the quarter.

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 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. In addition, aircraft fuel prices have been, and continue to be, subject to high volatility as a result of the ongoing conflict in the Middle East. Moreover, there has been significant disruption to international shipping trade routes through the Strait of Hormuz, further exacerbating the impact on fuel supply and prices, including for aircraft fuel. A prolonged or escalating conflict could further disrupt global energy markets and cause aircraft fuel prices to remain elevated or raise even higher. We cannot predict future supply constraints, price volatility or cost of aircraft fuel, or how long current or future conflicts will last or their ultimate impact on global energy markets and across the aviation industry. Please see the discussion below under Caution Regarding Forward-looking Information.



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2028 targets and 2030 aspirations

Air Canada announced the following long-term 2028 financial targets and 2030 aspirations in December 2024:

Metric	2028 Targets	2030 Aspirations
Operating revenues	Approximately \$30 billion	Exceed \$30 billion
Adjusted EBITDA margin*	Greater than or equal to 17%	Between 18% and 20%
Net cash flows from operating activities as a percentage of adjusted EBITDA*	Approximately 90%	Approximately 90%
Additions to property, equipment and intangible assets as a percentage of operating revenues*	Lower than or equal to 12%	Lower than 12%
Free cash flow margin*	Approximately 5%	Approximately 5%
Return on invested capital*	Not provided	Greater than or equal to 12%
Fully diluted share count	Lower than 300 million shares	Lower than 300 million shares

**Adjusted EBITDA (earnings before interest, taxes, depreciation, amortization and impairment), adjusted EBITDA margin, 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, free cash flow margin and return on invested capital 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.*

The 2028 long-term targets and 2030 aspirations provided in this news release do not constitute guidance or outlook but rather are provided for the purpose of assisting the reader in measuring progress toward Air Canada's objectives. Readers are cautioned that these targets and aspirations may change as conditions evolve and are referred to the assumptions, risks and uncertainties described in the 2024 Investor Day presentations which are available in the events section at aircanada.com/investors and elsewhere in this news release, including assumptions relating to demand trends, jet fuel supply, prices and forward curves, the ability to significantly recapture elevated fuel prices, increasing revenues, growing fleet and network capacity, and successfully executing on other key investments and initiatives.

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



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across periods or to other airlines less meaningful. Air Canada did not record charges for impairment of assets in the first quarter of 2026, the full year 2025 or 2024.

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 2025 Air Canada recorded a one-time pension past service cost and other labour related charges of \$194 million, including from the pension plan amendments made in conjunction with the collective agreement reached with the Canadian Union of Public Employees (CUPE) and an operating expense related to the streamlining of Air Canada's management structure. In 2024, with ratification of the collective agreement with the Air Line Pilots Association (ALPA), Air Canada recorded a one-time pension past service cost of \$490 million in the fourth quarter of 2024. Air Canada has excluded these charges in computing its adjusted EBITDA, adjusted CASM, adjusted pre-tax income and adjusted net income.

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, freighter costs and other items. 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 March 31, 2026, and as at March 31, 2025. 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.



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The following tables provide the adjusted CASM reconciliation to GAAP operating expense for the periods indicated.

(Canadian dollars in millions, except where indicated)	First Quarter		
	2026	2025	Change
Operating expense – GAAP	\$ 5,668	\$ 5,304	\$ 364
Adjusted for:			
Aircraft fuel	(1,194)	(1,186)	(8)
Ground package costs	(432)	(373)	(59)
Freighter costs (excluding fuel)	(42)	(42)	-
Operating expense, adjusted for the above-noted items	\$ 4,000	\$ 3,703	\$ 297
ASMs (millions)	24,829	24,240	2.4%
Adjusted CASM (cents)	¢ 16.11	¢ 15.27	¢ 0.84

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. 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)	First Quarter			Second Quarter
	2026	2025	Change	2025
Operating income (loss) – GAAP	\$ 117	\$ (108)	\$ 225	\$ 418
Add back:				
Depreciation, amortization and impairment	506	495	11	491
Adjusted EBITDA	\$ 623	\$ 387	\$ 236	\$ 909
Operating revenues	\$ 5,785	\$ 5,196	\$ 589	\$ 5,632
Operating margin (%)	2.0	(2.1)	4.1 pp	7.4
Adjusted EBITDA margin (%)	10.8	7.4	3.4 pp	16.1

(Canadian dollars in millions)	Twelve-months ended		
	March 31, 2026	December 31, 2025	March 31, 2025
Operating income (loss) – GAAP	\$ 1,143	\$ 918	\$ 1,144



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Add back:			
Depreciation, amortization and impairment	2,023	2,012	1,852
Provision for contractual lease obligations	-	-	34
Pension plan amendments and other labour related charges	194	194	490
Adjusted EBITDA	\$ 3,360	\$ 3,124	\$ 3,520



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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 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 sale and leaseback of assets, gains or losses on disposal of assets, gains or losses on debt settlements and modifications and other items discussed above. 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 is reconciled to GAAP income before income taxes as follows:

	First Quarter		
	2026	2025	Change
Income (loss) before income taxes – GAAP	\$ 123	\$ (167)	\$ 290
Adjusted for:			
Foreign exchange (gain) loss	(103)	11	(114)
Net interest relating to employee benefits	(9)	(5)	(4)
Gain on financial instruments recorded at fair value	(3)	(54)	51
Loss on debt settlement	56	-	56
Gain on sale and leaseback of assets	(46)	-	(46)
Adjusted pre-tax income (loss)	\$ 18	\$ (215)	\$ 233



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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.

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

	First Quarter		
	2026	2025	Change
Net income (loss) – GAAP	\$ 48	\$ (102)	\$ 150
Adjusted for:			
Foreign exchange (gain) loss	(103)	11	(114)
Net interest relating to employee benefits	(9)	(5)	(4)
Gain on financial instruments recorded at fair value	(3)	(54)	51
Loss on debt settlements	56	-	56
Gain on sale and leaseback of assets	(46)	-	(46)
Income tax, including for the above reconciling items ⁽¹⁾	41	-	41
Adjusted net loss	\$ (16)	\$ (150)	\$ 134
Weighted average number of outstanding shares used in computing diluted income per share (in millions)	294	330	(36)
Adjusted loss per share – diluted	\$ (0.05)	\$ (0.45)	\$ 0.40

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)	First Quarter	
	2026	2025
Weighted average number of shares outstanding – basic	294	330
Effect of dilution	-	-
Weighted average number of shares outstanding – diluted	294	330



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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 table below reconciles free cash flow to net cash flows from operating activities for the periods indicated.

(Canadian dollars in millions)	First Quarter		
	2026	2025	\$ Change
Net cash flows from operating activities	\$ 1,798	\$ 1,526	\$ 272
Additions to property, equipment, and intangible assets	(477)	(695)	218
Proceeds from sale and leaseback of assets	283	-	283
Free cash flow	\$ 1,604	\$ 831	\$ 773

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)	March 31, 2026	December 31, 2025	March 31, 2025
Total long-term debt and lease liabilities	\$ 9,009	\$ 8,609	\$ 10,710
Current portion of long-term debt and lease liabilities	3,292	2,967	2,016
Total long-term debt and lease liabilities (including current portion)	12,301	11,576	12,726
Less cash, cash equivalents and short- and long-term investments	(7,441)	(6,165)	(8,061)
Net debt	\$ 4,860	\$ 5,411	\$ 4,665
Adjusted EBITDA (trailing 12 months)	\$ 3,360	\$ 3,124	\$ 3,520
Net debt to adjusted EBITDA ratio	1.4	1.7	1.3



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The tables below present comparative figures for the twelve-month periods ending December 31, 2024 and 2025, in reference to Air Canada's 2028 financial targets, and 2030 aspirations.

(Canadian dollars in millions, except where indicated)	2025 Results	2024 Results
ASM Capacity	105.174 billion	104.381 billion
Adjusted CASM (cents)	14.72¢	13.80¢
Operating expenses	\$21.454 billion	\$20.992 billion
Adjusted EBITDA	\$3.124 billion	\$3.586 billion
Operating income	\$918 million	\$1.263 billion
Free cash flow	\$747 million	\$1.294 billion
Net cash flows from operating activities	\$3.657 billion	\$3.930 billion

(Canadian dollars in millions, except where indicated)	2025 ¹	2024 ¹
Operating revenues	\$22.372 billion	\$22.255 billion
Adjusted EBITDA margin	14%	16%
Operating margin	4%	6%
Net cash flows from operating activities as a percentage of adjusted EBITDA	117%	110%
Additions to property, equipment and intangible assets as a percentage of operating revenues	13%	12%
Free cash flow margin	3%	6%
Return on invested capital	9%	14%
Income before income taxes	\$789 million	\$515 million
Fully diluted share count	Approximately 307 million shares	Approximately 367 million shares

¹Percentage amounts in the table above may not calculate exactly due to rounding.



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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 adjusted EBITDA, adjusted EBITDA margin, 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, free cash flow and free cash flow margin, in each case for the financial years ended December 31, 2025 and 2024.

(in millions, except where indicated)	2025	2024
Total operating revenues – GAAP	\$ 22,372	\$ 22,255
Operating income – GAAP	\$ 918	\$ 1,263
Add back:		
Depreciation, amortization and impairment	2,012	1,799
Provision for contractual lease obligations	-	34
Pension plan amendments and other labour related charges	194	490
Adjusted EBITDA	\$ 3,124	\$ 3,586
Net cash flows from operating activities	\$ 3,657	\$ 3,930
Additions to property, equipment and intangible assets	(2,910)	(2,636)
Free cash flow	\$ 747	\$ 1,294
Operating margin	4%	6%
Adjusted EBITDA margin	14%	16%
Net cash flows from operating activities as a percentage of adjusted EBITDA	117%	110%
Additions to property, equipment and intangible assets as a percentage of operating revenues	13%	12%
Free cash flow margin	3%	6%



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Return on invested capital

Air Canada uses return on invested capital (ROIC) to assess the efficiency with which it allocates its capital to generate returns. ROIC is calculated as the ratio of adjusted pre-tax income (loss), excluding interest expense, to invested capital. Invested capital includes average year-over-year long-term debt and lease obligations, average year-over-year shareholders' equity, and the embedded derivative on Air Canada's convertible notes. In 2020, Air Canada issued convertible unsecured notes. Air Canada had the option to deliver cash or a combination of cash and shares on the conversion date in lieu of shares, giving rise to an embedded derivative that was included as part of the definition of capital. Air Canada calculates invested capital on a book value-based method when calculating ROIC.

Return on invested capital is reconciled to GAAP income (loss) before income taxes as follows:

(in millions, except where indicated)	Twelve months ended			
	March 31, 2026	December 31, 2025	March 31, 2025	December 31, 2024
Income before income taxes – GAAP	\$ 1,079	\$ 789	\$ 413	\$ 515
Adjusted for:				
Provision for contractual lease obligations	-	-	34	34
Pension plan amendments and other labour related charges	194	194	490	490
Foreign exchange (gain) loss	(359)	(245)	470	400
Net interest relating to employee benefits	(28)	(24)	(22)	(22)
Gain on financial instruments recorded at fair value	(31)	(82)	(71)	(28)
(Gain) loss on debt settlements and modifications	56	-	(38)	8
Gain on sale and leaseback of assets	(46)	-	-	-
Other corporate expenses	26	26	-	-
Adjusted pre-tax income	\$ 891	\$ 658	\$ 1,276	\$ 1,397
Add back:				
Interest expense	644	663	724	763
Adjusted pre-tax income before interest expense	\$ 1,535	\$ 1,321	\$ 2,000	\$ 2,160
Invested capital:				
Average long-term debt and lease liabilities (including current portion)	12,514	12,123	12,594	13,266
Embedded derivative on convertible notes	-	-	-	45
Average shareholders' equity	2,356	2,490	1,349	1,592
Invested capital	\$ 14,870	\$ 14,613	\$ 13,943	\$ 14,903
Return on invested capital (%)	10%	9%	14%	14%



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First Quarter 2026 Conference Call

Air Canada will host its quarterly analysts' call on Thursday, April 30, 2026 at 5:00 PM ET. Michael Rousseau, President and Chief Executive Officer, John Di Bert, Executive Vice President and Chief Financial Officer, and Mark Galardo, Executive Vice President and Chief Commercial Officer and President, Cargo, 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/npdvtsfi>

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 strategies, expectations, planned operations or future actions or to Air Canada's second quarter 2026 guidance, 2028 financial targets and 2030 aspirations. 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 conditions, including high or volatile fuel prices or significant disruptions in the supply of aircraft fuel, including as a result of the military conflict in the Middle East, 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 and security conditions including in relation to 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



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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 14 of Air Canada's First Quarter 2026 MD&A and 18 "Risk Factors" of Air Canada's 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 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.

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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 figures or where indicated)	First Quarter		
	2026	2025	\$ Change
Financial Performance Metrics			
Operating revenues	5,785	5,196	589
Operating income (loss)	117	(108)	225
Operating margin ⁽¹⁾ (%)	2.0	(2.1)	4.1 pp ⁽⁸⁾
Adjusted EBITDA ⁽²⁾	623	387	236
Adjusted EBITDA margin ⁽²⁾ (%)	10.8	7.4	3.4 pp
Income (loss) before income taxes	123	(167)	290
Net income (loss)	48	(102)	150
Adjusted pre-tax income (loss) ⁽²⁾	18	(215)	233
Adjusted net (loss) ⁽²⁾	(16)	(150)	134
Total liquidity ⁽³⁾	8,798	9,464	(666)
Net cash flows from operating activities	1,798	1,526	272
Free cash flow ⁽²⁾	1,604	831	773
Net debt ⁽²⁾	4,860	4,665	195
Long-term debt and lease liabilities	12,301	12,726	(425)
Diluted earnings (loss) per share	0.16	(0.40)	0.56
Adjusted earnings (loss) per share – diluted ⁽²⁾	(0.05)	(0.45)	0.40
Operating Statistics ⁽⁴⁾	2026	2025	% Change
Revenue passenger miles (RPMs) (millions)	21,373	19,887	7.5
Available seat miles (ASMs) (millions)	24,829	24,240	2.4
Passenger load factor %	86.1%	82.0%	4.0 pp
Passenger revenue per RPM (Yield) (cents)	22.4	21.8	2.9
Passenger revenue per ASM (PRASM) (cents)	19.3	17.9	8.0
Operating revenue per ASM (TRASM) (cents)	23.3	21.4	8.7
Operating expense per ASM (CASM) (cents)	22.8	21.9	4.3
Adjusted CASM (cents) ⁽²⁾	16.1	15.3	5.5
Average number of full-time-equivalent (FTE) employees (thousands) ⁽⁵⁾	35.9	37.2	(3.3)
Aircraft in operating fleet at period-end	355	359	(1.1)
Seats dispatched (thousands)	13,405	13,339	0.5
Aircraft frequencies (thousands)	92.0	91.3	0.8
Average stage length (miles) ⁽⁶⁾	1,852	1,817	1.9
Fuel cost per litre (cents)	97.9	97.7	0.2
Fuel litres (thousands)	1,205,173	1,191,444	1.2
Revenue passengers carried (thousands) ⁽⁷⁾	10,960	10,383	5.6

(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, amortization and impairment), 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 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 March 31, 2026, of \$8,798 million, consisted of \$7,441 million in cash, cash equivalents, and short- and long-term investments, and \$1,357 million available under undrawn credit facilities. As at March 31, 2025, total liquidity of \$9,464 million consisted of \$8,061 million in cash, cash equivalents, short- and long-term investments and \$1,403 million available under undrawn credit facilities. These amounts also include funds (\$259 million



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as at March 31, 2026 and \$197 million as at March 31, 2025) 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 full-time equivalent (FTE) employees, operating statistics in this table include third party carriers operating under capacity purchase agreements with Air Canada.
- (5) Reflects FTE employees at Air Canada and its subsidiaries. Excludes FTE employees at third-party carriers operating under 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) The acronym "pp", is a measure of the arithmetic / absolute difference between two percentages.



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