AIR CANADA

News Release

Air Canada Reports Second Quarter 2023 Financial Results

- *Operating revenues of $5.427 billion increased 36 per cent from the second quarter of 2022*
- *Operating income of $802 million, with an operating margin of 14.8 per cent, compared to an operating loss of $253 million in the second quarter of 2022*
- *Adjusted EBITDA* of $1.220 billion, with adjusted EBITDA margin* of 22.5 per cent, an improvement of over $1 billion from the second quarter of 2022*
- *Second quarter net cash flows from operating activities of $1.490 billion, and free cash flow* of $965 million*
- *Leverage ratio* of 1.7 at June 30, 2023, down from 3.2 at March 31, 2023*

MONTREAL, August 11, 2023 – Air Canada today reported its second quarter 2023 financial results.

“Air Canada’s second quarter results were driven by strong demand and show the effectiveness of our plan. As a result of the hard work of our people, the appeal of our growing global network, as well as our leading brand and product offering, operating revenues in the quarter reached $5.4 billion, an increase of 36 per cent from a year ago. Operating income was $802 million, a year-over-year improvement of over $1 billion, and our adjusted EBITDA reached $1.2 billion with an adjusted EBITDA margin of 22.5 per cent,” said Michael Rousseau, President and Chief Executive Officer of Air Canada.

*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.

"I thank the entire team for its continued dedication to serving our customers, including collaborating with our partners, who also share the responsibility of ensuring a smooth customer journey. We safely carried over 11 million customers across our global network in the quarter, a year-over-year increase of about 23 per cent. However, despite having more trained resources than last summer and improved tools, our operations in June and July were not at expected levels. We are increasing our efforts to protect the customer journey from disruption, regardless of the cause. This includes using any influence we have, in such instances as pilot attrition at our principal regional partner or global supply chain issues, or working to mitigate the effects of situations beyond our control, such as disruptive storm activity in our key hubs and markets. We are confident that our efforts will generate positive outcomes.

"We are particularly pleased with our international performance, propelling nearly 70 per cent of the year-over-year increase in passenger revenues. Air Canada Vacations continued to see high demand for leisure travel packages, and Aeroplan added compelling new partners and grew its membership. Our cargo business, like others in the industry, experienced lower demand and yields than expected. Based on current passenger booking patterns, we see prevailing strength in travel demand over the second half of 2023, giving us confidence to increase the lower end of our adjusted EBITDA guidance range. We continue to focus intently on cost discipline and liquidity management. We ended the quarter with more than $9.6 billion in cash, cash equivalents and investments. This will enable us to further invest in our business, deleverage our balance sheet and ensure our company maintains the resiliency and adaptability needed for long-term success and to navigate through evolving market conditions," said Mr. Rousseau.

Second Quarter 2023 Financial Results

- Second quarter operating revenues of $5.427 billion increased $1.446 billion from the same quarter in 2022, driven by a 42 per cent year-over-year increase in passenger revenues. Operated capacity increased 21 per cent from the second quarter of 2022, one percentage point lower than the projection provided in Air Canada's May 12, 2023, news release.
- Operating expenses of $4.625 billion increased $391 million or 9 per cent from the second quarter of 2022, driven by increases in nearly all line items reflecting higher operated capacity and traffic year –over year, partially offset by a 31.4 per cent decrease in jet fuel prices.
- Operating income of $802 million, with an operating margin of 14.8 per cent, an improvement of over $1 billion from an operating loss of $253 million in the second quarter of 2022.
- Adjusted EBITDA of $1.220 billion, with an adjusted EBITDA margin of 22.5 per cent, an increase of $1.066 billion and of 18.6 percentage points, respectively, from the second quarter of 2022.
- Net income of $838 million improved $1.224 billion from the second quarter of 2022. Diluted earnings per share of $2.34 compared to a diluted loss per share of $1.60 in the second quarter of 2022.
- Adjusted net income* of $664 million improved $1.119 billion from the second quarter of 2022. Adjusted earnings per diluted share* of $1.85 compared to an adjusted loss per diluted share of $1.12 in the second quarter of 2022, an improvement of $2.97 per diluted share.

- Adjusted CASM* (adjusted cost per available seat mile) of 13.3 cents increased 1.6 per cent from the second quarter of 2022. The unit cost was impacted by higher passenger service costs due to higher traffic and higher selling costs, which are largely driven by revenues, and by a 24 per cent increase in wages, salaries and benefits resulting from a 22 per cent year-over-year increase in the number of average full-time-equivalent (FTE) employees. Second quarter 2023 CASM of 18.8 cents decreased 9.7 per cent from the second quarter of 2022 mainly due to lower fuel prices and higher capacity year over year.
- Net cash flows from operating activities of $1.490 billion increased $426 million from the second quarter of 2022.
- Free cash flow of $965 million increased $537 million from the second quarter of 2022.
- Net debt-to-adjusted EBITDA ratio* was 1.7 at June 30, 2023, an improvement from 3.2 at March 30, 2023, and 5.1 at December 31, 2022, due to growth in adjusted EBITDA and the reduction in net debt.

Outlook

For the third quarter of 2023, Air Canada plans to increase its ASM capacity by about 11 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 May 12, 2023)	Updated 2023 Guidance (Provided on August 11, 2023)
ASM capacity	About 23 per cent increase versus 2022	About 21 per cent increase versus 2022
Adjusted CASM	About 0.5 to 2.5 per cent below 2022 levels	About 0.5 to 1.5 per cent above 2022 levels
Adjusted EBITDA	About $3.5 - $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$1.34 per U.S. dollar for the full year 2023, and that the price of jet fuel will average C$1.08 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.

The revised guidance for full year adjusted EBITDA reflects expected earnings stemming from anticipated traffic and yield and a continued strong demand 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 that are 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 that are 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 its operating fleet as at June 30, 2023, compared to four Boeing 767 dedicated freighter aircraft as at June 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)	Second Quarter			First Six Months		
	2023	2022	Change	2023	2022	Change
Operating expense – GAAP	**$ 4,625**	**$ 4,234**	**$ 391**	**$ 9,529**	**$ 7,357**	**$ 2,172**
Adjusted for:						
Aircraft fuel	(1,187)	(1,450)	263	(2,562)	(2,200)	(362)
Ground package costs	(126)	(102)	(24)	(444)	(231)	(213)
Impairment of assets	-	-	-	-	(4)	4
Freighter costs (excluding fuel)	(39)	(22)	(17)	(70)	(33)	(37)
Operating expense, adjusted for the above-noted items	**$ 3,273**	**$ 2,660**	**$ 613**	**6,453**	**4,889**	**1,564**
ASMs (millions)	**24,606**	**20,331**	**21.0%**	**46,513**	**34,628**	**34.3%**
Adjusted CASM (cents)	**¢ 13.30**	**¢ 13.09**	**¢ 0.21**	**¢ 13.87**	**¢ 14.12**	**¢ (0.25)**

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:

	Second Quarter			First Six Months		
(Canadian dollars in millions, except where indicated)	2023	2022	Change	2023	2022	Change
Operating income (loss) – GAAP	**$ 802**	**$ (253)**	**$ 1,055**	**$ 785**	**$ (803)**	**$ 1,588**
Add back:						
Depreciation and amortization	418	407	11	846	810	36
EBITDA	**$ 1,220**	**$ 154**	**$ 1,066**	**$ 1,631**	**$ 7**	**$ 1,624**
Remove:						
Impairment of assets	-	-	-	-	4	(4)
Adjusted EBITDA	**$ 1,220**	**$ 154**	**$ 1,066**	**$ 1,631**	**$ 11**	**$ 1,620**
Operating revenues	**$ 5,427**	**$ 3,981**	**$ 1,446**	**$ 10,314**	**$ 6,554**	**$ 3,760**
Operating margin (%)	**14.8**	**(6.4)**	**21.2 pp**	**7.6**	**(12.3)**	**19.9 pp**
Adjusted EBITDA margin (%)	**22.5**	**3.9**	**18.6 pp**	**15.8**	**0.2**	**15.6 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:

	Second Quarter			First Six Months		
(Canadian dollars in millions)	2023	2022	$ Change	2023	2022	$ Change
Income (loss) before income taxes – GAAP	**$ 796**	**$ (352)**	**$ 1,148**	**$ 773**	**$ (1,166)**	**$ 1,939**
Adjusted for:						
Impairment of assets	-	-	-	-	4	(4)
Foreign exchange (gain) loss	(251)	196	(447)	(378)	97	(475)
Net interest relating to employee benefits	(6)	(4)	(2)	(12)	(8)	(4)
(Gain) loss on financial instruments recorded at fair value	115	(287)	402	77	(114)	191
Loss on debt settlement	2	-	2	2	-	2
Adjusted pre-tax income (loss)	**$ 656**	**$ (447)**	**$ 1,103**	**$ 462**	**$ (1,187)**	**$ 1,649**

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:

	Second Quarter			First Six Months		
(Canadian dollars in millions)	**2023**	**2022**	**$ Change**	**2023**	**2022**	**$ Change**
Net income (loss) – GAAP	**$ 838**	**$ (386)**	**$ 1,224**	**$ 842**	**$ (1,360)**	**$ 2,202**
Adjusted for:						
Impairment of assets	-	-	-	-	4	(4)
Foreign exchange (gain) loss	(251)	196	(447)	(378)	97	(475)
Net interest relating to employee benefits	(6)	(4)	(2)	(12)	(8)	(4)
(Gain) loss on financial instruments recorded at fair value	115	(287)	402	77	(114)	191
Loss on debt settlement	2	-	2	2	-	2
Income tax, including for the above reconciling items [(1)]	(34)	26	(60)	(55)	179	(234)
Adjusted net income (loss)	**$ 664**	**$ (455)**	**$ 1,119**	**$ 476**	**$ (1,202)**	**$ 1,678**
Weighted average number of outstanding shares used in computing diluted income per share (in millions)	358	407	(49)	358	358	-
Adjusted income (loss) per share – diluted	**$ 1.85**	**$ (1.12)**	**$ 2.97**	**$ 1.33**	**$ (3.36)**	**$ 4.69**

(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:

	Second Quarter		First Six Months	
(In millions)	**2023**	**2022**	**2023**	**2022**
Weighted average number of shares outstanding – basic	**358**	**358**	**358**	**358**
Effect of dilution	-	49	-	-
Weighted average number of shares outstanding – diluted	**358**	**407**	**358**	**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.

	Second Quarter			First Six Months		
(Canadian dollars in millions)	**2023**	**2022**	**$ Change**	**2023**	**2022**	**$ Change**
Net cash flows from operating activities	**$ 1,490**	**$ 1,064**	**$ 426**	**$ 2,927**	**$ 1,431**	**$ 1,496**
Additions to property, equipment, and intangible assets	(525)	(636)	111	(975)	(912)	(63)
Free cash flow	**$ 965**	**$ 428**	**$ 537**	**$ 1,952**	**$ 519**	**$ 1,433**

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)	**June 30, 2023**	**December 31, 2022**	**Change**
Total long-term debt and lease liabilities	$ 13,862	$ 15,043	$ (1,181)
Current portion of long-term debt and lease liabilities	1,024	1,263	(239)
Total long-term debt and lease liabilities (including current portion)	**14,886**	**16,306**	**(1,420)**
Less cash, cash equivalents and short- and long-term investments	(9,556)	(8,811)	(745)
Net debt	**$ 5,330**	**$ 7,495**	**$ (2,165)**
Adjusted EBITDA (trailing 12 months)	**$ 3,077**	**1,457**	**1,620**
Net debt to adjusted EBITDA ratio	**1.7**	**5.1**	**(3.4)**

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.sedar.com**.

Second Quarter 2023 Conference Call

Air Canada will host its quarterly analysts' call today, Friday, August 11, 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/hrjy4ayc
	Note: This is a listen-in audio webcast.
By telephone:	1-800-715-9871 (toll-free), passcode 4637742
	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 military conflict 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^{TM} 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.sedar.com and, in particular, those identified in section 18 "Risk Factors" of Air Canada's 2022 MD&A and in section 14 "Risk Factors" of Air Canada's second 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)	**Second Quarter**			**First Six Months**		
Financial Performance Metrics	**2023**	**2022**	**$ Change**	**2023**	**2022**	**$ Change**
Operating revenues	5,427	3,981	1,446	10,314	6,554	3,760
Operating profit (loss)	802	(253)	1,055	785	(803)	1,588
Operating margin (1) (%)	14.8	(6.4)	21.2 pp (8)	7.6	(12.3)	19.9 pp
Adjusted EBITDA (2)	1,220	154	1,066	1,631	11	1,620
Adjusted EBITDA margin (2) (%)	22.5	3.9	18.6 pp	15.8	0.2	15.6 pp
Net income (loss) before income taxes	796	(352)	1,148	773	(1,166)	1,939
Net income (loss)	838	(386)	1,224	842	(1,360)	2,202
Adjusted pre-tax income (loss) (2)	656	(447)	1,103	462	(1,187)	1,649
Adjusted net income (loss) (2)	664	(455)	1,119	476	(1,202)	1,678
Total liquidity (3)	10,551	10,694	(143)	10,551	10,694	(143)
Net cash flows from operating activities	1,490	1,064	426	2,927	1,431	1,496
Free cash flow (2)	965	428	537	1,952	519	1,433
Net debt (2)	5,330	6,842	(1,512)	5,330	6,842	(1,512)
Diluted earnings (loss) per share	2.34	(1.60)	3.94	2.35	(3.80)	6.15
Adjusted earnings (loss) per share – diluted (2)	1.85	(1.12)	2.97	1.33	(3.36)	4.69
Operating Statistics (4)	**2023**	**2022**	**% Change**	**2023**	**2022**	**% Change**
Revenue passenger miles (RPMs) (millions)	21,617	16,371	32.0	40,195	25,852	55.5
Available seat miles (ASMs) (millions)	24,606	20,331	21.0	46,513	34,628	34.3
Passenger load factor %	87.9%	80.5%	7.3 pp	86.4%	74.7%	11.8 pp
Passenger revenue per RPM (Yield) (cents)	22.7	21.0	7.9	22.4	20.7	8.0
Passenger revenue per ASM (PRASM) (cents)	19.9	16.9	17.7	19.3	15.5	24.9
Operating revenue per ASM (TRASM) (cents)	22.1	19.6	12.7	22.2	18.9	17.2
Operating expense per ASM (CASM) (cents)	18.8	20.8	(9.7)	20.5	21.2	(3.6)
Adjusted CASM (cents) (2)	13.3	13.1	1.6	13.9	14.1	(1.7)
Average number of full-time-equivalent (FTE) employees (thousands) (5)	35.9	29.5	21.7	35.2	28.4	23.8
Aircraft in operating fleet at period-end	354	342	4	354	342	4
Seats dispatched (thousands)	13,390	11,744	14.0	25,683	20,397	25.9
Aircraft frequencies (thousands)	93.5	86.0	8.8	178.7	151.0	18.3
Average stage length (miles) (6)	1,838	1,731	6.1	1,811	1,698	6.7
Fuel cost per litre (cents)	101.1	147.3	(31.4)	114.2	126.1	(9.4)
Fuel litres (thousands)	1,162,714	983,688	18.2	2,229,799	1,744,550	27.8
Revenue passengers carried (thousands) (7)	11,287	9,145	23.4	21,256	14,580	45.8

(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 June 30, 2023, of $10,551 million consisted of $9,556 million in cash, cash equivalents, short- and long-term investments and $995 million available under undrawn credit facilities. As at June 30, 2022, total liquidity of $10,694 million consisted of $9,722 million in cash and cash equivalents, short- and long-term investments, and $972 million available under undrawn credit facilities. Cash and cash equivalents also include funds ($189 million as at June 30, 2023, and $186 million as at June 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.*