AIR CANADA

News Release

Air Canada Reports Fourth Quarter and Full Year 2024 Financial Results

- Record operating revenues of $5.404 billion for the fourth quarter, 4% higher year over year.
- Record operating revenues of $22.255 billion for the full year 2024, 2% higher year over year.
- Purchased and cancelled all 35,783,842 shares, including over 20 million shares in 2024, available under its normal course issuer bid.
- Full year operating income of $1.263 billion and adjusted EBITDA* of $3.586 billion, a year-over-year decrease of $1.016 billion and $396 million, respectively.
- Full year cash flow from operating activities of $3.930 billion and free cash flow* of $1.294 billion, a year-over-year decrease of $390 million and $1.462 billion respectively.
- Leverage ratio* of 1.4 as at December 31, 2024, compared to 1.1 at end of 2023.

MONTREAL, February 13, 2025 – Air Canada today reported its fourth quarter and full year 2024 financial results.

"Air Canada achieved record annual revenues in 2024 of $22.3 billion on a five per cent increase in capacity over 2023. We executed our plan, making adjustments where necessary, achieving nearly $3.6 billion in annual adjusted EBITDA and free cash flow of $1.3 billion. We also bought back for cancellation over 20 million shares in 2024 and over 15 million more in early 2025, completing the normal course issuer bid program we announced in November. We safely transported about 47 million passengers during the year, and I thank all Air Canada employees for their dedication to serving our customers with glowing-hearted hospitality," said Michael Rousseau, President and Chief Executive Officer of Air Canada.

“2024 allowed us to demonstrate the wide-ranging strengths and adaptability of Air Canada. We adapted to market conditions and nimbly adjusted our network during the year. We were pleased to achieve a new contract with our pilots with limited disruption. We also enhanced the customer experience through improved operations, including an eight-point gain in on-time performance over 2023 and ongoing fleet, product, technology, and airport investments.

“We are well positioned with a solid year behind us to leverage our competitive advantages, including our iconic brand, premium products, and global network, and to continue delivering on our plans. Our team has consistently proven its discipline, and we will continue to navigate uncertainty and external pressures with prudence and decisiveness. The demand environment remains favourable. We remain agile and responsive in our dynamic aviation industry and are prepared to adapt promptly to any changes or challenges that may arise,” said Mr. Rousseau.

**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.*

The following is an overview of Air Canada’s results of operations and financial position for the fourth quarter and full year 2024 compared to the same periods in 2023.

Fourth Quarter 2024 Financial Results

- Record fourth quarter operating revenues of $5.404 billion increased $229 million or 4% on a 2% capacity growth.
- Operating expenses of $5.658 billion increased $562 million or 11%. The increase was largely due to a $490 million one-time charge in Q4 2024 for pension plan amendments linked to the new collective agreement with the Air Line Pilots Association (ALPA). Higher labour and maintenance costs also contributed to the increase.
- Operating loss of $254 million which included the one-time $490 million charge, versus operating income of $79 million in Q4 2023.
- Adjusted EBITDA of $696 million, with an adjusted EBITDA margin* of 12.9%, improved $175 million and 2.8 percentage points, respectively.
- Adjusted pre-tax income* of $135 million, increased $182 million.
- Net loss of $644 million and diluted loss per share of $1.81 compared to a net income of $184 million and diluted earnings per share of $0.41.
- Adjusted net income* of $93 million and adjusted earnings per diluted share of $0.25 compared to an adjusted net loss of $44 million and adjusted loss per diluted share of $0.12.
- Adjusted CASM* of 15.05 cents compared to 14.25 cents, an increase of 5.7%.
- Net cash flows from operating activities of $677 million decreased $308 million.
- Negative free cash flow of $495 million, compared to free cash flow of $669 million in Q4 2023.

Full Year 2024 Financial Summary

- Operating revenues of $22.255 billion increased $422 million or 2% on an operated capacity growth of 5% year over year. The capacity growth was in line with expectations communicated in Air Canada's news release dated December 17, 2024.
- Operating expenses of $20.992 billion increased $1.438 billion or 7%. The increase was largely due to higher costs in most line items due to capacity growth, higher labour, maintenance and IT expenses and the one-time $490 million charge recorded in the fourth quarter of 2024.
- Operating income of $1.263 billion, with an operating margin of 5.7%, decreased $1.016 billion and 4.7 percentage points, respectively.
- Adjusted EBITDA of $3.586 billion, with an adjusted EBITDA margin of 16.1%., decreased $396 million and 2.1 percentage points, respectively, somewhat above the expected adjusted EBITDA of approximately $3.5 billion communicated in Air Canada's news release dated December 17, 2024.
- Adjusted pre-tax income of $1.397 billion, decreased $296 million.
- Net income of $1.720 billion and diluted earnings per share of $4.72 compared to a net income of $2.276 billion and diluted earnings per share of $5.96 in 2023. Net income in 2024 included the recognition of $1.154 billion of previously unrecognized deferred income tax assets.
- Adjusted net income of $1.335 billion and adjusted earnings per diluted share of $3.55 compared to an adjusted net income of $1.713 billion and adjusted earnings per diluted share of $4.56.
- Adjusted CASM of 13.80 cents compared to 13.49 cents, an increase of 2.3%, in line with the expectations communicated in Air Canada's news release dated December 17, 2024.
- Net cash flows from operating activities of $3.930 billion decreased $390 million.
- Free cash flow of $1.294 billion decreased $1.462 billion.
- Net debt-to-adjusted EBITDA ratio was 1.4 as at December 31, 2024, compared to 1.1 as at December 31, 2023.

Outlook

For the full year 2025, Air Canada is maintaining its guidance and its major assumptions. Full year 2025 guidance is as follows:

Metric	2025 Guidance
Adjusted EBITDA	$3.4 billion to $3.8 billion
ASM capacity	3% to 5% increase versus 2024
Adjusted CASM	14.25 ¢ to 14.50 ¢
Free cash flow	Break even +/- $200 million

Major Assumptions

Air Canada made assumptions in providing its guidance—including moderate Canadian GDP growth for 2025. Air Canada also assumes that the Canadian dollar will trade, on average, at C$1.40 per U.S. dollar for the full year 2025 and that the price of jet fuel will average C$0.95 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 below under Caution Regarding Forward-looking Information.

2028 Targets

On December 17, 2024, Air Canada announced its long-term 2028 financial targets and 2030 aspirations described below:

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, and amortization), 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.*

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. The reader is cautioned that using this information for other purposes may be inappropriate. Air Canada may review and revise these targets and aspirations including as economic, geopolitical, market and regulatory environments change. These targets and aspirations are used as goals as Air Canada executes on its strategic priorities, and they assume a normal business environment. Air Canada's ability to achieve these targets and aspirations is also dependent on its success in achieving initiatives and business objectives that are described in Air Canada's 2024 Investor Day presentations, which are available at aircanada.com/investors, including, but not limited to, those relating to increasing revenues, growing fleet and network capacity, and successfully executing on other key investments and initiatives, as well as other major assumptions, including those described in this news release, and are subject to a number of risks and uncertainties.

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. Air Canada did not record charges for impairment of assets in 2024 or in 2023.

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 non-recurring expense in computing adjusted CASM, adjusted EBITDA, adjusted pre-tax income and adjusted net income.

With ratification of the collective agreement with ALPA, in the fourth quarter of 2024, Air Canada recorded a one-time pension past service cost of $490 million in the fourth quarter of 2024 as a result of certain pension plan amendments made in conjunction with the collective agreement. Air Canada excluded this charge in computing adjusted CASM, adjusted EBITDA, 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 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 December 31, 2024, and seven as at December 31, 2023. 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)	Fourth Quarter			Full Year		
	2024	2023	Change	2024	2023	Change
Operating expense – GAAP	**$ 5,658**	**$ 5,096**	**$ 562**	**$ 20,992**	**$ 19,554**	**$ 1,438**
Adjusted for:						
Aircraft fuel	(1,154)	(1,391)	237	(5,118)	(5,318)	200
Ground package costs	(208)	(177)	(31)	(782)	(720)	(62)
Freighter costs (excluding fuel)	(50)	(46)	(4)	(163)	(157)	(6)
Provision for contractual lease obligations	-	-	-	(34)	-	(34)
Pension plan amendments	(490)	-	(490)	(490)	-	(490)
Operating expense, adjusted for the above-noted items	**$ 3,756**	**$ 3,482**	**$ 274**	**14,405**	**13,359**	**1,046**
ASMs (millions)	**24,949**	**24,439**	**2.1%**	**104,381**	**99,012**	**5.4%**
Adjusted CASM (cents)	**¢ 15.05**	**¢ 14.25**	**¢ 0.80**	**¢ 13.80**	**¢ 13.49**	**¢ 0.31**

Adjusted EBITDA and Adjusted EBITDA Margin

Adjusted EBITDA (earnings before interest, taxes, depreciation and amortization) 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 and amortization 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 (loss) as follows:

	Fourth Quarter			Full Year		
(Canadian dollars in millions, except where indicated)	**2024**	**2023**	**Change**	**2024**	**2023**	**Change**
Operating income (loss) – GAAP	**$ (254)**	**$ 79**	**$ (333)**	**$ 1,263**	**$ 2,279**	**$ (1,016)**
Add back:						
Depreciation and amortization	460	442	18	1,799	1,703	96
EBITDA	**206**	**521**	**(315)**	**3,062**	**3,982**	**(920)**
Add back:						
Provision for contractual lease obligations	-	-	-	34	-	34
Pension plan amendments	490	-	490	490	-	490
Adjusted EBITDA	**$ 696**	**$ 521**	**$ 175**	**$ 3,586**	**$ 3,982**	**$ (396)**
Operating revenues	**$ 5,404**	**$ 5,175**	**$ 229**	**$ 22,255**	**$ 21,833**	**$ 422**
Operating margin (%)	**(4.7)**	**1.5**	**(6.2) pp**	**5.7**	**10.4**	**(4.7) pp**
Adjusted EBITDA margin (%)	**12.9**	**10.1**	**2.8 pp**	**16.1**	**18.2**	**(2.1) 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 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 (loss) is reconciled to GAAP income (loss) before income taxes as follows:

	Fourth Quarter			Full Year		
(Canadian dollars in millions)	**2024**	**2023**	**$ Change**	**2024**	**2023**	**$ Change**
Income (loss) before income taxes – GAAP	**$ (721)**	**$ 122**	**$ (843)**	**$ 515**	**$ 2,212**	**$ (1,697)**
Adjusted for:						
Provision for contractual lease obligations	-	-	-	34	-	34
Pension plan amendments	490	-	490	490	-	490
Foreign exchange (gain) loss	372	(72)	444	400	(389)	789
Net interest relating to employee benefits	(6)	(7)	1	(22)	(25)	3
(Gain) loss on financial instruments recorded at fair value	38	(91)	129	(28)	(115)	87
(Gain) loss on debt settlements and modifications	(38)	1	(39)	8	10	(2)
Adjusted pre-tax income (loss)	**$ 135**	**$ (47)**	**$ 182**	**$ 1,397**	**$ 1,693**	**$ (296)**

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

	Fourth Quarter			Full Year		
(Canadian dollars in millions)	**2024**	**2023**	**$ Change**	**2024**	**2023**	**$ Change**
Net income (loss) – GAAP	**$ (644)**	**$ 184**	**$ (828)**	**$ 1,720**	**$ 2,276**	**$ (556)**
Adjusted for:						
Provision for contractual lease obligations	-	-	-	34	-	34
Pension plan amendments	490	-	490	490	-	490
Foreign exchange (gain) loss	372	(72)	444	400	(389)	789
Net interest relating to employee benefits	(6)	(7)	1	(22)	(25)	3
(Gain) loss on financial instruments recorded at fair value	38	(91)	129	(28)	(115)	87
(Gain) loss on debt settlements and modifications	(38)	1	(39)	8	10	(2)
Income tax, including for the above reconciling items (1)	(119)	(59)	(60)	(1,267)	(44)	(1,223)
Adjusted net income (loss)	**$ 93**	**$ (44)**	**$ 137**	**$ 1,335**	**$ 1,713**	**$ (378)**
Weighted average number of outstanding shares used in computing diluted income per share (in millions)	374	358	16	376	376	-
Adjusted earnings per share – diluted	**$ 0.25**	**$ (0.12)**	**$ 0.37**	**$ 3.55**	**$ 4.56**	**$ (1.01)**

(1) In the third quarter of 2024, previously unrecognized deferred income tax assets were recognized which included a deferred income tax recovery of $1,154 million recorded in the consolidated statement of operations. This deferred income tax recovery of $1,154 million is removed from the adjusted net income. In 2023, the deferred income tax expense recorded in other comprehensive income related to remeasurements on employee benefit liabilities was offset by a deferred income tax recovery that was recorded through Air Canada's consolidated statement of operations. This recovery was removed from adjusted net income.

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)	Fourth Quarter		Full Year	
	2024	**2023**	**2024**	**2023**
Weighted average number of shares outstanding – basic	**355**	**358**	**358**	**358**
Effect of dilution	19	-	18	18
Weighted average number of shares outstanding – diluted	**374**	**358**	**376**	**376**

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 (used in) operating activities for the periods indicated.

	Fourth Quarter			Full Year		
(Canadian dollars in millions)	**2024**	**2023**	**$ Change**	**2024**	**2023**	**$ Change**
Net cash flows from operating activities	**$ 677**	**$ 985**	**$ (308)**	**$ 3,930**	**$ 4,320**	**$ (390)**
Additions to property, equipment and intangible assets	(1,172)	(316)	(856)	(2,636)	(1,564)	(1,072)
Free cash flow	**$ (495)**	**$ 669**	**$ (1,164)**	**$ 1,294**	**$ 2,756**	**$ (1,462)**

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)	**December 31, 2024**	**December 31, 2023**	**Change**
Total long-term debt and lease liabilities	$ 10,915	$ 12,996	$ (2,081)
Current portion of long-term debt and lease liabilities	1,755	866	889
Total long-term debt and lease liabilities (including current portion)	**12,670**	**13,862**	**(1,192)**
Less cash, cash equivalents and short- and long-term investments	(7,752)	(9,295)	1,543
Net debt	**$ 4,918**	**$ 4,567**	**$ 351**
Adjusted EBITDA (trailing 12 months)	**$ 3,586**	**3,982**	**(396)**
Net debt to adjusted EBITDA ratio	**1.4**	**1.1**	**0.3**

For further information on Air Canada's public disclosure file, including Air Canada's latest Annual Information Form, consult SEDAR+ at www.sedarplus.ca.

Fourth Quarter 2024 Conference Call

Air Canada will host its quarterly analysts' call on Friday, February 14, 2025, at 7:30 a.m. ET. Michael Rousseau, 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 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-in basis. Details are as follows:

Webcast:	https://edge.media-server.com/mmc/p/p6qoynpt
By telephone:	647-932-3411 or 1-800-715-9871 (toll-free)
	Conference ID 9102477
	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 conditions, statements or actions by governments relating to the imposition of (or threats to impose) tariffs on Canadian exports or imports and their resulting consequences, 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.*

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.

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)	Fourth Quarter			Full Year		
Financial Performance Metrics	**2024**	**2023**	**Change $**	**2024**	**2023**	**Change $**
Operating revenues	5,404	5,175	229	22,255	21,833	422
Operating income (loss)	(254)	79	(333)	1,263	2,279	(1,016)
Operating margin (1) (%)	(4.7)	1.5	(6.2) pp (8)	5.7	10.4	(4.7) pp
Adjusted EBITDA (2)	696	521	175	3,586	3,982	(396)
Adjusted EBITDA margin (2) (%)	12.9	10.1	2.8 pp	16.1	18.2	(2.1) pp
Income (loss) before income taxes	(721)	122	(843)	515	2,212	(1,697)
Net income (loss)	(644)	184	(828)	1,720	2,276	(556)
Adjusted pre-tax income (loss) (2)	135	(47)	182	1,397	1,693	(296)
Adjusted net income (loss) (2)	93	(44)	137	1,335	1,713	(378)
Total liquidity (3)	9,154	10,290	(1,136)	9,154	10,290	(1,136)
Net cash flows from operating activities	677	985	(308)	3,930	4,320	(390)
Free cash flow (2)	(495)	669	(1,164)	1,294	2,756	(1,462)
Net debt (2)	4,918	4,567	351	4,918	4,567	351
Diluted earnings (loss) per share	(1.81)	0.41	(2.22)	4.72	5.96	(1.24)
Adjusted earnings (loss) per share (2)	0.25	(0.12)	0.37	3.55	4.56	(1.01)
Operating Statistics (4)	**2024**	**2023**	**Change %**	**2024**	**2023**	**Change %**
Revenue passenger miles (RPMs) (millions)	20,573	20,405	0.8	88,643	85,802	3.3
Available seat miles (ASMs) (millions)	24,949	24,439	2.1	104,381	99,012	5.4
Passenger load factor %	82.5%	83.5%	(1.0) pp	85.0%	86.7%	(1.7) pp
Passenger revenue per RPM (Yield) (cents)	23.0	22.3	3.0	22.3	22.6	(1.0)
Passenger revenue per ASM (PRASM) (cents)	18.9	18.6	1.7	18.9	19.6	(3.4)
Operating revenue per ASM (TRASM) (cents)	21.7	21.2	2.3	21.3	22.1	(3.3)
Operating expense per ASM (CASM) (cents)	22.7	20.9	8.8	20.1	19.8	1.8
Adjusted CASM (cents) (2)	15.1	14.2	5.7	13.8	13.5	2.3
Average number of full-time-equivalent (FTE) employees (thousands) (5)	37.1	36.4	1.9	37.1	35.7	4.0
Aircraft in operating fleet at period-end	354	361	(1.9)	354	361	(1.9)
Seats dispatched (thousands)	13,796	13,636	1.2	56,745	54,026	5.0
Aircraft frequencies (thousands)	94.5	93.4	1.2	387.9	373.1	4.0
Average stage length (miles) (6)	1,808	1,792	0.9	1,839	1,833	0.4
Fuel cost per litre (cents)	94.6	117.6	(19.6)	100.6	111.6	(9.9)
Fuel litres (thousands)	1,225,281	1,178,926	3.9	5,082,636	4,751,692	7.0
Revenue passengers carried (thousands) (7)	10,929	10,899	0.3	45,886	44,790	2.4

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

(2) Adjusted pre-tax income (loss), adjusted net income (loss), adjusted earnings (loss) per share, adjusted EBITDA (earnings before interest, taxes, depreciation, and amortization), adjusted EBITDA margin, free cash flow, net debt 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 December 31, 2024, of $9,154 million consisted of $7,752 million in cash, cash equivalents, short- and long-term investments and $1,402 million available under undrawn credit facilities. As at December 31, 2023, total liquidity of $10,290 million consisted of $9,295 million in cash, cash equivalents, short- and long-term investments and $995 million available under undrawn credit facilities. These amounts also include funds ($346 million as at December 31, 2024, and $393 million as at December 31, 2023) 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) "pp" denotes percentage points and refers to a measure of the arithmetic difference between two percentages.