transat

Investor Presentation

Results for quarter ended January 31, 2022

Recovery plan continues after the interruption caused by Omicron

Significant improvement in revenues and results compared with 2021

MARCH 10, 2022

Ticker: TRZ/CN

Caution Regarding Forward-Looking Statements

This presentation contains certain forward-looking statements with respect to the Corporation, including those regarding its results, its financial position, the impacts of the coronavirus [“COVID-19”] pandemic, its outlook for the future and planned measures, including in particular the gradual resumption of certain flights and actions to improve its cash flows and its outlook for booking trends, capacity, aircraft utilization and improvement of profitability. These forward-looking statements are identified by the use of terms and phrases such as “anticipate,” “believe,” “could,” “estimate,” “expect,” “intend,” “may,” “plan,” “potential,” “predict,” “project,” “will,” “would,”, the negative of these terms and similar terminology, including references to assumptions. All such statements are made pursuant to applicable Canadian securities legislation. Such statements may involve but are not limited to comments with respect to strategies, expectations, planned operations or future actions. Forward-looking statements, by their nature, involve risks and uncertainties that could cause actual results to differ materially from those contemplated by these forward-looking statements.

As at January 31, 2022, a material uncertainty exists that may cast significant doubt on the Corporation’s ability to continue as a going concern. The MD&A's Section 7. Financial position, liquidity and capital resources and Note 2 to the interim condensed consolidated financial statements contain more detail on this issue.

The global air transportation and tourism industry has faced a collapse in traffic and demand. Travel restrictions, the imposition of quarantine measures and vaccination and testing requirements both in Canada and other countries, as well as concerns related to the pandemic and its economic impacts are creating some demand uncertainty, at least for fiscal 2022. For the 2022 winter season, the Corporation rolled out a reduced winter program that had to be adjusted following the emergence of the Omicron variant and new restrictive measures implemented by Canada and other countries. The Corporation cannot predict all the impacts of COVID-19 on its operations and results, the pace at which the situation will improve or precisely when conditions will become normal again. Since the beginning of the pandemic, the Corporation implemented a series of operational, commercial and financial measures, including new financing and cost reduction measures, aimed at preserving its cash. The Corporation is monitoring the situation daily to adjust these measures as it evolves. However, until the Corporation is able to resume operations at a sufficient level, the COVID-19 pandemic will have significant negative impacts on its revenues, cash flows from operations and operating results. While progress on vaccination and the lifting of certain restrictions have made it possible to resume operations at a certain level during 2022, the Corporation does not expect such level to reach the pre-pandemic level before 2023. The forward-looking statements may differ materially from actual results for a number of reasons, including without limitation, economic conditions, changes in demand due to the seasonal nature of the business, extreme weather conditions, climatic or geological disasters, war, political instability, real or perceived terrorism, outbreaks of epidemics or disease, consumer preferences and consumer habits, consumers’ perceptions of the safety of destination services and aviation safety, demographic trends, disruptions to the air traffic control system, the cost of protective, safety and environmental measures, competition, the Corporation’s ability to maintain and grow its reputation and brand, the availability of funding in the future, fluctuations in fuel prices and exchange rates and interest rates, the Corporation’s dependence on key suppliers, the availability and fluctuation of costs related to our aircraft, information technology and telecommunications, changes in legislation, unfavourable regulatory developments or procedures, pending litigation and third party lawsuits, the ability to reduce operating costs, the Corporation’s ability to attract and retain skilled resources, labour relations, collective bargaining and labour disputes, pension issues, maintaining insurance coverage at favourable levels and conditions and at an acceptable cost, and other risks detailed in the Risks and Uncertainties section of the MD&A included in our 2021 Annual Report.

The reader is cautioned that the foregoing list of factors is not exhaustive of the factors that may affect any of the Corporation’s forward-looking statements. The reader is also cautioned to consider these and other factors carefully and not to place undue reliance on forward-looking statements.

The forward-looking statements in this MD&A are based on a number of assumptions relating to economic and market conditions as well as the Corporation’s operations, financial position and transactions. Examples of such forward-looking statements include, but are not limited to, statements concerning:

- The outlook whereby until the Corporation is able to resume operations at a sufficient level, the COVID-19 pandemic will have significant negative impacts on its revenues, cash flows from operations and operating results.
- The outlook whereby the Corporation anticipates operating at certain capacity levels based on expected booking trends
- The outlook whereby, subject to going concern uncertainty as discussed in Section 7. Financial position, liquidity and capital resources of the MD&A and Note 2 to the interim condensed consolidated financial statements, we believe that the Corporation will be able to meet its obligations with cash on hand, cash flows from operations and drawdowns under existing credit facilities.

In making these statements, the Corporation has assumed, among other things, that travel and border restrictions imposed by government authorities will be relaxed to allow for a resumption of operations of the type and scale expected, that the standards and measures imposed by government and airport authorities to ensure the health and safety of personnel and travellers will be consistent with those announced or currently anticipated, that travellers will continue to travel despite the new health measures and other constraints imposed as a result of the pandemic, that credit facilities and other terms of credit extended by its business partners will continue to be made available as in the past, that management will continue to manage changes in cash flows to fund working capital requirements for the full fiscal year. If these assumptions prove incorrect, actual results and developments may differ materially from those contemplated by the forward-looking statements contained in this presentation.

The Corporation considers that the assumptions on which these forward-looking statements are based are reasonable.

These statements reflect current expectations regarding future events and operating performance, speak only as of the date this presentation is issued, and represent the Corporation’s expectations as of that date. The Corporation disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, other than as required by applicable securities legislation.

Non-IFRS Financial Measures

We report our financial results in accordance with IFRS. This presentation was prepared using results and financial information determined under IFRS. In addition to IFRS financial measures, this presentation also contains non-IFRS financial measures, non-IFRS ratios, capital management measures and supplementary financial measures used by management to assess the Corporation’s operational performance including adjusted operating loss, adjusted net loss, adjusted loss per share, total net debt, net cash burn, current ratio, free cash flow and unrestricted liquidity. These measures do not have a standardized meaning under IFRS. It is likely that the non-IFRS financial measures used by the Corporation will not be comparable to similar measures reported by other issuers or those used by financial analysts as their measures may have different definitions. The measures used by the Corporation are intended to provide additional information and should not be considered in isolation or as a substitute for IFRS financial performance measures.

Generally, a non-IFRS financial measure is a numerical measure of an entity’s historical or future financial performance, financial position or cash flows that is neither calculated nor recognized under IFRS. Management believes that such non-IFRS financial measures are important as they provide users of our consolidated financial statements with a better understanding of the results of our recurring operations and their related trends, while increasing transparency and clarity into our operating results. Management also believes these measures to be useful in assessing the Corporation’s capacity to fulfil its financial obligations.

By excluding from our results items that arise mainly from long-term strategic decisions and/or do not, in our opinion, reflect our operating performance for the period, such as the change in fair value of fuel-related derivatives and other derivatives, gain (loss) on business disposals, restructuring charges, asset impairment, depreciation and amortization, foreign exchange gains (losses) and other significant unusual items, and by including premiums for fuel-related derivatives and other derivatives matured during the period, we believe this presentation helps users to better analyze our results, as well as our ability to generate cash flows from operations. Furthermore, the use of non-IFRS measures helps users by enabling better comparability of results from one period to another and better comparability with other businesses in our industry.

See the Non-IFRS financial measures slide in Appendix for more information including a description of such measures and a reconciliation to the most directly comparable IFRS measures.

Transat’s Recent Journey

Airline and Commercial Operations

- Bookings and financial results were in-line with our objectives in November and December, but momentum halted by Omicron from mid-December to the beginning of February
  - Following the easing of restrictive measures by the Federal Government in February, our bookings resumed their upward trend
- Recalled 500 employees since the end of October (over 1,500 anticipated recall during the year)
- Assuming no further shutdowns or restrictions related to COVID-19, our commercial activity would resume as follows:
  - During second quarter, the Corporation foresees that it would operate at ~50% overall capacity of 2019
  - During the summer, the Corporation will increase its overall capacity to ~90% of 2019 with the introduction of two new routes in Europe and two new destinations in the United States
- Air Transat and Porter Airlines have concluded a code-sharing agreement to be implemented for the 2022 summer season
  - **Code-sharing agreement implications:** Each carrier will market, under its own code and license, flights operated by the other partner, enabling customers to combine flight segments on a single ticket and check their baggage just once
  - **Phase 1**: Connecting Porter’s base at Billy Bishop Toronto City Airport (YTZ) and Halifax-Stanfield (YHZ) to Air Transat’s hub at Montreal-Trudeau (YUL), providing customers of both carriers with a greater selection of connecting flights in Canada, U.S. and internationally

Leadership

- Appointment of Marc-Philippe Lumpé as Chief Airline Operations Officer, effective on June 1, 2022
  - Jean-François Lemay, whose departure was announced previously, will work alongside Marc-Philippe during a transition period

Financing and Liquidity

- Unrestricted liquidity[1] of about $485 million as at January 31,2022, which includes:
  - $343 million of cash & cash equivalents
  - $142 million of available undrawn funds from credit facilities
- The Corporation reached an agreement with the government of Canada for an additional $43 million under the unsecured credit facility related to travel credits due to more reimbursement than initially anticipated on previous waves and that customers had the benefit of submitting their reimbursement request until August 26, 2021
  - Considering the unrestricted liquidity[1] of $485 million at January 31, 2022, the pro forma unrestricted liquidity[1] stood at $528 million
- Net cash burn[1] in the first quarter increased to $27 million per month from $15 million in the previous quarter following the non-essential travel advisory issued by the Federal Government on December 15 to contain the spread of the Omicron variant
- The Corporation also reached an agreement with the government of Canada to extend some terms and conditions of the LEEFF unsecured credit facility
- On-going discussions with the government of Canada to increase our available liquidity through the LEEFF program to cover the impact of Omicron and uncertainties

1. Refer to Non-IFRS Financial Measures in the Appendix

1 Q1 2022 Key Highlights

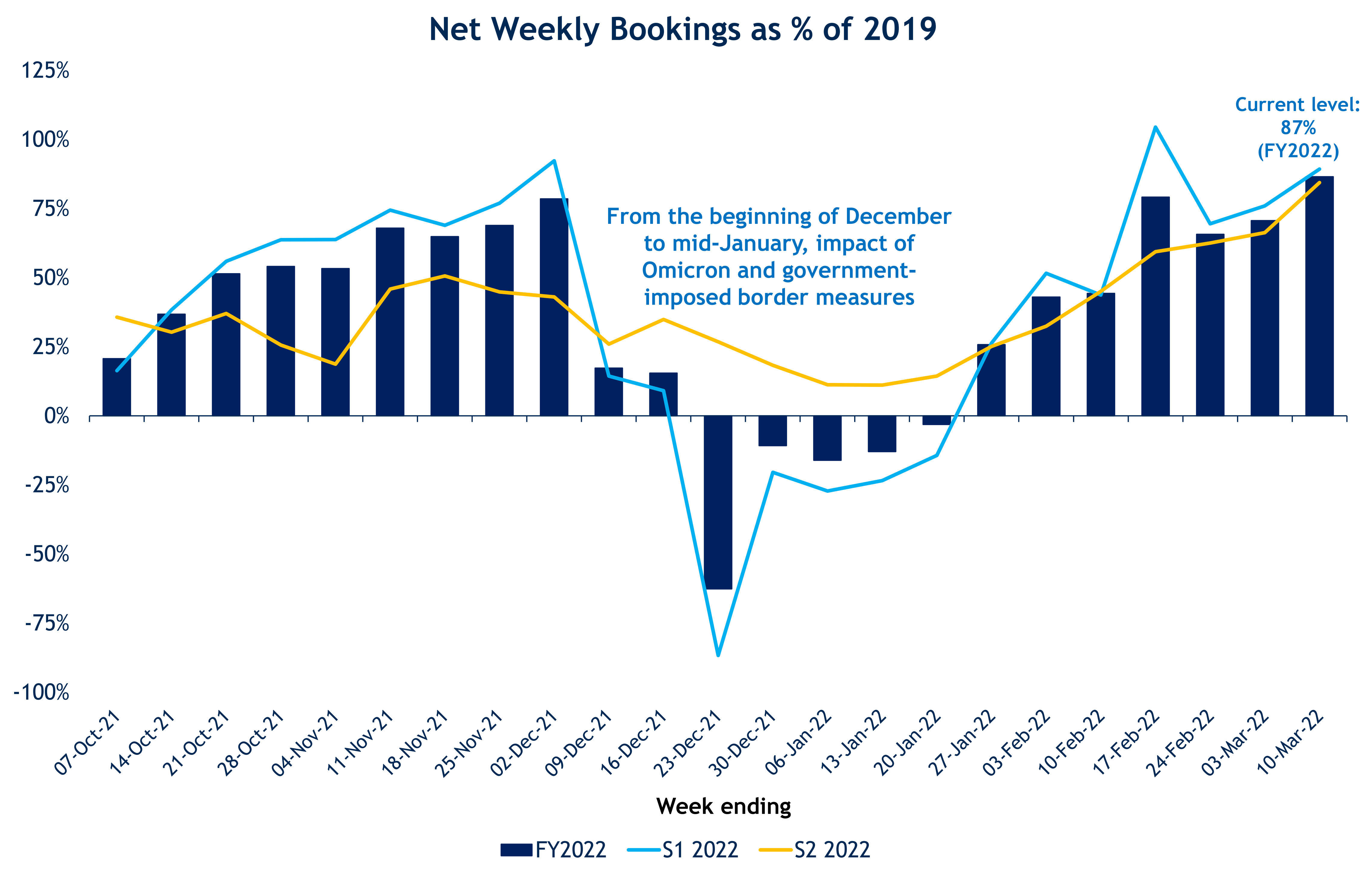
2 Operational Update and Strategic Overview

3 Q1 2022 Results and Sustainability Measures

4 Closing Remark

5 Appendix

Overall Bookings Trend



Bookings Development During the Quarter

- October and November was a period of sustained growth in term of bookings and more particularly for Winter season (S1)
- Significant drop in bookings starting the first week of December due to Omicron and the Federal government advisory regarding non-essential travel
  - Pronounced in the Winter season and recorded de-booking of flights for a period of 4 weeks
  - Slowdown in the Summer season (S2) bookings as well but less pronounced
- Upward trend resumed during the last week of January for both Winter than Summer seasons

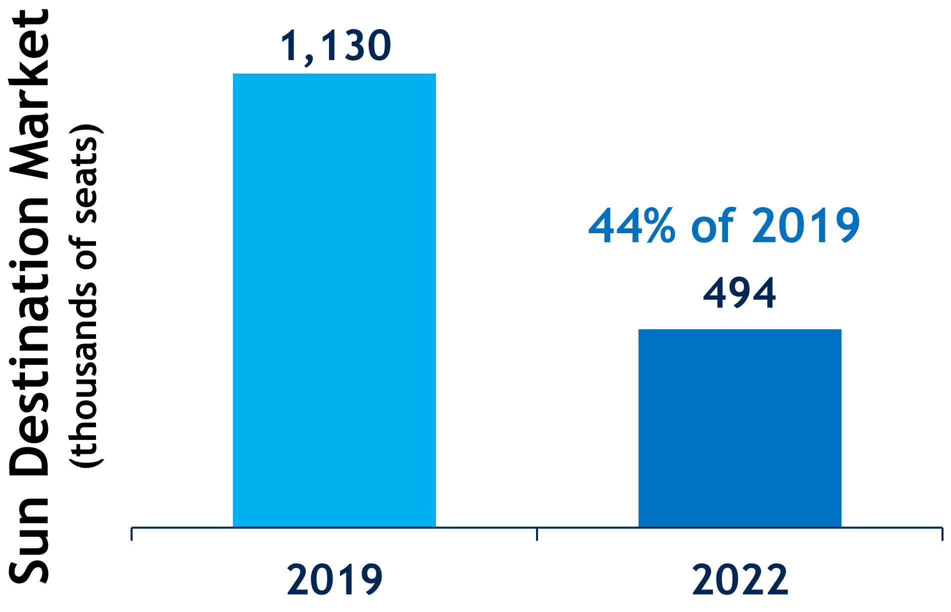
Outlook

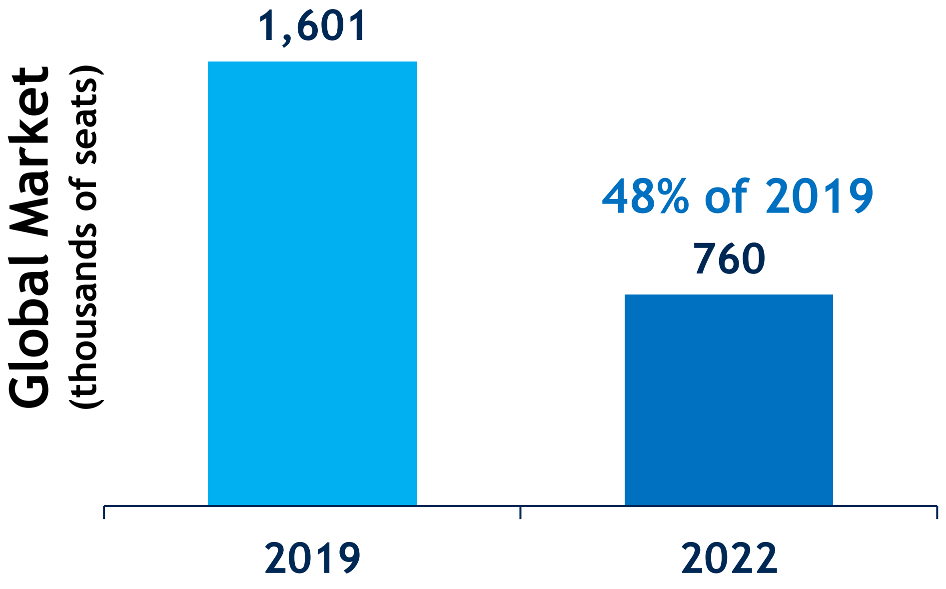
- Expect later booking trend to continue to grow for both seasons and even more so for the Summer season with an increase to ~90% of 2019 capacity levels
- Positive impact on average selling price noticed recently and more particularly on Sun destination packages for second quarter
- Monitor closely the recent surge of fuel price and we anticipate an impact on the pricing structure
  - In the meantime, the Corporation will continue optimizing its fuel management

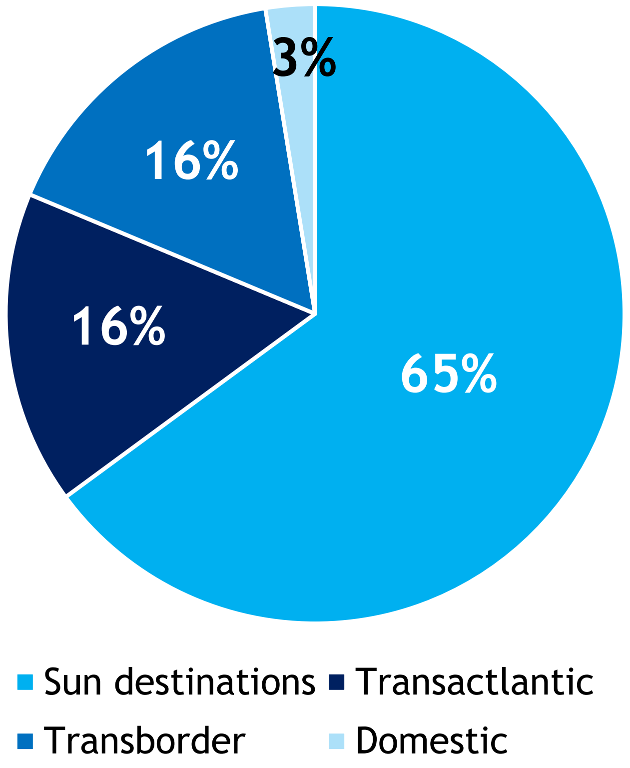
December and January bookings impacted by Omicron; Optimistic outlook for Summer bookings based on improved customer confidence and easing of restrictive measures globally

Capacity Outlook for Upcoming Quarters (as at March 10, 2022)

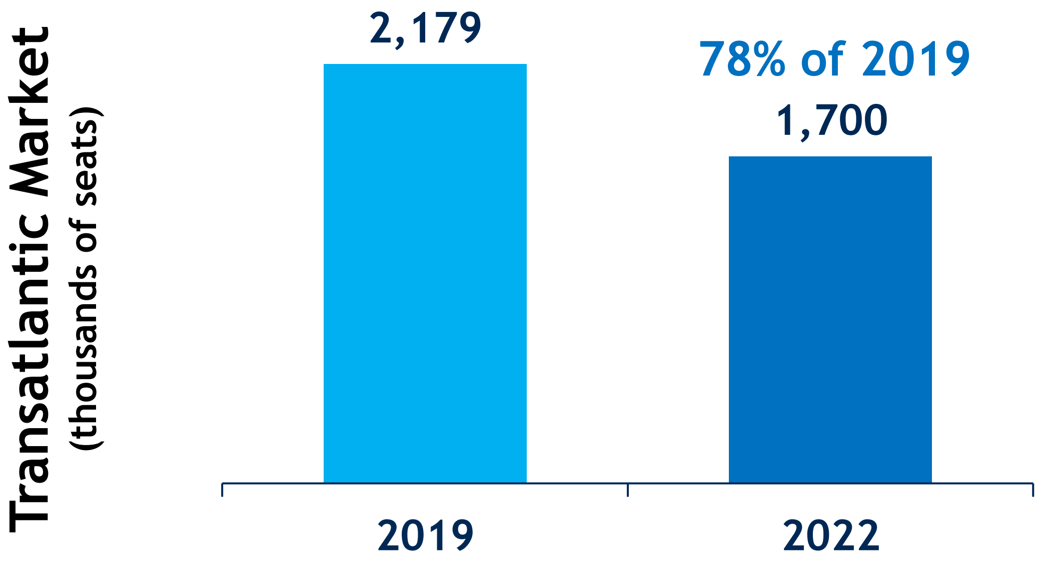
Second Quarter

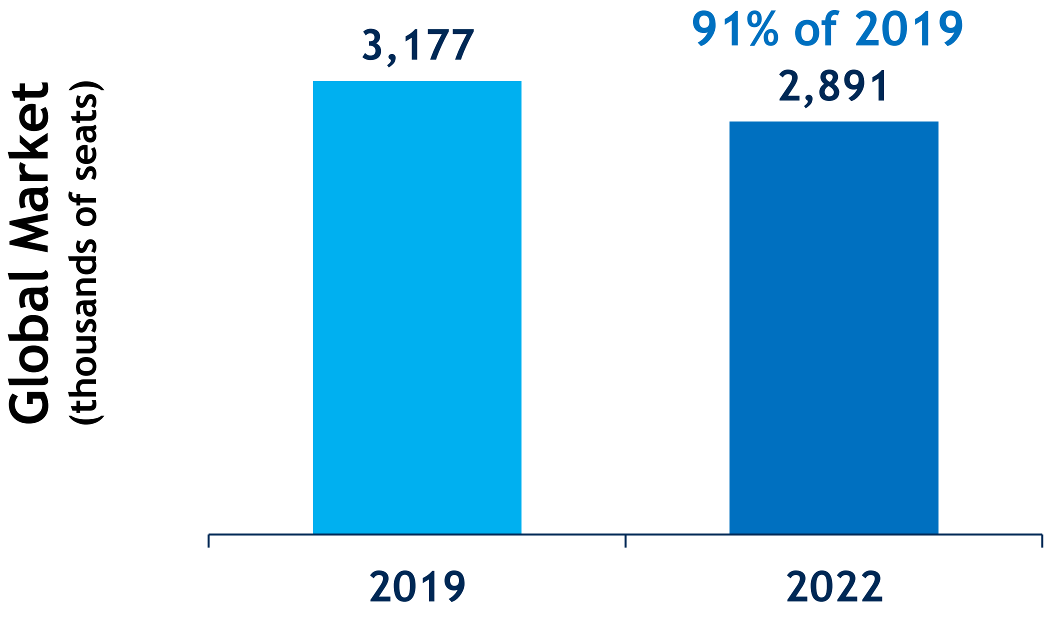


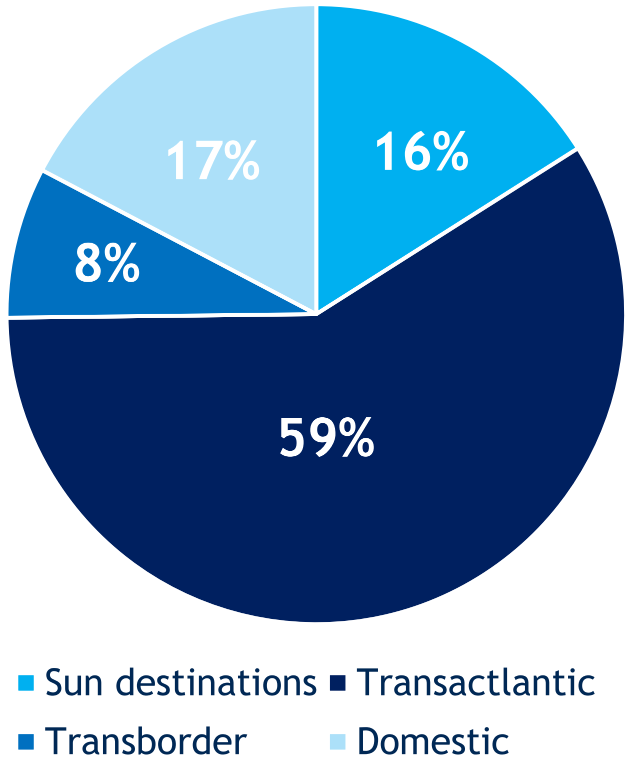




Summer Season







Larger proportion of our capacity will be deployed on transborder, and domestic market compared to 2019

Transat's global capacity will continue to ramp up in the coming quarters up to ~90% of 2019 capacity with the introduction of new routes such as Montreal-Los Angeles and Montreal-San Francisco

Continuous Changes Implemented and Building on our Strengths

1

Flattened organzational structures *(automation and digitization of business processes)*

Renegociation of certain commitments *(aircraft, real estate footprint, etc.)*

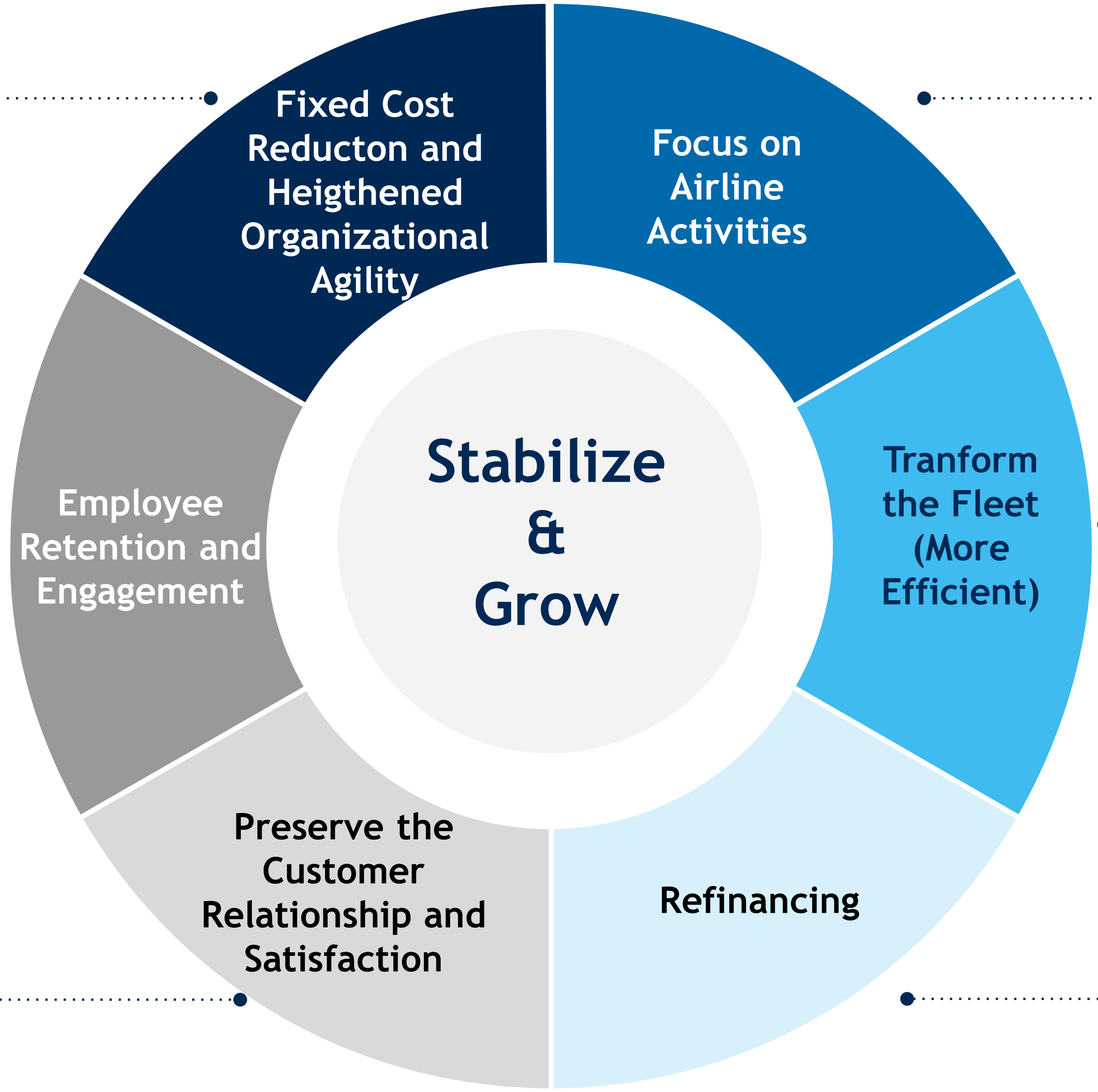
Refocusing on principal activities *(discontinued hotel operations)*

6

Maintain employee engagement and satisfaction *during the recovery period*

5

Communicate proactively *by leveraging our leisure travel brand reputation and customer trust during the recovery period (Offer a healthy and safe travel experience)*



2

Redefine the network *through:*

- *Implementation of strategic alliances;*
- *Heightened offer from Eastern Canada (more specifically in Montreal) and;*
- *Heightened offer during the low season to better support fixed costs*

3

Simplification and rejuvenation of the fleet *(moving from 4 incompatible aircraft models to 2 complementary models (pilots and training)*

Integration of A321neoLR *(higher performing aircraft which is fully adapted to our two core markets and help increasing aircraft utilization)*

Improve revenue management practices *to optimize RASM (revenue per available seat mile)*

4

Optimization of our capital structure *for the sustainability of the Corporation and to support our strategic plan*

Strong Pre-COVID 19 Momentum from Strategic Initiatives

Acceleration of Renewed Transat to Support COVID-Era Liquidity

Factors that Impacted Profitability

High Operational Costs from Complicated Fleet

Reduced Profit Margins for Tour Packages

Consumer Behavior Evolution and Emergence of Online Vendors

Direct Competition with Traditional Airlines in the Transatlantic Market

Strategic Initiatives

Revenue Management & Fleet Optimization

-41%
Seasonal Fleet Reduction

+12%
Increase in Aircraft Utilization

Achieved best winter season results in +10 years[1]

+9%
Increase in seats offered despite...

-13%
...decrease in the number of aircraft

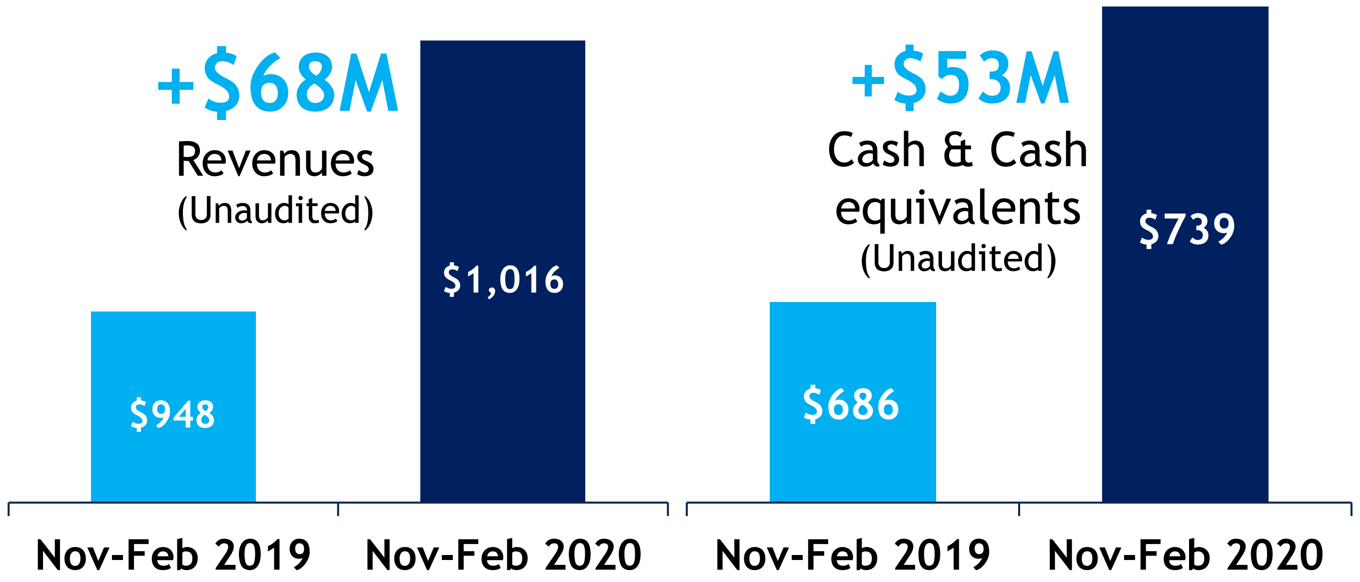
Winter 2020 results vs. 2019 results

Achievements
(Proof of Concept)

Significant operational efficiency gains which results in +81% EBIT margin improvement

+9%
Number of Seats Offered

-7%
Unit Costs (CASM) vs. 2019



+10.9% Passengers

from less than 1.6M to more than 1.7M over the period

1. November - February 2020

Refreshed Aircraft Fleet

- **Simplified fleet** with **100% Airbus aircraft**
- **Cockpit Commonality** drives **lower costs, operational efficiencies & flexibility**
- **Network connectivity** and **commercial alliances**
- **17 New A321NEO LR: >15%** less fuel, **~5,500 tonnes** less CO2 /year and **50%** less NOx emissions

	Pre-Covid (Winter 2020)		**Current** (Jan 2022)		**2022+ Committed** (as of today)
Total Fleet	48		29 (12 A330, 10 A321neoLR, 7 A321ceo)		36 (12 A330, 17 A321neoLR, 7 A321ceo)
Aircraft Model	4	*Airbus & Boeing (Mixed Fleet Operations)*	2		2 — *Airbus Only (Cockpit Commonality)*
Physical Capacity (# seats)	12,425	*-40 %*	7,463	*Return to pre-COVID seats production with a lower number of physical available seats*	8,856

Strategic fleet renewal and better utilization will be the largest contributor to the targeted profitability improvement (post-pandemic)

1. Cost per Available Seat Mile

Aspiring North American Leader in ESG

Strengthening Fuel Savings

Flight Operations	Sophisticated software optimizes fuel burn; pilots receive fuel-efficiency training
Ground Operations	Pilots taxi on a single engine; light-weight baggage & cargo containers
Technical Operations	Aircraft wingtip device reduces drag & increases fuel efficiency by 1%
Inflight Operations	Light-weight on board components; reduced inflight service items

GHG Reduction

~12%
Fuel consumption & GHG emissions reduction / 100 passenger km since 2010

30%
Reduction in CO_2 through energy efficiency in buildings

Building from a Strong ESG Base

Travelife-Certified Since 2018

Travelife CERTIFIED Excellence in sustainability

- Reduction of resource consumption
- Waste recovery optimization
- Reduction of GHG emissions
- Co-operation with communities
- More sustainable offering
- Customer awareness initiatives
- Employee engagement

1st e-Fuel Agreement in North America

SAF+ CONSORTIUM

Offtake agreement for 90% of sustainable e-fuel produced by SAF+ in its 1st plant over 15 years

Humanitarian Actions

- SOS Children's Village
- Haiti development
- No to child sex tourism
- Humanitarian cargo
- Children's Wish Foundation

Embracing the Circular Economy

1st
Canadian airplane recovery & recycling program

Sourcing Responsibly

~30%
Transat's hotel partners hold official sustainable certifications

transtat

Most Recent Financial Results

(in millions of C$, except per share amounts)	Quarter ended January 31			12-month period ended January 31		
	2022	2021	Change	2022	2021	Change
Unaudited Consolidated Statements of Loss						
Revenues	**202.4**	**41.9**	**160.5**	**285.3**	**651.2**	**(365.9)**
Operating loss	(73.8)	(98.0)	24.2	(377.0)	(498.9)	121.9
Adjusted operating loss[1]	**(36.4)**	**(53.6)**	**17.3**	**(196.6)**	**(203.2)**	**6.6**
Net loss attributable to shareholders	(114.3)	(60.5)	(53.8)	(443.4)	(523.3)	79.9
Adjusted net loss[1]	**(95.3)**	**(109.0)**	**13.7**	**(432.6)**	**(444.1)**	**11.4**
per share [1]	*($2.53)*	*($2.89)*	*$0.36*	*($11.46)*	*($11.76)*	*$0.30*
Unaudited Consolidated Statements of Cash Flows						
Cash flow from operating activities	(79.7)	(106.3)	26.6	(491.9)	(325.6)	(166.2)
Cash flow from investing activities	(4.2)	(1.9)	(2.3)	2.3	(29.2)	31.4
Repayment of lease liabilities	(34.6)	(15.1)	(19.4)	(94.0)	(73.6)	(20.4)
Free cash flow[1]	**(118.4)**	**(123.3)**	**4.9**	**(583.6)**	**(428.4)**	**(155.2)**
Reimbursement of non-refundable air ticket	0.0	0.0	0.0	229.0	0.0	229.0
Non-recurring items	37.9	3.0	34.9	74.6	82.5	(7.9)
Net cash burn[1]	**(80.5)**	**(120.3)**	**39.8**	**(280.0)**	**(345.9)**	**65.9**
Monthly net cash burn [1]	*(26.8)*	*(40.1)*	*13.3*	*(23.3)*	*(28.8)*	*5.5*

1. Refer to Non-IFRS Financial Measures in the Appendix

Highlights of the First Quarter Results

- Revenues increased by +383% compared to 2021
    - Attributable to a combination of a higher number of travellers and slightly higher average selling price
- Increase in revenues was attenuated by the drop in demand following the emergence of Omicron variant
    - The Corporation cancelled 30% of its January flights program
- Improvement of the adjusted operating loss[1] by +32% explained by a more pronounced partial resumption of activities compared to 2021
    - However, the improvement was attenuated by the cancellation of 30% of our January flights program during the gradual ramp-up of activities which implies an increase of fixed costs (pilots recall)

Net Cash Burn[1]

- Free cash flow[1] during the quarter of $118 million (Avg. monthly change of $39 million)
- Net cash burn[1] during the quarter of $81 million (avg. monthly net cash burn of $27 million) and the difference explained by:
    - Non-recurring items over the quarter of $38 million mostly related to restructuring costs related to our fleet and the annual corporate insurance premium prepaid for the next 12-month period

Financial Position & Liquidity Runway

Initiatives to Improve Liquidity Position Since the Beginning of the Pandemic

1. **$863M** in available financing[1] and on-going discussions to increase amount to support post-COVID-19 recovery
2. Return to lessors **of 8 Airbus A330s and 5 Boeing 737-800;** No outstanding seasonal aircraft agreement
3. Reduction in expenses and investments through **negotiations with suppliers**
4. Continuous **flight program adjustments** as the COVID-19 situation evolves
5. Continue applying for **wage and rent subsidies**
6. Launch the process to sell the land held in Mexico

On-Going Discussions for Additional Liquidity to De-Risk the Recovery

$528M[3]
Pro Forma Unrestricted Liquidity[2] as of January 31, 2022

$343M
Cash and cash equivalents as of January 31, 2022

1.05
Current ratio[2] as of January 31, 2022 compared to 0.77 a year ago

~60%
of pre-pandemic fixed costs level
(reduced to 25% at the peak of the crisis)

1. As at January 31, 2022, $678M was drawn and see Appendix for more details about financing overview
2. Refer to Non-IFRS Financial Measures in the Appendix
3. $343M of cash & cash equivalents + $142M of undrawn credit facilities = unrestricted liquidity of $485M + $43M increase in unsecured credit facility related to travel credits = Pro forma unrestricted liquidity of $528M

Transat: A Renewed Leisure Airline in a Recovering Industry

Recovering Leisure Travel Industry	Leading Leisure Airline	Renewed Transat
		
Tourism growth above GDP supported by favorable socioeconomic development	Robust global network to 25+ countries & strong key markets' capacity[1]	Fixed cost reduction & Enhanced revenue management practices
Tourism contributes towards growth and development of many economies	Strong brand position with a focus on customer experience	Refreshed aircraft fleet which is the cornerstone of operational efficiency
Leisure travel is expected to lead the travel industry recovery	Named World's Best Leisure Airline four years in a row[2]	Revitalized executive team with a new approach

Transat: an efficient and lean global leisure airline ready to thrive in a recovering industry

1. Includes flight destinations originating in Canada to Mexico, Dominican Republic, Cuba, Caribbean, Jamaica and South & Central America, United States and Europe.
2. Named World's Best Leisure Airline in 2018, 2019 and 2021. 2020 awards were suspended because of COVID-19.

Financing Overview

Sources of capital	Type of instruments	Accounting policies: Accounts	Accounting policies: Carrying amount (in millions of C$)	Facility amount (in millions of C$): As at Jan 31, 2022: Available	As at Jan 31, 2022: Used	As at Jan 31, 2022: Unused	Post-Quarter Adj.	As at March 10, 2022: Available	As at March 10, 2022: Used	As at March 10, 2022: Unused	Maturity date	Considerations
Bank facilities	Revolving Credit Facility (secured 1st rank)	Long-term debt	49.8	50.0	50.0	-	-	50.0	50.0	-	April 2023	**Interest rate:** Bankers' acceptance plus a premium of 4.5% **Financial covenants:** temporary suspension until Oct 31, 2022
	Subordinated Credit Facility (secured 2nd rank)	Long-term debt	71.6	70.0	70.0	-	-	70.0	70.0	-	April 2023	**Interest rate:** Bankers' acceptance plus a premium of 6.0% **PIK:** Until Oct 31, 2022, an additional capitalizable premium of 3.75% **Financial covenants:** temporary suspension until Oct 31, 2022
Government facilities	LEEFF Secured Credit Facility (1st rank)	Long-term debt	71.3	78.0	72.0	6.0	-	78.0	72.0	6.0	April 2023	Reflect terms and conditions of Revolving Credit Facility Delayed draw credit facility on a quarterly basis
	LEEFF Unsecured Credit Facility	Long-term debt Deferred financing costs	163.8 (19.2)	312.0	176.0	136.0	(112.0)	312.0	288.0	24.0	April 2026	$112 million received at the beginning of February Renegotiation of certain terms of the agreement post quarter end: a) Bears interest at 5.0% until December 31, 2023 (previously until April 29, 2022), increasing to 8.0% until December 31, 2024 (previously until April 29, 2023), increasing by 2.0% every year thereafter. b) Interest may be capitalized (PIK) until December 31, 2024 (previously until April 29, 2023)
	Unsecured Credit Facility related to travel credits	Long-term debt Deferred government grant	144.7 163.4	310.0	310.0	-	43.3	353.3	310.0	43.3	April 2028	Renegotiation of certain terms of the agreement post quarter end: a) Increase the available amount by $43.3 million (up to $353.3 million) b) Maintain the interes rate at 1.22%
Long-term debt and deferred government grant net of deferred financing costs			**645.4**	**820.0**	**678.0**	**142.0**	**(68.7)**	**863.3**	**790.0**	**73.3**		
Lease liabilities	Aircraft rent	Lease liabilities	894.8	-	894.8	-	-	-	894.8	-	2022-2033	Additionnally, $561M off-balance sheet arrangements related to 7 undelivered A321neoLR aircraft
	Real estate rent	Lease liabilities	48.4	-	48.4	-	-	-	48.4	-	2022-2037	
Government facilities	Warrants (equity derivatives)	Liability related to warrants	37.0	-	20.9	-	(13.3)	-	34.2	-	April 2031	50% of the vested warrants can be cancelled if the LEEFF Unsecured Credit Facility is fully repaid by December 31, 2023 (previously until April 29, 2022)
Total debt[1]			**1,625.6**		**1,642.1**	**142.0**	**(82.0)**		**1,767.4**	**73.3**		
Cash	Unrestricted cash	Cash & cash equivalents	(343.1)	-	(343.1)	343.1	112.0	-	(455.1)	455.1		Adjusted for the $112 million drawdown received post quarter end
Total net debt[1]			**1,282.5**		**1,299.0**	**485.1**	**30.0**		**1,312.2**	**528.4**		

1. Refer to Non-IFRS Financial Measures in the Appendix

Non-IFRS Financial Measures

The non-IFRS measures, non-IFRS ratios, total of segment measures, capital measures and/or other financial measures used by the Corporation are as follows:

- **Adjusted operating income (loss))[1]:** Operating income (loss) before depreciation, amortization and asset impairment expense, restructuring charge, lump-sum payments related to collective agreements and other significant unusual items, and including premiums for fuel-related derivatives and other derivatives matured during the period. The Corporation uses this measure to assess the operational performance of its activities before the aforementioned items to ensure better comparability of financial results.
- **Adjusted net income (loss)[1]:** Net income (loss) attributable to shareholders before net income (loss) from discontinued operations, change in fair value of fuel-related derivatives and other derivatives, revaluation of liability related to warrants, gain (loss) on business disposals, gain (loss) on asset disposals, restructuring charge, lump-sum payments related to collective agreements, asset impairment, foreign exchange gain (loss), reduction in the carrying amount of deferred tax assets and other significant unusual items, and including premiums for fuel-related derivatives and other derivatives that matured during the period, net of related taxes. The Corporation uses this measure to assess the financial performance of its activities before the aforementioned items to ensure better comparability of financial results. Adjusted net income (loss) is also used in calculating the variable compensation of employees and senior executives.
- **Adjusted net income (loss) per share[1]:** Adjusted net income (loss) divided by the adjusted weighted average number of outstanding shares used in computing diluted earnings (loss) per share.
- **Unrestricted liquidity[2]:** Cash & cash equivalents plus available undrawn funds from credit facilities. **Pro forma unrestricted liquidity[2]** is calculated by giving effect to the increase in the unsecured credit facility related to travel credits. The Corporation uses this measure to assess the total potential cash available in the short term.
- **Free cash flow[3]:** Cash flow from operating activities minus cash flow from investing activities and repayment of lease liabilities. The Corporation uses this measures to demonstrate the cash that's available to be distributed in a discretionary way such as repayment of long-term debt or government deferred grant, distribution of dividend to shareholders, etc.
- **Net cash burn[3]:** Cash used to maintain operations, support capital expenditures, and settle normal debt repayments, all before the net impact of new financing proceeds. It excludes non-recurring items such as refunds for non-refundable fares being processed for flights impacted by the COVID-19 pandemic and other one-time items. **Monthly net cash burn** is the net cash burn for the financial period, divided by the number of months in the financial period. The Corporation uses this measure to demonstrate the normalize cash is losing per the defined financial period as they burn through their cash reserves. It occurs when a company's operating costs excluding non-recurring items are higher than their revenue.
- **Current ratio[1]**: Current assets divided by current liabilities (working capita ratio). The Corporation uses this measures to demonstrate its capability to meet its short-term obligations that are due within a year
- **Total debt[1] :** Long-term debt plus lease liabilities, deferred government grant and liability related to warrants, net of deferred financing cost related to the unsecured debt - LEEFF. Management uses total debt to assess the Corporation's debt level, future cash needs and financial leverage ratio. Management believes this measure is useful in assessing the Corporation's capacity to meet its current and future financial obligations.
- **Total net debt[1] :** Total debt (described above) less cash and cash equivalents. Total net debt is used to assess the cash position relative to the Corporation's debt level. Management believes this measure is useful in assessing the Corporation's capacity to meet its current and future financial obligations.

Note 1: The reconciliations of non-IFRS financial measures and capital management measures to the most directly comparable IFRS measures are available in our First Quarter Report 2022 by clicking on the following links: First Quarter Report 2022

Note 2: The reconciliations of non-IFRS financial measures and capital management measures to the most directly comparable IFRS measures are available in the First quarter 2022 press release.

Note 3: See slide Most Recent Financial Results of this presentation for the reconciliations

We would like to thank all of our employees, customers, investors, financial and commercial partners for their continuous support and contribution through these unprecedented times

Annick Guérard
President and CEO