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Investor Presentation

Results for the quarter ended July 31, 2022

Confirmed return of bookings to pre-pandemic levels

SEPTEMBER 8, 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 July 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 Note 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. 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 presentation 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 Note 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.

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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.

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AGENDA

1. FY22 Q3 Highlights & Bookings Update
2. Strategic Priorities Update
3. FY22 Q3/9M Results
4. Summary
5. Appendix

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The recovery emerging at the end of last quarter has been confirmed in recent months

FY22 Q3 delivering further operational and financial progress

- **Capacity of 82% vs. 2019 across all programs and 68% for Europe**

  With prudent planning and high quality execution from our teams, we operated 96% of our announced capacity

- **Gradual recovery of demand combined with higher fuel prices contributed to the increase in average selling prices ("ASP") compared to 2019**

  ASP increased by 8% for our European program and 26% for our Sun destinations program (packages)

- **Current cash position, combined with new financing obtained during the quarter, provides the required flexibility for the future**

  Unrestricted liquidity[1] stood at $511million and deferral of 2023 maturities, and the date by which the Corporation must meet certain financial covenants, by a year

- **Progressed on our strategic plan during quarter and in particular with respect to our fleet**

  Receipt of two new A321LRs and the order of four A321XLRs

- **Fourth quarter 2022 is showing very encouraging signs in terms of bookings as the last minute booking trend persists**

  If fuel prices remain at the current level, it puts strong pressure on Corporation's operating costs and profitability

- **Winter season bookings on track to match pre-pandemic levels**

  Pace of sales is currently in-line with 2019, and pricing remains solid and capable of absorbing a significant portion of fuel cost increases

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

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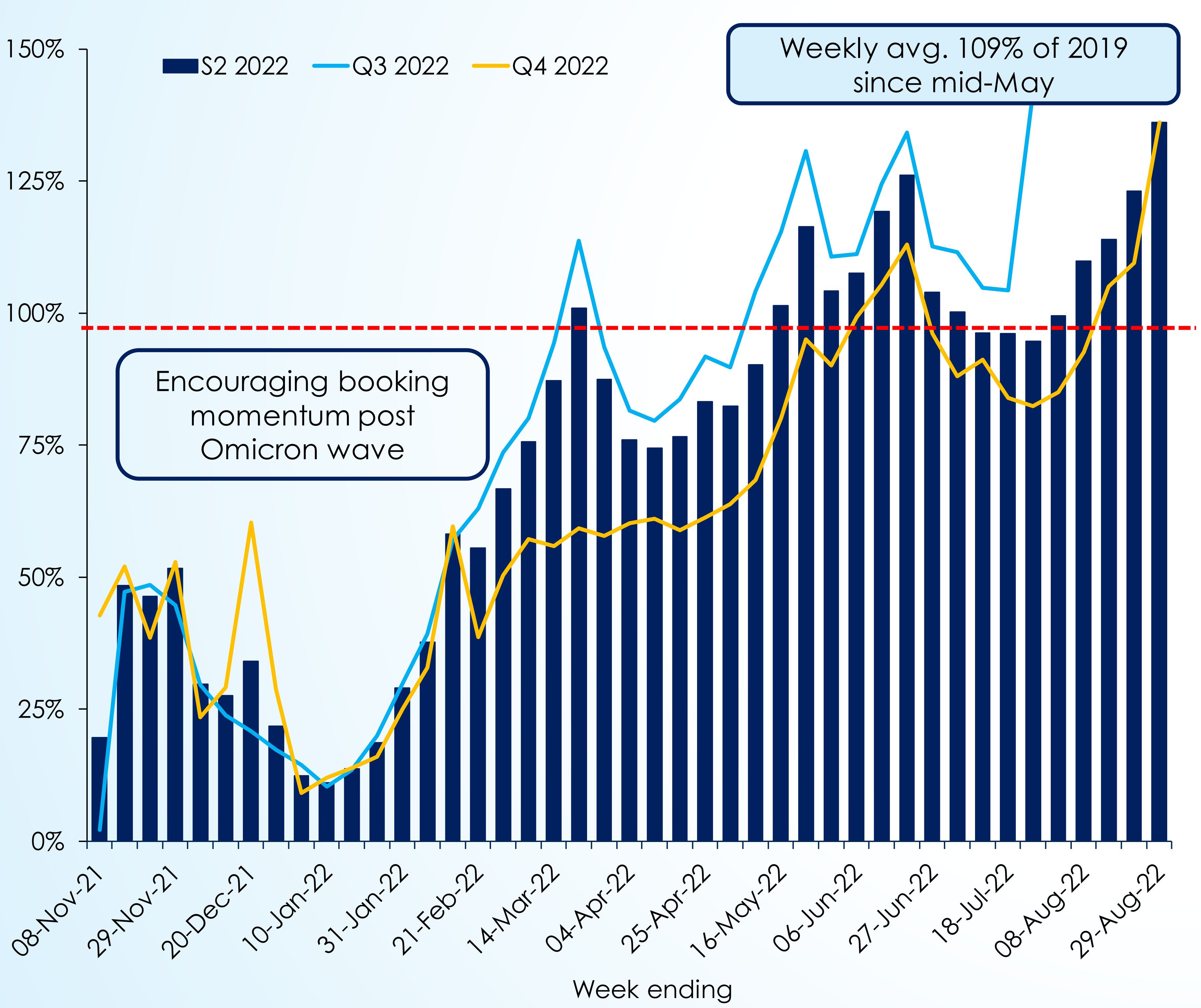
Overall Bookings Trend – Continuous improvement of the load factors during the quarter

Summer 2022 Net Weekly Bookings[1] as % of 2019

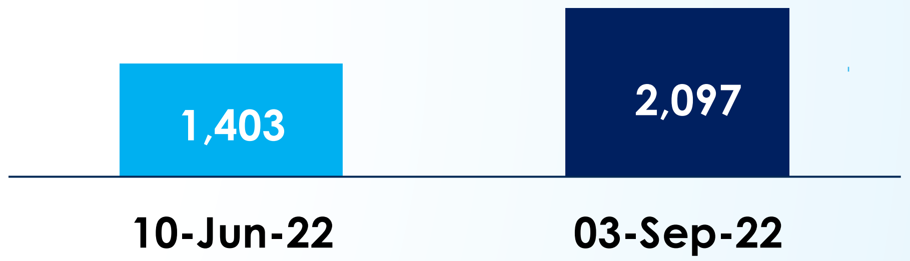


Versus 2019	Q3	Summer
Bookings	-24%	-
ASP	+8% on main program	-
Capacity	82% across all our markets	92% across all our markets

Total Net Bookings[1] (K)

Summer 2022

693K bookings since the last update (+49%)



Glimpse into booking trends:

Summer 2022:

- Encouraging signs but last-minute booking trends persist
- Load factors have largely improved in recent months and average selling prices have been steadily increasing since the start of spring across all of our programs
- If the fuel prices remain at the current level, it puts strong pressure on costs and profitability

Winter 2023:

- In the sun destinations program, capacity is similar to 2019 and 75% higher compared with 2022
- To-date, and overall, load factors are comparable to 2019 levels while prices are higher

1. Bookings net of cancellations

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Ramp-up continued in Q3, achieving high load factors in all programs

Travel & Airline

(Capacity, passengers and load factor %)

Global

Development of domestic and transborder market put some pressure on global load factors

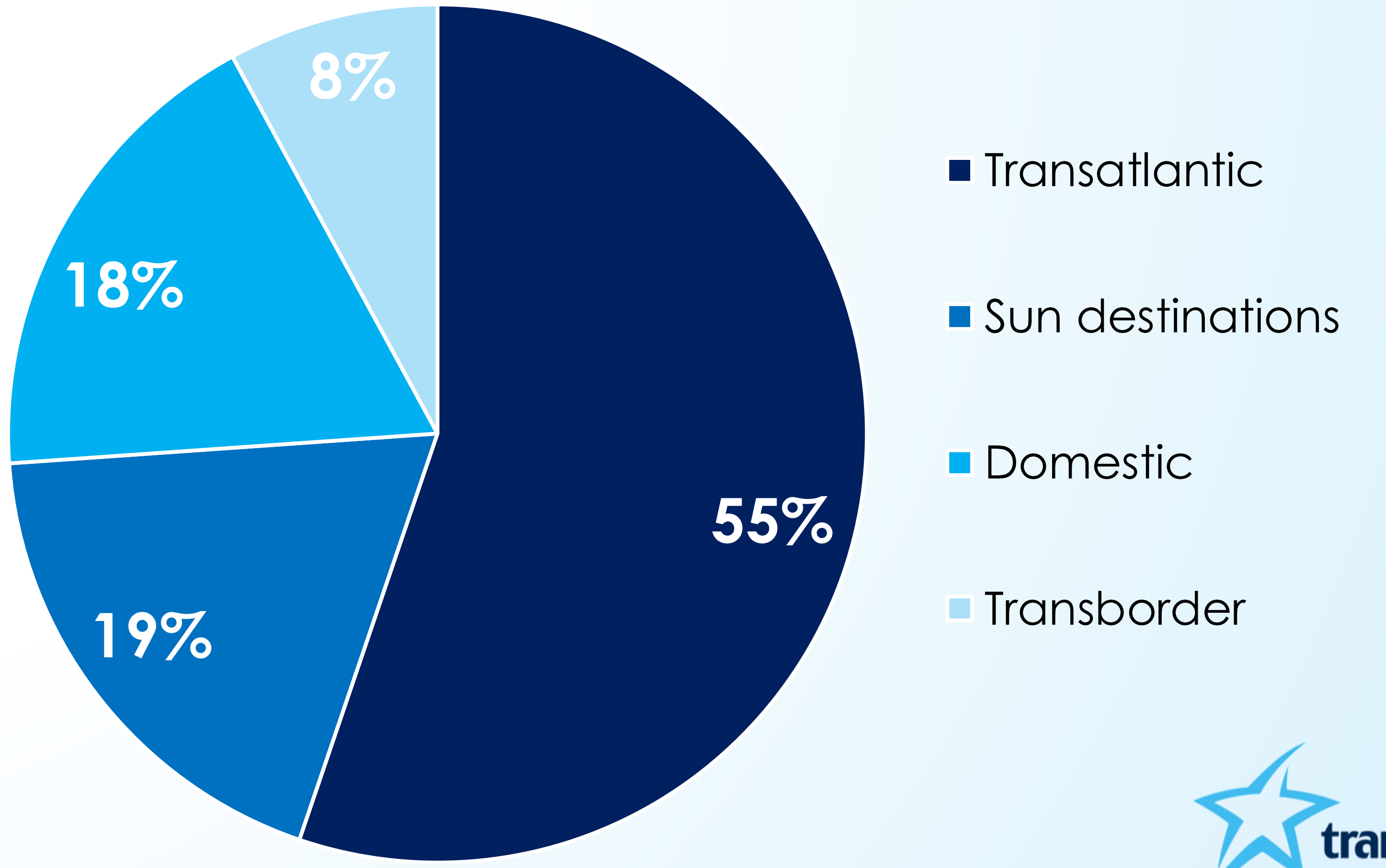
Transatlantic

Continuous increase in load factors during the quarter. In July, we reached a similar load factor to 2019

	Global FY19 Q3	Global FY22 Q3	Transatlantic FY19 Q3	Transatlantic FY22 Q3
Capacity	1,620K	1,333K	1,084K	736K
% of 2019		82%		68%
Load Factor %	90%	81%	88%	80%

Capacity Allocation

A more prudent and diversified approach lead us to operate 96% of announced capacity



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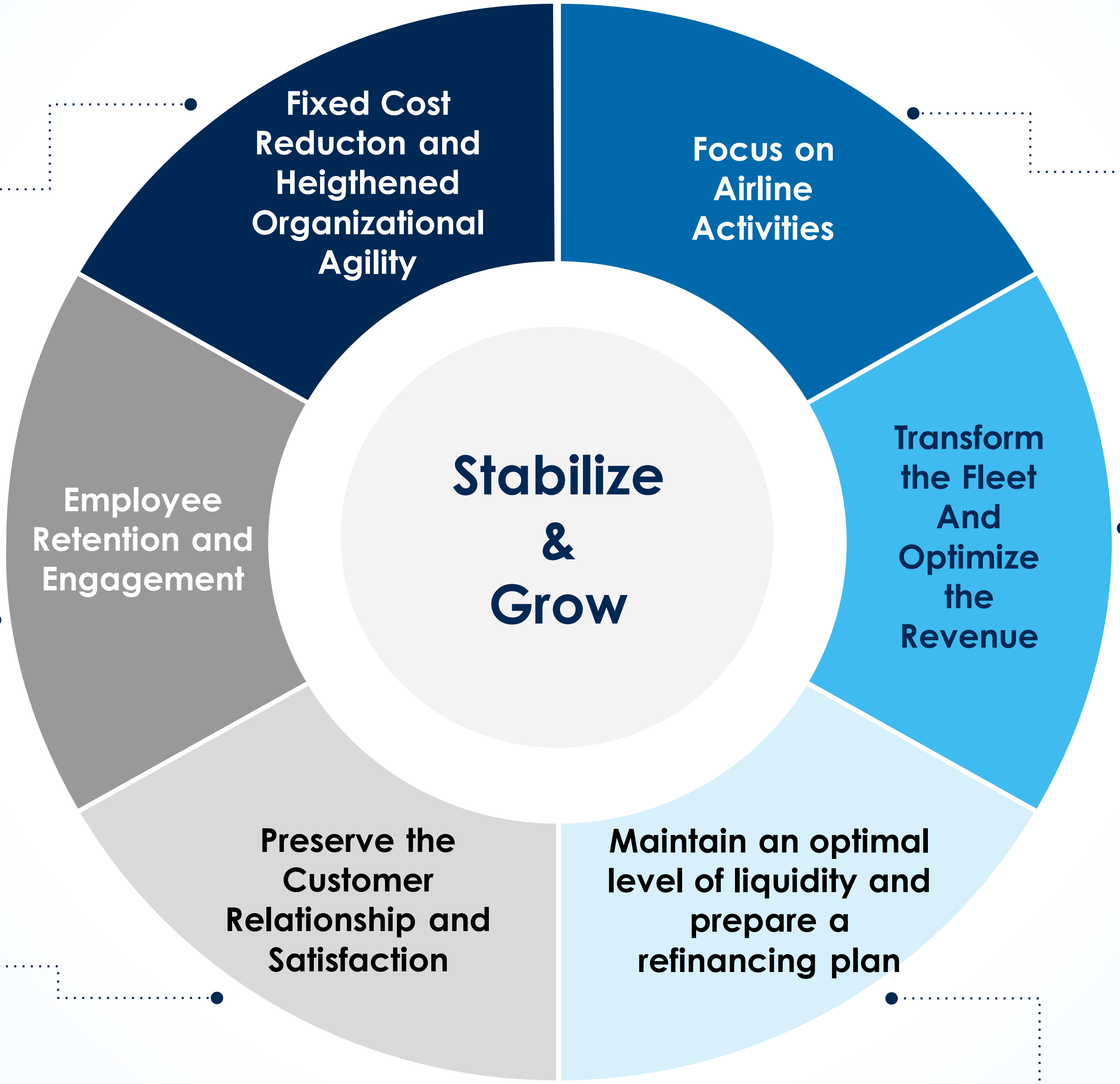
Our priority is to transform Transat into an efficient and competitive air carrier to produce sustainable financial performance and create shareholder value



Advancement status

1

Flattened organzational structures
1. *Automation and digitization of business processes*

Renegociation of certain commitments
1. *Aircraft lease agreements*
2. *Reduction of real estate footprint*

Refocusing on principal activities
1. *Discontinued hotel operations*

6

Maintain employee engagement and satisfaction
1. *Implement retention program*
2. *Work on the extension of collective bargaining agreements*

5

Communicate proactively *by leveraging our leisure travel brand reputation and customer trust*
1. *Offer a healthy and safe travel experience*
2. *Implement solution to reduce waiting time at our call center*

Advancement status

2

Redefine the network *through:*
1. *Implementation of strategic alliances;*
2. *Heightened offer from Eastern Canada (more specifically in Montreal) and;*
3. *Heightened offer during the low season to better support fixed costs*

3

Simplification and rejuvenation of the fleet
1. *Simplify and complementary aircraft models (pilots and training)*
2. *Introduction of A321LR (higher performing aircraft and fully adapted to our two core markets)*
3. *Increase fleet utilization*

Improve revenue management practices *to optimize RASM*[1]
1. *Implement and familiarize with the best RM system*
2. *Maximize ancillary revenues*

4

Optimization of our capital structure *to support our strategic plan*
1. *Ensure greater financial flexibility for near term*
2. *Prepare and execute refinancing for long term*

Completed In progress

1 Revenue per available seat miles

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Continued rebuilding of our fleet with the receipt of 2 new A321LR and the order of 4 A321XLR; Grow network breadth and scope with more routes and frequency

- **Simplified fleet** with **100% Airbus aircraft**
- **Cockpit Commonality** drives **lower costs, operational efficiencies & flexibility**
- **Network connectivity** and **commercial alliances**
- **17 New A321LR + 4 New A321XLR: >15%** less fuel, **~5,500 tonnes** less CO2 /year and **50%** less NOx emissions

	Pre-Covid (Summer 2019)		**Current** (Summer 2022)		**2023+ Committed** (as of today)
Total Fleet	39		31 (A330: 12, A321LR: 12, A321ceo: 7)		40 (A330: 12, A321LR: 17, A321ceo: 7, A321XLR: 4)
Aircraft Model	4	*Airbus & Boeing (Mixed Fleet Operations)*	2		2 — *Airbus Only (Cockpit Commonality)*
Physical Capacity (# seats)	10,817	*-27 %*	7,861	*Return to pre-COVID seats production with a lower number of physical available seats*	9,652

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1. Cost per Available Seat Mile

Reinforced corporate responsibility strategy

Corporate Responsibility Governance

- **Creation of a corporate responsibility vice-presidency and associated committees**
  1. Climate action
  2. Sustainable tourism
  3. Employee and community engagement
- **Alignment with United Nations sustainable development goals**

	Sustainable Tourism	Climate Action	Employee and Community Engagement
Priorities	**Reduce the environmental and social impacts of travel**	**Achieve carbon neutrality by 2050**	**Create positive change for our communities and nurture a diverse, equitable and inclusive workplace**

Focus areas	• Travelife certified since 2018 and renewed in 2022
	• Implementation of a 2022-2024 action plan that prioritizes climate action and the training of employees
	• Collaborating with partners to promote responsible tourism
		• Develop Transat decarbonation road map
		• Fleet transformation & continued focus on fuel management
		  o Replacement of A310 aircraft with A321LR, that emit 15% fewer emissions than equivalent aircraft
		  o ~12% reduction in fuel consumption & GHG emissions / 100 passenger km since 2010
		• Sustainable aviation fuel procurement strategy
		  o Offtake agreement for 90% of the SAF produced at the first SAF+ plant in Quebec during its first 15 years of operation
		• Stakeholder engagement and coalition building
		• Climate-related disclosure aligned with TCFD criteria
			• Continue to support communities at home and abroad, with focus on humanitarian aid and the well-being of children
			  o Partnership with 4Ukraine helped more than 140 Ukrainians come to Canada
			  o Since 2004, more than $ 7.5 M donated to SOS Children's Village, Centraide and the Children's Wish Foundation of Canada
			• Development of a DEI strategy
			  o Creation of Organization Development vice-presidency
			  o Policy on diversity amended to include objective to achieve parity on the board, with 45.5% of board of director & 41% of senior management positions currently held by women

UN SDG[1]

1 United Nations Sustainable Development Goals

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July was our first profitable month in more than two years and this is setting the stage for improved results if the fuel prices can normalize

(in millions of C$, except per share amounts)	Quarter ended July 31			9-month period ended July 31		
	2022	2021	Change	2022	2021	Change
Unaudited Consolidated Statements of Loss						
Revenues	**508.3**	**12.5**	**495.8**	**1,068.9**	**62.0**	**1,006.9**
Operating loss	(93.2)	(98.4)	5.1	(254.6)	(282.9)	28.3
Adjusted operating loss[1]	**(57.8)**	**(50.9)**	**(6.9)**	**(145.2)**	**(155.5)**	**10.3**
Net loss attributable to shareholders	(106.5)	(138.1)	31.7	(319.1)	(268.2)	(50.9)
Adjusted net loss[1]	**(120.9)**	**(115.6)**	**(5.3)**	**(327.8)**	**(328.0)**	**0.2**
per share [1]	*($3.20)*	*($3.06)*	*($0.14)*	*($8.67)*	*($8.69)*	*$0.02*
Unaudited Consolidated Statements of Cash Flows					2.1	
Cash flow from operating activities	(62.7)	(283.3)	220.5	(117.8)	(490.2)	372.4
Cash flow from investing activities	(10.0)	13.1	(23.1)	(25.0)	6.1	(31.1)
Repayment of lease liabilities	(24.2)	(12.1)	(12.1)	(83.6)	(43.7)	(39.9)
Free cash flow[1]	**(96.9)**	**(282.3)**	**185.3**	**(226.4)**	**(527.8)**	**301.4**
Reimbursement of non-refundable air ticket	2.2	204.7	(202.5)	5.8	205.1	(199.3)
Non-recuring items[2]	28.1	17.1	11.0	64.8	43.5	21.3
Net cash burn[1]	**(66.6)**	**(60.5)**	**(6.2)**	**(155.8)**	**(279.2)**	**123.4**
Monthly net cash burn [1]	*(22.2)*	*(20.2)*	*(2.1)*	*(26.0)*	*(46.5)*	*20.6*

Highlights of the Third Quarter Results

- Revenues were up $496 million vs. 2021 driven by:
  - The gradual recovery of demand combined with higher fuel prices contributed to the increase in average selling prices
- Compared with 2019, revenues were down $190 million (-27%)
  - Capacity offered was 82% of that deployed in 2019 across all programs with different mix allocations
  - Overall, the number of travellers was down 24%
- Slightly higher adjusted operating loss[1] vs. 2021 explained by:
  - Gradual ramp-up of activities which implies an increase of fixed costs (pilots recall)
  - Fuel prices surged by 112% during the quarter compared with 2021

Net Cash Burn[1]

- Net cash burn[1] during the quarter of -$67 million (avg. monthly net cash burn of $22 million)
- Cash burn accelerated during shoulder period (May and June) and returned to positive territory during the peak (July)

1. Refer to Non-IFRS Financial Measures in the Appendix
2. Refer to the breakdown of nonrecurring items in the Appendix

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Further progress with an agreement with a federal Crown Corporation for an additional funding of $100 million

Initiatives to Improve Liquidity Position Since the Beginning of the Pandemic

1. **$963M** in available financing[1] and in continuing discussions with various parties to optimize capital structure
2. Agreement with Canada Revenue Agency concerning the tax treatment of ABCP-related tax losses **(book value of $15M)**
3. Launch the process to sell the land held in Mexico **(book value of US$38M)**
4. Reduction in expenses and investments through **negotiations with suppliers**
5. Return to lessors **of 8 Airbus 330s and 5 Boeing 737-800;** No outstanding seasonal aircraft agreements
6. Continuous **flight program adjustments** as the COVID-19 situation evolves
7. Apply for **wage and rent subsidies**

Recent

Past

Secure Additional Financing During the Quarter to De-Risk the Recovery

$511M[3]

Unrestricted Liquidity[2] as of July 31, 2022

-$22M

of monthly net cash burn[2] during the quarter. The increase compared to previous quarter explained by the ramp up of our activities and higher fuel prices

$586M

Customer deposits as of July 31, 2022; Rebuilt our book of order to ~96% of pre-pandemic levels after reimbursing more than $500M of travel credits during the second half of 2021

1. As at July 31, 2022, $863M was drawn and see Appendix for more details about financing overview
2. Refer to Non-IFRS Financial Measures in the Appendix
3. $411M of cash & cash equivalents + $100M of undrawn credit facilities = unrestricted liquidity of $511M

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Transat: A renewed leisure airline in a recovering industry

Recovering Leisure Travel Industry

- Tourism growth above GDP supported by favorable socioeconomic development
- Tourism contributes towards growth and development of many economies
- Leisure travel is expected to lead the travel industry recovery

Leading Leisure Airline

- Robust global network to 25+ countries & strong key markets' capacity[1]
- Strong brand position with a focus on customer experience
- Named World's Best Leisure Airline four years in a row[2]

Renewed Transat

- Fixed cost reduction & Enhanced revenue management practices
- Refreshed aircraft fleet which is the cornerstone of operational efficiency (training and planning)
- 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.

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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 July 31, 2022: Available	Used	Unused	Maturity date	Considerations
Bank facilities	Revolving Credit Facility (secured 1st rank)	Long-term debt	49.7	50.0	50.0	-	April 2024	**Interest rate**: Bankers' acceptance plus a premium of 4.5% **Financial covenants**: temporary suspension until Oct 29, 2023
	Subordinated Credit Facility (secured 2nd rank)	Long-term debt	69.4	70.0	70.0	-	April 2024	**Interest rate**: Bankers' acceptance plus a premium of 6.0% **PIK**: Until Oct 29, 2023, an additional capitalizable premium of 3.75% **Financial covenants**: temporary suspension until Oct 29, 2023
Government facilities	LEEFF Secured Credit Facility (1st rank)	Long-term debt	77.2	98.0	78.0	20.0	April 2024	Reflect terms and conditions of Revolving Credit Facility Drawn the outstanding amount during second quarter **Financial covenants**: temporary suspension until Oct 29, 2023
	LEEFF Unsecured Credit Facility (Tranche 1)	Long-term debt	276.0	392.0	312.0	80.0	Tranche 1 (April 2026) Tranche 2 (July 2027)	**March 2022**: Renegotiation of certain terms of the agreement 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 **July 2022**: Secure an additional funding of $100 million + an additional $50 million subject to certain conditions that must be met no later than July 29, 2023
		Deferred financing costs	(12.4)					
	Unsecured Credit Facility related to travel credits	Long-term debt	177.3	353.3	353.3	-	April 2028	**March 2022**: Renegotiation of certain terms of the agreement a) Increase the available amount by $43.3 million (up to $353.3 million) b) Maintain the interest rate at 1.2%
		Deferred government grant	174.2					
Long-term debt and deferred government grant net of deferred financing costs			**811.3**	**963.3**	**863.3**	**100.0**		
Lease liabilities	Aircraft rent	Lease liabilities	1,002.9	-	1,002.9	-	2022-2034	Additionnally, $748 million of off-balance sheet arrangements (not discounted) related to 5 undelivered A321LR and 4 A321XLR just ordered (3 committed and 1 option)
	Real estate rent	Lease liabilities	44.3	-	44.3	-	2022-2037	
Government facilities	Warrants (equity derivatives)	Current (vested)	22.9	-	22.9	-	Tranche 1 (April 2031) Tranche 2 (July 2032)	Under the new tranche of LEEFF financing, Transat issued a total of 4,687,500 warrants for the purchase of an equivalent number of Transat shares at an exercise price of $3.20 per share over a 10-year period. The warrants are to vest in proportion to the drawings that will be made, but 50% of vested warrants will be forfeited if the loan were to be repaid in full by December 31, 2023
		Non current (not vested)	9.8	-	9.8	-		
Total debt[1]			**1,891.2**		**1,943.2**	**100.0**		
Cash	Unrestricted cash	Cash & cash equivalents	(411.3)	-	(411.3)	411.3		
Total net debt[1]			**1,479.9**		**1,531.8**	**511.3**		

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

Breakdown of non-recurring items

(in millions of C$)	Quarter ended July 31			9-month period ended July 31		
	2022	2021	Change	2022	2021	Change
Non-recurring items						
Insurance premium payment prepaid for one year coverage	-	-	-	9.4	-	9.4
Unfavourable cash settlement to terminate fuel derivatives contract	-	-	-	-	3.9	(3.9)
Special cash payment of vacation bank due to COVID-19	-	-	-	-	35.0	(35.0)
Reverse break fee net pf professionnal fee related to transaction with AC	-	2.1	(2.1)	-	(10.4)	10.4
Payment to acquire a minority interest (Trafictours Canada)	-	15.0	(15.0)	-	15.0	-
Breakup fee for early return of aircraft leases	-	-	-	23.5	-	23.5
Increase in cash collateral related to the issuance of letters of credit	-	-	-	6.8	-	6.8
Increase in current deposit (credit card processor)	20.0	-	20.0	20.0	-	20.0
Premium paid for derivatives instruments	8.1	-	8.1	8.1	-	8.1
GST (recovery)/payment related to delivery of A321LR	-	-	-	(3.0)	-	(3.0)
Total non-recurring items	**28.1**	**17.1**	**11.0**	**64.8**	**43.5**	**21.3**

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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, 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, 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[3]:** Cash & cash equivalents plus available undrawn funds from credit facilities. The Corporation uses this measure to assess the total potential cash available in the short term.
- **Free cash flow[2]:** 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[2]:** 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.
- **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 between IFRS financial measures and non-IFRS financial measures are incorporated by reference in Section 2 Non-IFRS financial measures of our MD&A in our First Quarter Report 2022, which is available on SEDAR at www.sedar.com

Note 2: Refer to page 13 of this presentation for the reconciliations

Note 3: Refer to page 18 of this presentation for the reconciliations