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Investor Presentation

Results for the quarter ended October 31, 2022

Transat closes fiscal 2022 with an encouraging outlook
Current bookings comparable to pre-pandemic levels

DECEMBER 15, 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. 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.

We draw your attention to the MD&A’s Section 7, Financial Position, Liquidity and Capital Resources and Note 2 to the consolidated financial statements which describe an environment, events and conditions, specifically in the context of a pandemic, which indicate the existence of material uncertainty that may cast significant doubt on the Corporation’s ability to continue as a going concern.

As a result of the COVID-19 pandemic, the global air transportation and tourism industry has faced a collapse in traffic and demand. Despite the easing of sanitary measures and travel restrictions initially put in place, travel restrictions and vaccination requirements introduced by numerous countries as well as concerns related to the pandemic and its economic impacts, combined with the uncertainty of a possible economic downturn, ongoing inflation in many countries, including Canada, and the military conflict between Russia and Ukraine are creating significant demand uncertainty, and the effects will still be partially present in fiscal 2023. 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. For the 2022 summer season, the Corporation also deployed a further reduced program although much more similar to pre-pandemic levels. While the situation considerably improved since the second quarter of 2022, the Corporation cannot yet predict with certainty 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. Although the lifting of most restrictions has allowed a significant resumption of operations during 2022, the Corporation does not expect to reach the pre-pandemic level before 2024. 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.

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, subject to going concern uncertainty as discussed in Section Basis of Preparation and Going Concern of the MD&A and Note 2 to the consolidated financial statements, the Corporation will be able to meet its obligations with cash on hand, cash flows from operations and drawdowns under existing credit facilities.
- The outlook whereby, for 2023 as a whole, the Corporation expects to deploy capacity equivalent to 90% of the 2019 level.
- The outlook whereby, the combination of demand and high prices will allow us to deal with higher costs.
- The outlook whereby, for 2023 as a whole, the Corporation expects an adjusted operating income margin of approximately 4% to 6%.

In making these statements, the Corporation assumes, among other things, that no travel and no border restrictions will be imposed by government authorities, that the standards and measures for the health and safety of personnel and travellers imposed by government and airport authorities will be consistent with those currently in effect, that travellers will continue to travel despite the health measures and other constraints imposed as a result of the pandemic, that workers will continue to be available to the Corporation, its suppliers and the companies providing passenger services at the airports, 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 derivatives, gain (loss) on business disposals, restructuring charges, asset impairment, depreciation and amortization, foreign exchange gains (losses), gain (loss) on long-term debt modification and other significant unusual items, and by including premiums related to derivatives that 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 the Appendix for more information including a description of such measures and a reconciliation to the most directly comparable IFRS measures.

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Travel recovery, which started in the third quarter, accelerated in the fourth quarter

FY22 Q4 delivering further operational and financial progress

- **Capacity of 91% (82% previous quarter) vs. 2019 across all programs and 79% (68% previous quarter) for Europe**

  Deployed a program that capitalized on our historical strengths with a combination of European and Sun destinations that were very popular and allowed us to continuously improve our load factors

- **Current cash position, combined with undrawn credit facilities and working capital improvements through faster cash collection provides the required flexibility for the future**

  Unrestricted liquidity[1] stood at $423 million and ~$75 million of cash collected since quarter end from our credit card processors ecosystem

- **Continued to implement our strategic plan during the quarter on various fronts**

  As part of our network development strategy, we launched a new codeshare partnership with Porter Airlines, in addition to the one entered into with WestJet at the beginning of summer and ten active virtual interlining partnerships

  Ordered two additional A321LRs following four A321XLRs in the previous quarter, bringing the total number of new generation aircraft to 23 (12 received and 11 ordered)

- **Despite an economic slowdown and rising inflation, people still want to travel and travel spending is a priority after 2 years of pandemic**

  The pace of reservations is currently higher than 2019 and strong demand is driving up prices which is helping us to cover higher costs.

  The Corporation is targeting an adjusted operating margin[1] of approx. **4% to 6% in FY2023[2]**

"If the trend continues, the outlook for 2023 is encouraging", stated Annick Guérard, President & CEO

1. Refer to Non-IFRS Financial Measures in the Appendix
2. In making such outlook, the Corporation has used a combination of assumptions such as moderate growth in Canada's GDP (risk of short recession), exchange rate at C$1.34 to US$1 and jet fuel price per gallon of C$4.50

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Improvement in prices and load factors help reduce our adjusted operating loss[1] and sets the stage for an encouraging Winter outlook

Travel & Airline
(Capacity, passengers and load factor %)

Global

Build on our predominant historical markets to improve load factors during the quarter

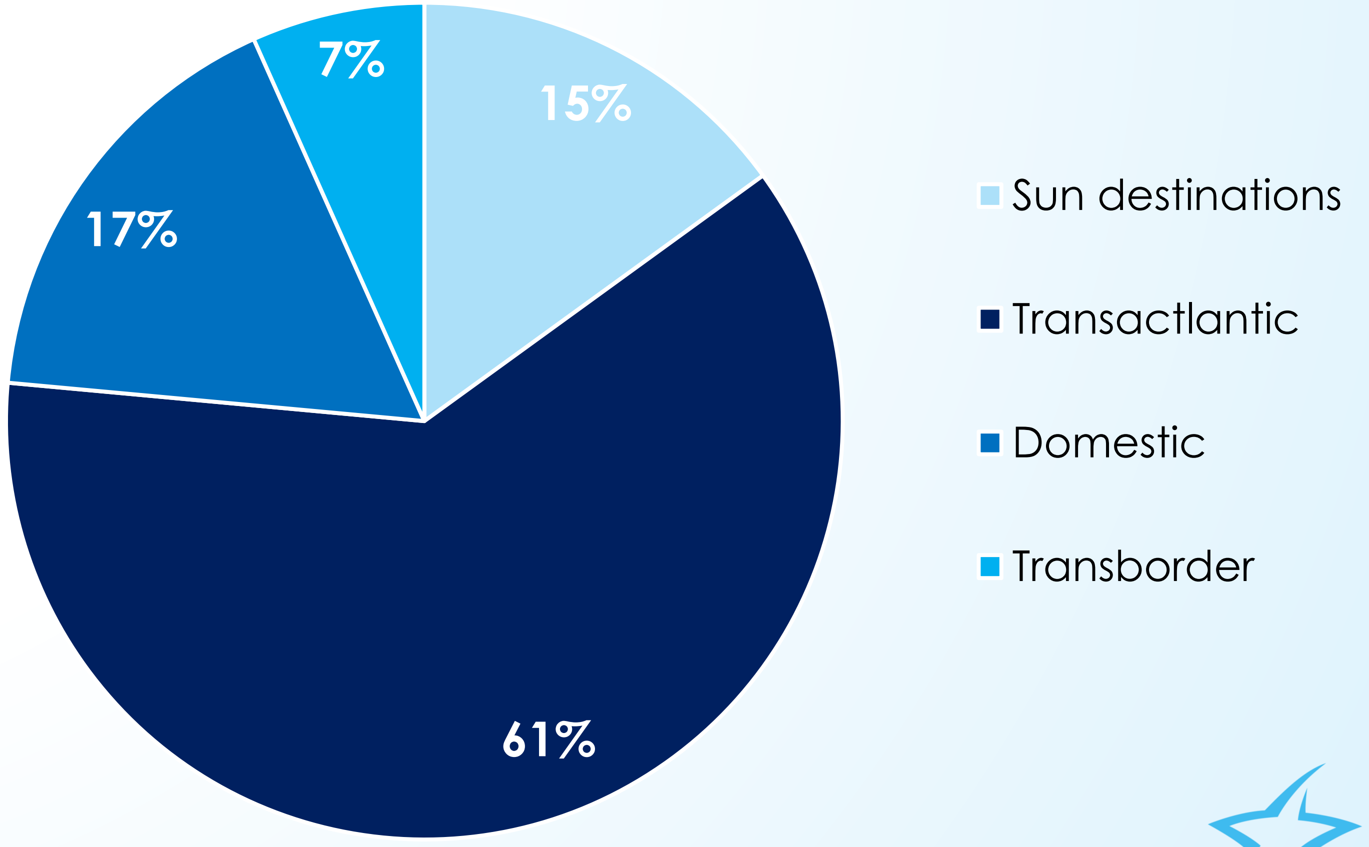
Transatlantic
(Main program)

Continuous increase in capacity as % of 2019 up to 104% in October. In August, we reached a similar load factor to 2019

	Global FY19 Q4	Global FY22 Q4	Transatlantic FY19 Q4	Transatlantic FY22 Q4
Capacity	1,549K	1,408K	1,091K	865K
% of 2019		91%		79%
Load Factor %	89.9%	83.1%	88.9%	83.3%

Capacity Allocation

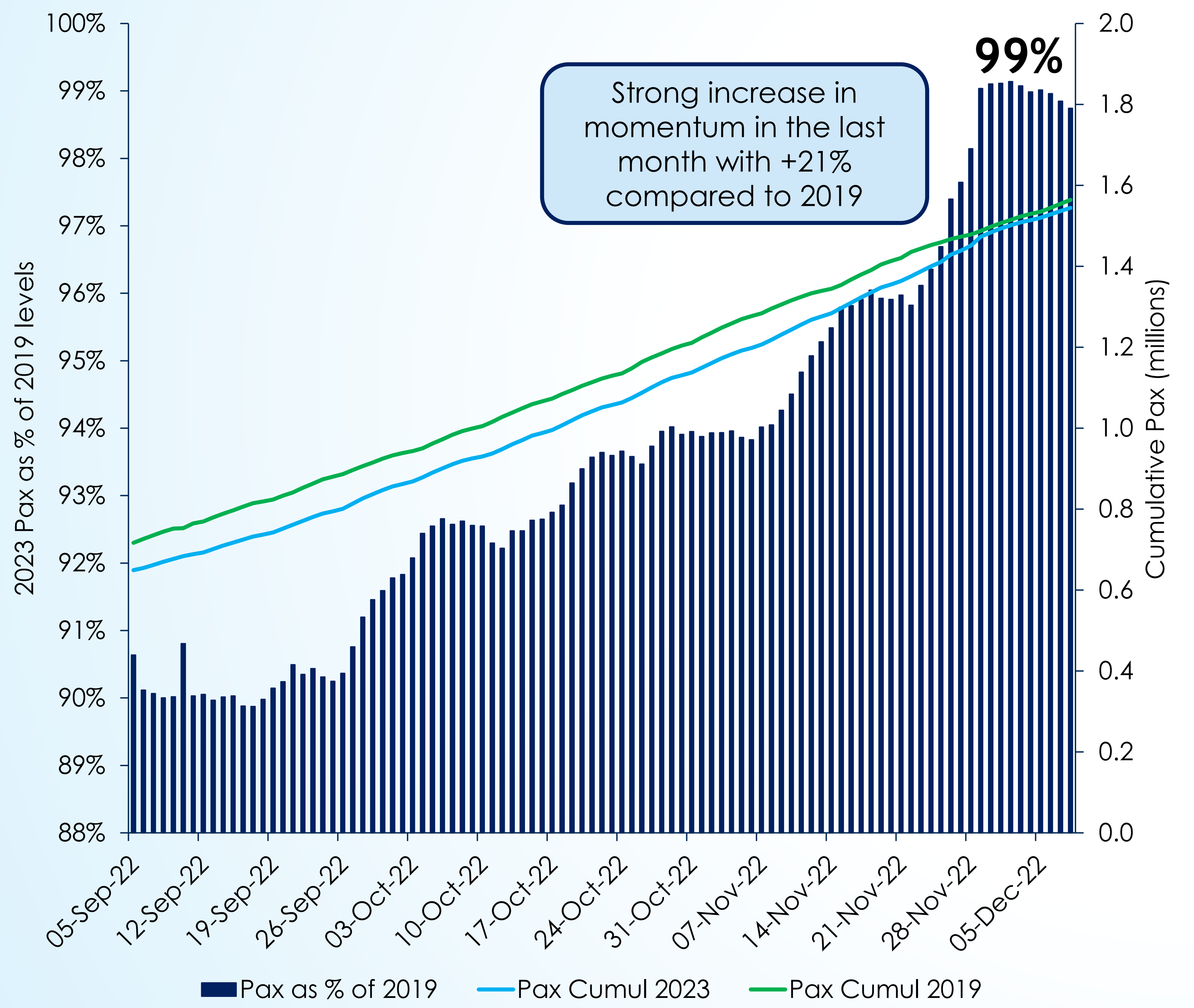
Changes compared to 2019:
Increase in Sun Destinations by +6% and Transborder by +266%; Decrease in Transatlantic by -21%



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

The combination of demand and high prices will allow us to manage higher costs

Winter 2022-2023 Cumulative Bookings[1] as % of 2019



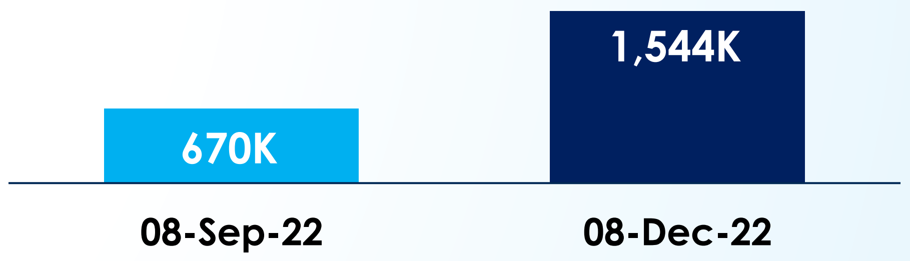
Indicators across the network

Versus 2019	Q1	Winter
Load Factor	-1% (74% LF)	Similar (55% LF)
Yield [2]	+15%	+ 15%
Capacity (ASM)	Similar	-3%
Capacity (Seats)	+3%	-1%

Total Net Bookings[1] (K)

Winter 2022-2023

875K bookings since last reporting date (Momentum: +7% vs. 2019)



Glimpse into booking trends:

Winter 2023:

- To date, load factors are comparable to 2019 levels and are already at 55% across the network
- Airline unit revenues (yield) are ~15% higher than 2019 levels
- The recent drop of -25% in jet fuel prices since the end of the quarter will relieve pressure on our operational costs

1. Bookings net of cancellations
2. Airline unit revenues expressed in revenue per passenger-mile

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Our priority is to transform Transat into an efficient and competitive airline to deliver sustainable financial performance and create shareholder value

1

Advancement status

Flattened organzational structure
1. *Automation and digitalization of business processes*

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

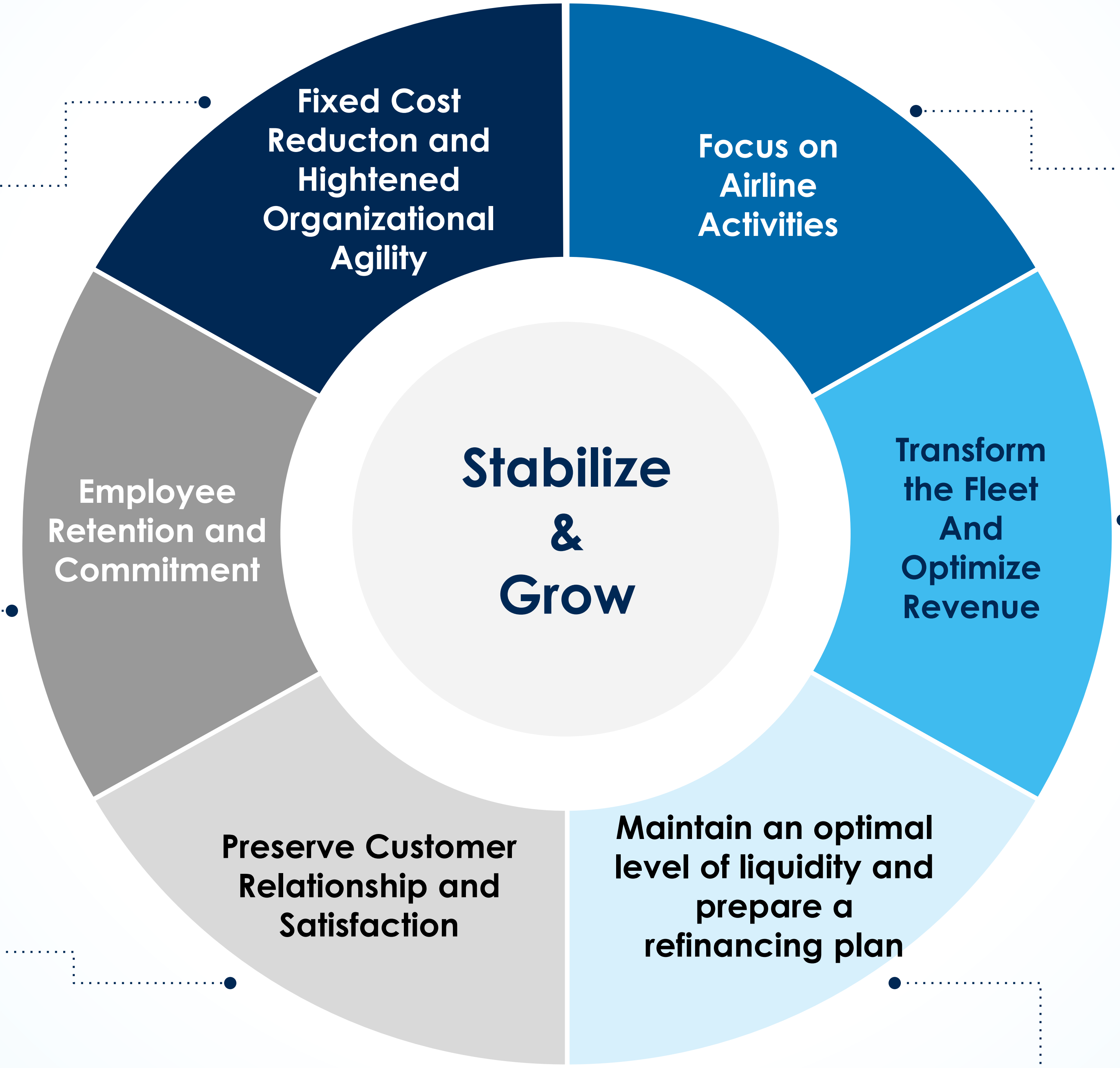
Refocusing on core activities
1. *Discontinuation of hotel operations*

6

Maintain employee commitment 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 solutions to reduce waiting time at our call center*



Completed Advanced In progress

2

Advancement status

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 complementarity of aircraft models (pilots and training)*
2. *Introduction of A321LR (more efficient aircraft and fully adapted to our two core markets)*
3. *Increased fleet utilization*

Improve revenue management practices *to optimize RASM*[1]
1. *Implement and harness the full potential of the new 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*

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1 Revenue per available seat miles

Continued rebuilding of our fleet with the order of 2 additional A321LR following 4 XLR in the previous quarter which demonstrates our confidence in the future

- **Simplified fleet** with **100% Airbus aircraft (no more seasonal aircraft)**
- **Cockpit Commonality** drives **lower costs, operational efficiencies & flexibility**
- **Network connectivity** and **commercial alliances**
- **19 New A321LR + 4 New A321XLR: >15%** less fuel, **~5,500 tons** less CO_2 /year and **50%** less NOx emissions

	Pre-Covid (Winter 2020)		**Current** (Winter 2023)		**2023+ Committed** (as of today)
Total Fleet	48 (Permanent: 32, Seasonal: 16)		31 (A330: 12, A321LR: 12, A321ceo: 7)		42 (A330: 12, A321LR: 19, A321ceo: 7, A321XLR: 4)
Aircraft Model	4	*Airbus & Boeing (Mixed Fleet Operations)*	2		2 *Airbus Only (Cockpit Commonality)*
Physical Capacity (# seats)	12,525	*-34 %*	8,259	*Return to pre-COVID seats production with a lower number of physical available seats*	10,050

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1. Cost per Available Seat Mile

Attentive to the world around us, Transat is committed to operate in a sustainable manner for our customers, our employees and our communities, both here and abroad

1. PLANET
Protect the environment

Priorities:

1. Decarbonation target and roadmap
2. Biodiversity protection
3. Waste reduction

Highlights:

- Fleet transformation
  - Total of 19 A321LR and 4 XLR delivered or ordered, each of which emit 15% less emissions than equivalent aircraft
- Sustainable aviation fuel
  - Offtake agreement for 90% of the SAF produced at the first SAF+ plant in Quebec during its first 15 years of operation

Targets:

- Set 2030 emission reduction target
- Net zero emissions by 2050
- 10% of total fuel uplift is SAF by 2030

13 CLIMATE ACTION

2. PEOPLE
Empower our people

Priorities:

1. Diversity, equity & inclusion
2. Community engagement
3. Health & safety

Highlights:

- Increase representation of women on the board and in management positions
  - Gender parity of board of directors achieved (50%)
  - 41%[1] of management positions held by women.
- Continue to support communities at home and abroad
  - Partnership with 4Ukraine has helped more than 300 Ukrainians travel to Canada
  - Since 2004, more than $ 7.5 M donated to SOS Children's Village, Centraide and the Children's Wish Foundation of Canada.

3 GOOD HEALTH AND WELL-BEING

10 REDUCED INEQUALITIES

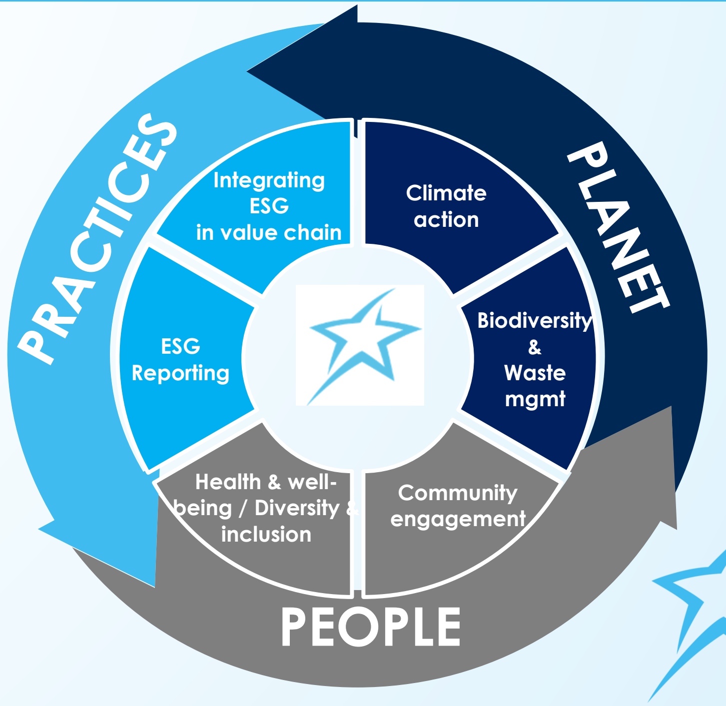
3. PRACTICES
Integrate sustainability into our practises

Priorities:

1. Strong governance and ESG disclosure
2. Integrating ESG across the value chain
3. Compliance and risk management

Highlights:

- Strengthen ESG governance
  - Implementation of decarbonization and sustainable tourism committees.
  - 2nd annual TCFD report issued in May 2022
  - Integration of ESG components into executive compensation
- Travelife certification renewed in 2022.



1. From senior manager to President and Chief Executive Officer

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Reduced adjusted operating loss[1] by 80% and setting the stage to return to profitability and improved operational performance

(in millions of C$, except per share amounts)	Quarter ended October 31			12-month period ended October 31		
	2022	2021	Change	2022	2021	Change
Audited Consolidated Statements of Loss						
Revenues	**573.1**	**62.8**	**510.4**	**1,642.0**	**124.8**	**1,517.2**
Operating loss	(48.8)	(118.3)	69.5	(303.4)	(401.2)	97.8
Adjusted operating loss[1]	**(11.5)**	**(58.4)**	**46.8**	**(156.8)**	**(213.9)**	**57.1**
Net loss	(126.2)	(121.2)	(5.0)	(445.3)	(389.4)	(55.9)
Adjusted net loss[1]	**(75.9)**	**(118.4)**	**42.5**	**(403.7)**	**(446.4)**	**42.7**
per share [1]	*($2.00)*	*($3.14)*	*$1.14*	*($10.67)*	*($11.83)*	*$1.16*
Audited Consolidated Statements of Cash Flows						
Cash flow from operating activities	(60.1)	(28.3)	(31.8)	(177.9)	(518.4)	340.6
Cash flow from investing activities	(8.8)	(1.6)	(7.2)	(33.8)	4.5	(38.3)
Repayment of lease liabilities	(24.7)	(30.8)	6.1	(108.3)	(74.5)	(33.8)
Free cash flow[1]	**(93.6)**	**(60.6)**	**(33.0)**	**(320.0)**	**(588.4)**	**268.5**
Reimbursement of non-refundable air ticket	0.0	23.9	(23.9)	5.8	229.0	(223.2)
Non-recurring items[2]	23.5	(8.6)	32.1	88.3	34.9	53.4
Net cash burn[1]	**(70.1)**	**(45.3)**	**(24.8)**	**(225.9)**	**(324.5)**	**98.7**
Monthly net cash burn [1]	*(23.4)*	*(15.1)*	*(8.3)*	*(18.8)*	*(27.0)*	*8.2*

Fourth Quarter Highlights

- Revenues were up $510 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 $120 million (-17%)
  - Capacity offered was 91% of that deployed in 2019 across the network with different market allocations
  - Overall, the number of travellers was down 16% (compared to 24% in previous quarter)
- Improvement of adjusted operating loss[1] vs. 2021 of $47 million explained by:
  - Significant increase of average selling prices in main program (6% for Transatlantic and 19% for Sun destinations) compensated by a fuel price increase of 61% which is lower than in previous quarter

Net Cash Burn[1]

- Net cash burn[1] during the quarter of -$70 million (avg. monthly net cash burn of $23 million)
- The cash & cash equivalents corresponds to a seasonal low, while cash in trust resulting from travel packages sale is high as it is historically during that period of the year
  - Significant working capital improvements occurred after quarter end with the collection of $75M from credit card processors receivable

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 through agreements with credit card processors to normalize our working capital dynamics

Initiatives to Improve Liquidity Position Since the Beginning of the Pandemic

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

Negotiate the partial release of funds held by credit card processors

$423M[3]
Unrestricted Liquidity[2] as of October 31, 2022

~$75M
of collected funds from credit card processors since the end of the quarter

$603M
Customer deposits as of October 31, 2022; 7% more than pre-pandemic levels

1. As at October 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. $323M of cash & cash equivalents + $100M of undrawn credit facilities = unrestricted liquidity of $423M

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Focus on our historical strengths and progress on our strategic plan initiatives to enable the delivery of our short-term objectives

SET THE BASIS FOR SUSTAINABLE PERFORMANCE AND FUTURE GROWTH

Optimize the airline operations, increase the aircraft utilization and reduce fixed costs

Optimize revenue management practices and build strategic alliances to improve yield

Focus on customer experience and increase customer loyalty

Improve our capital structure by deleveraging the company through various initiatives

WINTER 2022-2023

- **Capacity (ASM):** 97% of 2019 capacity
- **Load factors**: Comparable to 2019 and already at 55% across the network
- **Airline unit revenues (yield)[1]**: 15% higher than 2019
- The combination of demand and increasing prices will help offset the increase in operational costs

FY2023

- **Capacity (ASM):** 90% of 2019 capacity
- **Adjusted operating income[2] margin target**: Approx. 4% to 6%
- In making such outlook, the Corporation has used a **combination of assumptions** such as:
  - Moderate growth in Canada's GDP (risk of short recession)
  - Exchange rate at C$1.34 to US$1
  - Jet fuel price per gallon of C$4.50

1. Airline unit revenues expressed in revenue per passenger-mile
2. Refer to Non-IFRS Financial Measures in the Appendix

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Financing Overview (As at October 31, 2022)

Sources of capital	Type of instruments	Accounting policies		Facility amount [1]			Maturity date	Considerations
		Accounts	Carrying amount [1]	Available	Used	Unused		
Bank Facilities	Revolving Credit Facility (1st lien secured)	Long-term debt	49.6	50.0	50.0	-	April 2024	**Interest rate**: Banker's acceptance plus a premium of 4.5% **Financial covenants**: Temporary suspended until Oct 29, 2023
	Subordinated Credit Facility (2nd lien secured)	Long-term debt	70.0	70.0	70.0	-	April 2024	**Interest rate**: Banker's acceptance plus a premium of 9.75% which 3.75% is PIK until Oct 29, 2023 **Financial covenants**: Temporary suspended until Oct 29, 2023
Government Facilities	LEEFF Secured Credit Facility (1st lien secured)	Long-term debt	77.2	98.0	78.0	20.0	April 2024	**Replicate** terms and conditions of Revolving Credit Facility **Term loan**: Possibility to draw the unused portion until Oct 29, 2023
	LEEFF Unsecured Credit Facility	Long-term debt	284.8	392.0	312.0	80.0	Tranche 1 April 2026	**Interest rate**: Fixed at 5.0% until December 31, 2023, increasing to 8.0% until December 31, 2024 and increasing by 2.0% every year thereafter. **PIK**: May be capitalized (PIK) until December 31, 2024 **Term loan**: Possibility to draw the unused portion until Oct 29, 2023 **Additional financing available**: $50 million subject to certain conditions that must be met no later than July 29, 2023
		Deferred financing costs	(12.6)				Tranche 2 July 2027	
	Unsecured Credit Facility related to travel credits	Long-term debt	182.5	353.3	353.3	-	April 2028	**Interest rate**: Fixed at 1.2% until maturity date
		Deferred government grant	169.0					
Long-term debt and deferred government grant net of deferred financing costs			**820.6**	**963.3**	**863.3**	**100.0**		
Lease liabilities	Fleet	Lease liabilities	1,045.0	-	1,045.0	-	2023-2034	Additionally, $977 million of off-balance sheet arrangements (not discounted) mainly related to 5 undelivered A321LR and 3 A321XLR (only fully committed)
	Real estate	Lease liabilities	43.0	-	43.0	-	2023-2037	
Government equity derivatives	Warrants	Current portion of liability related to warrants (vested)	16.8	-	16.8	-	Tranche 1 April 2031	Holder can exercised in stock up to 19.9% ownership and the excess will be payable in cash on the basis of the difference between the market price of Transat 's shares and the exercise price. 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**
		Liability related to warrants (not vested)	7.6	-	7.6	-	Tranche 2 July 2032	
Total debt [2]			**1,932.9**		**1,975.6**	**100.0**		
Cash	Unrestricted cash	Cash & cash equivalents	(322.5)	-	(322.5)	322.5		
Total net debt [2]			**1,610.4**		**1,653.0**	**422.5**		

1. Amount in millions of C$
2. Refer to Non-IFRS Financial Measures in the Appendix

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Breakdown of non-recurring items

(in millions of C$)	Quarter ended October 31			12-month period ended October 31		
	2022	2021	Change	2022	2021	Change
Non-recurring items						
Insurance premium payment prepaid for one year coverage	5.8	-	5.8	15.2	-	15.2
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	-	-	-	-	(10.4)	10.4
Payment to acquire a minority interest (Trafictours Canada)	-	-	-	-	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
Premium paid for derivatives instruments	3.5	-	3.5	11.6	-	11.6
GST (recovery)/payment related to delivery of aircraft	14.2	(8.6)	22.8	11.2	(8.6)	19.8
Total non-recurring items	**23.5**	**(8.6)**	**32.1**	**88.3**	**34.9**	**53.4**

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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 related to derivatives that 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 pre-tax income (loss)[1]:** Income (loss) before income tax expense before change in fair value of 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) and other significant unusual items, and including premiums related to derivatives that matured during the period. 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)[1]:** Net income (loss) attributable to shareholders before net income (loss) from discontinued operations, change in fair value of derivatives, revaluation of liability related to warrants, gain (loss) on long-term debt modification, 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 related to 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 Annual 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

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