Management's Discussion and Analysis
Of Financial Condition and Results of Operations

For the Three and Nine Months Period Ended September 30, 2023

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CARGOJET INC.
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INTRODUCTION AND KEY ASSUMPTIONS

The following is the Management's Discussion and Analysis ("MD&A") of the condensed consolidated interim financial condition and results of operations of Cargojet Inc. ("Cargojet" or the "Company") for the three and nine months ended September 30, 2023. The following also includes a discussion of and comparative operating results for the three and nine months period ended September 30, 2022.

Cargojet is publicly listed with shares and hybrid debentures traded on the Toronto Stock Exchange ("TSX"). The Company is incorporated in Ontario and domiciled in Canada and the registered office is located at 2281 North Sheridan Way, Mississauga, Ontario, L5K 2S3.

The MD&A was approved by the Board of Directors on November 6, 2023 and authorized for issuance on November 7, 2023. The condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). This MD&A should be read in conjunction with the condensed consolidated interim financial statements of the Company for the three and nine month periods ended September 30, 2023 and 2022 and with the audited consolidated financial statements of the Company for the years ended December 31, 2022 and 2021.

All amounts in the MD&A are expressed in Canadian dollars unless otherwise noted.

Certain comparative figures have been reclassified to conform to the management's discussion and analysis of financial condition and results of operations presentation adopted for the current year.

The results of operations, business prospects and financial condition of the Company are subject to a number of risks and uncertainties and are affected by a number of factors outside the control of the management of the Company. See the MD&A for the three month period and year ended December 31, 2022 dated March 6, 2023 which was filed with SEDAR at www.sedar.com for a more complete discussion of the risks affecting the Company's business.

CAUTION CONCERNING FORWARD LOOKING STATEMENTS

This MD&A includes certain forward-looking statements that are based upon current expectations which involve risks and uncertainties associated with our business and the environment in which the business operates. Any statements contained herein that are not statements of historical facts may be deemed to be forward-looking statements including those identified by the expressions “anticipate”, “believe”, “plan”, “estimate”, “expect”, “intend”, “project” and similar expressions to the extent they relate to the Company or its management. The forward-looking statements are not historical facts, but reflect Cargojet's current expectations regarding future results or events. These forward-looking statements are subject to a number of risks and uncertainties that could cause actual results or events to differ materially from current expectations. Examples of the factors that can affect the results are government regulations, competition, seasonal fluctuations, international trade, weather patterns, retention of key personnel, labour relations, terrorist activity, general industry condition and economic sensitivity, the Company's ability to manage growth and profitability, fuel prices, other cost controls and foreign exchange fluctuations, and capability of maintaining its fleet. The risk and uncertainties are detailed in the “Risk Factors” section of the MD&A for the three month period and year ended December 31, 2022 dated March 06, 2023 which was filed with SEDAR at www.sedar.com and the Company is not aware of any significant changes to its risk factors from those disclosed at that time.

Forward looking statements are based on a number of material factors, expectations or assumptions of the Company which have been used to develop such statements and information but which may prove to be incorrect. Although the Company believes that the expectations reflected in such forward-looking statements or information are reasonable, undue reliance should not be placed on forward-looking statements because the Company can give no assurance that such expectations will prove to be correct. The statements are based on the following factors: the continued and timely development of infrastructure, continued availability of debt financing and cash flows, future commodity prices, currency, exchange and interest rates, regulatory framework regarding taxes and environmental matters in the jurisdictions in which the Company operates.

This document contains forward-looking statements that reflect management's current expectations related to matters such as future financial performance and liquidity and capital resources of the Company. Specific forward-looking statements in this document include, but are not limited to, statements with respect to:

- Outlook and Strategic Update– Page 6.
- Recent Events – Page 7.
- Fleet Overview – Page 7.
- Off-Balance Sheet Arrangements – Page 32.

Many factors could cause our actual results, level of activity, performance or achievements or future events or developments to differ materially from those expressed or implied by the forward-looking statements, including, without limitation, the factors discussed in the "Risk Factors" section of the Company's annual information form dated March 6, 2023 for the fiscal year ended December 31, 2022 (the "AIF"). A copy of the AIF and the Company's other publicly filed documents can be accessed under the Company's profile on the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com.

The Company cautions that the list of risk factors and uncertainties described in this MD&A and the AIF is not exhaustive and other factors could also adversely affect its results. Readers are urged to consider the risks, uncertainties and assumptions carefully in evaluating the forward-looking information and are cautioned not to place undue reliance on such information. The forward-looking information contained herein represents our expectations as of the date hereof (or as the date they are otherwise stated to be made) and are subject to change after such date. However, we disclaim any intention or obligation or undertaking to update or revise any forward-looking information whether as a result of new information, future events or otherwise, except as required under applicable securities laws.

Financial Information and Operating Statistics Highlights

(Canadian dollars in millions, except where indicated)

	Three Month Period Ended September 30,				Nine month Ended September 30,			
	2023	2022	Change	%	**2023**	2022	Chang	%
Domestic network, ACMI and charter revenues	**$177.7**	$175.6	$2.1	1.2%	**$519.2**	$532.4	($13.2)	-2.5%
Fuel surcharge and other revenues	**$36.3**	$57.1	($20.8)	-36.4%	**$136.4**	$180.5	($44.1)	-24.4%
Total revenues	**$214.0**	$232.7	($18.7)	-8.0%	**$655.6**	$712.9	($57.3)	-8.0%
Direct expenses	**$180.5**	$175.1	$5.4	3.1%	**$534.0**	$527.3	$6.7	1.3%
Gross margin	**$33.5**	$57.6	($24.1)	-41.8%	**$121.6**	$185.6	($64.0)	-34.5%
Gross margin - (%)	**15.7%**	24.8%	-9.1%		**18.5%**	26.0%	-7.5%	
Selling, general and administrative expenses	**$15.2**	$13.4	$1.8	13.4%	**$47.4**	$44.2	$3.2	7.2%
Net finance costs and other gains and losses	**$8.6**	($42.2)	$50.8	120.4%	**($1.1)**	($70.8)	$69.7	98.4%
Share of (gain) loss of associate	**($0.3)**	$1.1	($1.4)	-127.3%	**($0.1)**	$2.3	($2.4)	-104.3%
Earnings before income taxes	**$10.0**	$85.3	($75.3)	-88.3%	**$75.4**	$209.9	($134.5)	-64.1%
Income taxes	**($0.5)**	$1.9	($2.4)	126.3%	**$3.2**	$22.1	($18.9)	-85.5%
Net earnings	**$10.5**	$83.4	($72.9)	-87.4%	**$72.2**	$187.8	($115.6)	-61.6%
Earnings (loss) per share								
Basic	**$0.61**	$4.84	($4.23)	-87.4%	**$4.20**	$10.86	($6.66)	-61.3%
Diluted	**$0.61**	$4.33	($3.72)	-85.9%	**$3.99**	$9.82	($5.83)	-59.4%
Adjusted	**$0.30**	$2.18	($1.88)	-86.2%	**$2.20**	$6.00	($3.80)	-63.3%
EBITDA (2)	**$72.8**	$128.4	($55.6)	-43.3%	**$245.1**	$331.0	($85.9)	-26.0%
EBITDA margin (2)- (%)	**34.0%**	55.2%	-21.2%		**37.4%**	46.4%	-9.0%	
Adjusted EBITDA (2)	**$70.0**	$82.1	($12.1)	-14.7%	**$219.3**	$246.1	($26.8)	-10.9%
Adjusted EBITDA margin (2)- (%)	**32.7%**	35.3%	-2.6%		**33.5%**	34.5%	-1.0%	
Adjusted free cash flow (2)	**$94.5**	$47.9	$46.6	97.3%	**$189.4**	$131.8	$57.6	43.7%
Operating statistics (3)								
Operating days (4)	**50**	50	-	-	**149**	149	-	-
Average domestic network revenue per operating day (5)	**1.78**	1.84	(0.06)	-3.3%	**1.70**	1.77	(0.07)	-4.0%
Block hours (6)	**16,472**	18,067	(1,595)	-8.8%	**51,121**	53,640	-2,519	-4.7%
B757-200	**15**	12	3		**15**	12	3	
B767-200	**3**	2	1		**3**	2	1	
B767-300	**21**	18	3		**21**	18	3	
Cargo operating fleet	**39**	32	7	21.9%	**39**	32	7	21.9%
Head count	**1808**	1718	90	5.2%	**1808**	1718	90	5.2%

1. Adjusted EPS is not an earning measure recognized by IFRS and is defined as earnings per share from continuing operations before fair value increase (decrease) on stock warrant, losses (gains) on swap derivatives, amortization on stock warrants and unrealized foreign exchange losses (gains).
2. EBITDA, Adjusted EBITDA and Adjusted Free Cash Flow are non-GAAP financial measures and are not earning measures recognized by IFRS. Prior year amounts have been restated to reflect the revised definitions of Adjusted EBITDA. Please refer to the "Non-GAAP measures" section on page 15 of this MD&A for a more detailed discussion and a reconciliation of these non-GAAP financial measures to the nearest GAAP measure.
3. The definitions for the Operating statistics included in this table are provided in the notes below.
4. Operating days refer to the Company's domestic network air cargo network operations that run primarily on Monday to Friday with a reduced network operating on Friday.
5. Average domestic network revenue per operating day refers to total domestic network revenues earned by the Company per operating day.
6. Block hours refers to the total duration of a flight from the time the aircraft releases its brakes when it initially moves from the airport parking area prior to flight, to the time the brakes are set when it arrives at the airport parking area after the completion of the flight.

OUTLOOK AND STRATEGIC UPDATE

Note: See Caution Concerning Forward Looking Statements, page 3.

In light of slowing global air cargo demand, Cargojet has prudently elected to adjust its' fleet strategy by reducing capital expenditures for the previously planned (4) B777-300F aircraft. Notwithstanding any further industry delays for the B777-200F conversion program, the vast majority of the remaining growth capex is planned to be spent by the end of 2024 at a net cost of $200M. These measures further add to Cargojet's resiliency in the current environment and position the business for long-term moderate growth while establishing a clear path to consistent and sustainable free cash flow.

Management remains confident that costs will continue to be managed as volumes fluctuate in this uncertain economic environment. Cost management initiatives associated to reduced overtime, training costs, temporary employees and the savings from vacant positions are sustainable for the foreseeable future. The cost optimization opportunities associated to managing block hours in the domestic network will continue to be adjusted to match actual demand and maintain EBITDA margins. Domestic revenues remain moderately flat, ACMI revenues continue to be adjusted to global demand while Ad-hoc charter revenues remain stronger than expected primarily due to extra aircraft and flight crew availability. Peak season is expected to be somewhat muted as compared to historical peak season volumes.

With the return to sustainable free cashflow anticipated to be sooner than previously planned, Cargojet's Board of Directors is pleased to approve a Normal Course Issue Bid ("NCIB"). While maintaining a defensive capital allocation strategy, the Board believes that that under certain conditions, there may be opportunity to create value for shareholders by purchasing and cancelling common shares.

The financial strength of the Company is well positioned to manage through the current environment. Management throughout the entire organization is engaged and focused to manage costs while maintaining the Cargojet's industry leading safety and one-time performance

RECENT EVENTS

Note: See Caution Concerning Forward Looking Statements, page 3.

Sale of one Boeing 777-300 aircraft, four GE90 engines and assets held for sale

During the nine month period ended September 30, 2023, the Company sold one Boeing 777-300 aircraft for $36.0 million resulting in a loss on sale of $3.6 million and a realized foreign exchange gain of $1.3 million. The Company also sold four GE90 engines for $59.3 million and is in the process of selling two Beechcraft aircraft that were purchased for crew transportation. The Company expects to recover the book value of these aircraft and accordingly, an amount of $9.3 million representing the carrying value of these aircraft have been classified as assets held for sale as current assets on the Condensed Consolidated Interim Balance Sheets. Due to the recent slowdown in the global economy, the Company plans to defer the induction of these aircraft and maintain its financial strength.

In Q3, two Boeing 777-300 hulls suffered significant damage due to severe hailstorms and the assets became impaired. The Company assessed the damage and $13.8 million was recognized as a loss from the impairment in other losses, net in the Condensed Consolidated Interim Statements of Earnings and Comprehensive Income. The Company filed an insurance claim for the recovery of the loss in the value of the damaged hulls. The insurance claim was approved for an amount of $12.2 million that was recognized as an insurance receivable asset under trade and other receivables in current assets on the Condensed Consolidated Interim Balance Sheet, with a corresponding gain recorded in other losses, net in the Condensed Consolidated Interim Statements of Earnings and Comprehensive Income statement resulting in the net impairment loss of $1.6 million. The Company expects to complete the sale by early 2024.

FLEET OVERVIEW

Note: See Caution Concerning Forward-Looking Statements, page 3.

The table below sets forth the Company's cargo operating fleet as at December 31, 2021, 2022 and September 30, 2023 as well as the Company's planned operating fleet for the years ending December 31, 2023, 2024 and 2025:

Aircraft Type		Leased or Owned	Average Age	Number of Aircraft in Service						Maximum Payload (lbs.)	Range (miles)
				Actual			Plan				
				Q4		Q3	Q4				
				2021	2022	2023	2023	2024	2025		
B767-300[1]	**Freighter**	**Leased**	**29**	**4**	**4**	**5**	**4**	**4**	**4**	**125,000**	**6,000**
B767-300[1] [2]	**Freighter**	**Owned**	**30**	**12**	**14**	**16**	**17**	**17**	**17**	**125,000**	**6,000**
B767-200[3]	**Freighter**	**Owned**	**22**	**2**	**2**	**2**	**2**	**3**	**4**	**100,000**	**5,000**
B767-200[4]	**Freighter**	**Leased**	**38**	**1**	**1**	**1**	**1**	**1**	**-**	**100,000**	**5,000**
B757-200[5]	**Freighter**	**Owned**	**30**	**9**	**13**	**15**	**17**	**17**	**17**	**80,000**	**3,900**
B777-200[6]	**Freighter**	**Owned**	**14**	**-**	**-**	**-**	**-**	**3**	**4**	**233,000**	**8,555**
Total Aircraft				**28**	**34**	**39**	**41**	**45**	**46**		

1. Cargojet has two B767-300 under lease arrangements with purchase options in favour of Cargojet at pre-determined prices. Cargojet expects to exercise the purchase options for these two aircraft in November 2023 and October 2027. In June 2021 and July 2021 Cargojet acquired two B767-300 aircraft under a *****lease agreement to operate on a Crew, Maintenance and Insurance ("CMI") basis for a third party, both agreements expiring in March 2027. These aircraft are included in the table above. In August 2022, Cargojet signed an agreement to lease one converted B767-300 aircraft with a purchase option in favour of Cargojet at a pre-determined price. Cargojet expects to exercise the purchase option for this aircraft in June 2030. This aircraft has entered operation in Q3 2023 and is included in the table above.
2. The fourteen B767-300 aircraft in operation at December 31, 2022 are owned by Cargojet. Cargojet had signed agreements for the purchase and conversion of two B767-300 aircraft, In April and July 2023 Cargojet completed the purchase of these aircraft, and these aircraft have entered service and are included in the table above.
3. The two B767-200 aircraft in operation at September 30, 2023 are owned by Cargojet. Cargojet has signed agreements for the purchase and conversion of two B767-200 aircraft that have an expected delivery dates of Q3 2024 and Q1 2025. These aircrafts are included in the table above based on their expected dates for entry into operations. Cargojet has an option to substitute the B767-200 aircraft conversion slot with a B767-300 aircraft. In July 2019 and April 2021 Cargojet purchased two B767-200 converted freighter aircraft that are currently under lease to third party. These aircraft have not been included in the table above
4. The B767-200 aircraft in operation at September 30, 2023 is under a lease that was extended in June 2022 to February 28, 2025.
5. The thirteen B757-200 aircraft in operation at December 31, 2022 are owned by Cargojet. In January and April 2023 Cargojet completed the purchase of one B757-200 aircraft respectively, these aircraft have entered service and are included in the table above. Cargojet has signed agreements for the purchase and conversion of two B757-200 that have an expected operational dates in Q4 2023.These aircraft are included in the table based on their expected dates of entry in operation.
6. Cargojet has signed agreements for the purchase and conversion of four B777-200 aircraft, with expected delivery dates of Q1 2024, Q2 2024, Q3 2024 and Q1 2025. These aircraft are included in the table above based on their expected dates of entry into operation.

*** Does not meet the definition of lease under IFRS 16**

CORPORATE OVERVIEW

The Company is Canada's leading provider of time sensitive domestic network air cargo services. Its main air cargo business is comprised of the following:

- Operating a domestic network air cargo co-load network between sixteen major Canadian cities;
- Providing dedicated aircraft to customers on an Aircraft, Crew, Maintenance and Insurance ("ACMI") basis, operating between points in Canada, USA, Mexico, South America, Asia and Europe; and
- Operating scheduled international routes for multiple cargo customers between the USA and Bermuda, between Canada, UK and Germany; between Canada and Asia and between Canada and Mexico.

The Company operates its business across North America transporting time sensitive air cargo each business night utilizing its fleet of all-cargo aircraft. The Company's domestic network air cargo co-load network consolidates cargo received from customers and transports such cargo to the appropriate destination in a timely and safe manner. The Company continually monitors key performance indicators and uses this information to reduce costs and improve the efficiency of its services.

Revenues

The Company's revenues are generated from its domestic network air cargo service between 16 major Canadian cities each business night. Most customers pre-purchase a guaranteed space and weight allocation on the Company's network and a corresponding guaranteed daily revenue amount is paid to the Company for this space and weight allocation. Remaining capacity is sold on an ad hoc basis to contract and non-contract customers. Although a significant portion of domestic network revenues are fixed due to guaranteed customer allocations, Cargojet's revenues will generally rise and fall with the overall level of customer volume typically expressed in pounds.

- Revenues and shipping volumes from the Company's domestic network air cargo service are generally seasonal. Customer demand is highest in the fourth quarter of each year primarily due to the increase in retail activity during the holiday season in December. The Company's domestic network air cargo service operates primarily on Monday to Friday with a reduced network operating on Friday, Sunday and on certain weekdays that are adjacent to certain statutory holidays. The Company defines the term "operating day" to refer to the days on which the full domestic network air cargo network is in operation. Typically, each fiscal year will have between 197 and 199 operating days depending on the timing of certain statutory holidays and leap years. The variance in number of operating days between quarters and year over year will have an impact on comparative quarterly revenues. The Company also provides services to customers on a crew, maintenance and insurance basis ("CMI"). As these services are integrated with the domestic network, the revenues from CMI services are included in domestic network revenues.

The Company also generates revenue from a variety of other primarily air cargo services:

- The Company provides domestic air cargo services for a number of international airlines between points in Canada that connect such airlines' gateways to Canada. This helps to support lower demand legs and provides a revenue opportunity with little or no incremental cost as the flights are operating on regular schedules.

- The Company provides dedicated aircraft to customers on an adhoc and scheduled basis typically in the daytime and on weekends for cargo and passenger charters. Adhoc flights for cargo and passengers are sold under a one-time agreement while scheduled flights are sold under longer - term agreements. The adhoc charter business for cargo targets livestock shipments, military equipment, emergency relief supplies and virtually any large shipment requiring immediate delivery across North America, to the Caribbean and to Europe. The adhoc charter business for passenger flights mostly operates within Canada and between Canada and the USA. Scheduled charter business provides dedicated aircraft for recurring flights as required by the customer for cargo and passenger charters. Adhoc and scheduled flights are sold either on an "all-in" basis or on an ACMI basis:

- Under an all in adhoc or scheduled charter agreement, the customer will pay a single, all-inclusive fixed amount per flight. All costs of the flight including fuel, navigation fees and landing fees are borne by the Company and recognized in its financial statements as direct expenses.

- Under an ACMI adhoc or scheduled charter agreement, the customer is responsible for all commercial activities and the Company is paid a fixed amount to operate the flight priced as a rate per block hour (see definition of "block hours" in Expenses on page 10). Variable flight costs such as fuel, navigation fees and landing fees are borne by the customer.

- The Company operates an international route between Newark, New Jersey, USA and Hamilton, Bermuda. This provides a five-day per week air cargo service for multiple customers and is patterned after the domestic business that Cargojet has built in Canada. Customer contracts contain variable surcharges for uncontrollable costs (including ability to pass through increases in fuel costs) guaranteed volume minimums and CPI-based annual price increases.

Expenses

Direct expenses consist of fixed and variable expenses that are largely driven by the size of the Company's aircraft fleet and the volume of flight activity required by the level of customer demand. Fixed costs include aircraft lease costs; building lease costs; salaries for full-time employees in maintenance, flight operations and commercial operations, depreciation and amortization and insurance. Variable costs that are directly related to the volume of flight activity include fuel expense, navigation fees, landing fees and variable aircraft lease reserves related to engines, auxiliary power units and landing gear.

Flight activity is measured in "block time" and is expressed in "block hours". Block time represents the total duration of a flight from the time the aircraft releases its brakes when it initially moves from the airport parking area prior to flight to the time the brakes are set when it arrives at the airport parking area after the completion of the flight.

Administrative expenses are primarily costs associated with executive and corporate management and the overhead of the Company's business that include functions such as load scheduling, flight operations coordination, aircraft maintenance planning and engineering, client relations, administration, accounting, human resources and information systems. Administrative expenses include management bonuses, legal, audit and other consulting fees, bank charges and data and communication expenses.

RESULT OF OPERATIONS AND SUPPLEMENTARY FINANCIAL INFORMATION

(Canadian dollars in millions, except where indicated or an amount per share)

	Three month period ended September 30,		Nine month period ended September 30,	
	2023	2022	**2023**	2022
	(unaudited)	(unaudited)	**(unaudited**	(unaudite
Revenues	**$214.0**	$232.7	**$655.6**	$712.9
Direct expenses	**180.5**	175.1	**534.0**	527.3
Gross margin	**33.5**	57.6	**121.6**	185.6
General and administrative expenses	**15.2**	13.4	**47.4**	44.2
Loss on swap derivative	**6.8**	33.2	**28.8**	39.9
Finance costs	**16.2**	7.4	**39.8**	20.4
Fair value decrease on stock warrant	**(18.0)**	(85.3)	**(75.3)**	(133.6)
Other loss, net	**3.6**	2.5	**5.6**	2.5
Share of (gain) loss in associate	**(0.3)**	1.1	**(0.1)**	2.3
Earnings before income taxes	**10.0**	85.3	**75.4**	209.9
Provision for income taxes				
Deferred	**(0.5)**	1.9	**3.2**	22.1
Net earnings and comprehensive income	**$10.5**	$83.4	**$72.2**	$187.8
Earnings per share				
Basic	**$0.61**	$4.84	**$4.20**	$10.86
Diluted	**$0.61**	$4.33	**$3.99**	$9.82
Adjusted (1)	**$0.30**	$2.18	**$2.20**	$6.00
Average number of shares - basic (in thousands of shares)	**17,209**	17,216	**17,207**	17,288
Average number of shares - diluted (in thousands of shares)	**20,744**	20,217	**20,876**	20,360

1. Adjusted EPS is not an earning measure recognized by IFRS and is defined as earnings per share from continuing operations before fair value increase (decrease) on stock warrant, losses (gains) on swap derivatives, amortization on stock warrants and unrealized foreign exchange losses (gains).

SUMMARY OF MOST RECENTLY COMPLETED CONSOLIDATED QUARTERLY RESULTS (UNAUDITED)
(Canadian dollars in millions, except where indicated or an amount per share)

	Three Month Period Ended							
	Sep 30 2023	Jun 30 2023	Mar 31 2023	Dec 31 2022	Sep 30 2022	Jun 30 2022	Mar 31 2022	Dec 31 2021
Revenues	**$214.0**	$209.7	$231.9	$267.0	$232.7	$246.6	$233.6	$235.9
Net earnings (loss) from continuing operation	**10.5**	31.1	30.5	2.6	83.4	160.9	(56.4)	102.0
Fair value (decrease) increase on stock warrant and amortization of warrant assets	**(15.2)**	(29.7)	(20.7)	15.6	(81.7)	(132.5)	87.6	(67.2)
Loss (gain) on swap derivative	**6.8**	15.0	7.0	(3.4)	33.2	9.5	(3.2)	8.2
Unrealized foreign exchange (gain) loss	**3.2**	(0.7)	-	0.7	2.6	1.2	(0.9)	0.5
Adjusted net earnings	**5.3**	15.7	16.8	15.5	37.5	39.1	27.1	43.5
Earnings (loss) per Share								
From continuing operations								
- Basic	**0.61**	1.81	1.77	0.15	4.84	9.29	(3.26)	5.82
- Diluted	**0.61**	1.68	1.67	0.15	4.33	8.20	(3.26)	5.70
- Adjusted [(1)]	**0.30**	0.91	0.97	0.90	2.18	1.51	1.56	2.48
Average number of shares - basic (in thousands of shares)	**17,209**	17,209	17,202	17,202	17,216	17,324	17,324	17,515
Average number of shares - diluted (in thousands of shares)	**20,744**	20,726	20,464	20,089	17,515	20,080	17,324	17,880
EBITDA [(1)]	**72.8**	87.5	84.8	64.7	128.4	208.8	(6.0)	152.1
Adjusted EBITDA [(2)]	**70.0**	74.3	75.0	82.9	82.1	81.1	83.0	90.5

[(1).] Adjusted EPS is not an earning measure recognized by IFRS and is defined as earnings per share from continuing operations before fair value increase (decrease) on stock warrant, amortization of warrant assets and losses (gains) on swap derivatives and unrealized foreign exchange losses (gains).
[(2.)] EBITDA and Adjusted EBITDA and are non-GAAP financial measures and are not earning measures recognized by IFRS. Prior year amounts have been restated to reflect the revised definitions of Adjusted EBITDA. Please refer to Page 15 of this MD&A for a more detailed discussion.

CALCULATION OF EBITDA, ADJUSTED EBITDA, FREE CASH FLOW AND ADJUSTED FREE CASH FLOW

(Canadian dollars in millions, except where indicated)

	Three Month Period Ended September 30,		Nine month period Ended September 30,	
	2023	2022	**2023**	2022
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Calculation of EBITDA and Adjusted EBITDA				
Net earnings	**$10.5**	$83.4	**$72.2**	$187.8
Add:				
Interest	**16.2**	7.4	**39.8**	20.4
Provision of deferred taxes	**(0.5)**	1.9	**3.2**	22.1
Depreciation of property,plant and equipment	**46.6**	35.7	**129.9**	100.7
EBITDA (1)	**72.8**	128.4	**245.1**	331.0
Add:				
Share-based compensation	**2.4**	5.0	**5.5**	9.8
Loss (gain) on sale of property, plant and equipment	**2.0**	(0.1)	**4.7**	(0.4)
Loss on swap derivative	**6.8**	(6.1)	**28.8**	-
Unrealized foreign exchange loss	**1.6**	2.6	**0.9**	2.9
Fair value adjustment on warrant valuation and amortization of contract assets	**(15.3)**	(48.8)	**(65.6)**	(99.5)
Share of (gain) loss of associate	**(0.3)**	1.1	**(0.1)**	2.3
Adjusted EBITDA (1)	**70.0**	82.1	**219.3**	246.1
Calculation of Standardized Free Cash Flow and Adjusted Free Cash Flow				
NET CASH GENERATED FROM OPERATING ACTIVITIES	**39.4**	77.9	**161.3**	216.4
Less: Maintenance capital expenditures (1)	**(25.1)**	(34.2)	**(82.9)**	(101.2)
Add: Proceeds from disposal of property,plant and equipment	**59.3**	0.1	**95.8**	0.4
Standardized free cash flow (1)	**73.6**	43.8	**174.2**	115.6
Changes in non-cash working capital items and deposits	**20.9**	4.1	**15.2**	16.2
Adjusted free cash flow (1)	**$94.5**	$47.9	**$189.4**	$131.8

1. EBITDA, Adjusted EBITDA, Adjusted Free Cash Flow and Maintenance Capital Expenditure are non-GAAP financial measures and are not earning measures recognized by IFRS. Prior year amounts have been restated to reflect the revised definitions of Adjusted EBITDA. Please refer to Page 15 of this MD&A for a more detailed discussion.

RETURN ON INVESTED CAPITAL

(Canadian dollars in million, except where indicated)

	TTM Period Ended September 30,	
	2023	2022
	$	$
Gross margin	**187.2**	262.3
General and administrative expenses	**76.8**	56.4
Sales and marketing expenses	**1.0**	1.9
Operating income	**109.4**	204.0
Taxes @ 26.5%	**29.0**	54.1
Net operating profit after tax ("NOPAT")	**80.4**	149.9
Annualized NOPAT [(1)]	**80.4**	149.9
Invested capital, current period [(2)]		
Equity	**889.5**	833.8
Debentures	**311.6**	309.0
Borrowings	**357.7**	196.7
Non-current leases	**103.7**	71.7
Cash	**(42.8)**	-
	1,619.7	1,411.2
Invested capital, prior period		
Equity	**833.8**	578.3
Debentures	**309.0**	306.6
Borrowings	**196.7**	-
Non-current leases	**71.7**	76.2
Cash	**-**	(132.8)
	1,411.2	828.3
Average invested capital	**1,515.5**	1,119.8
Return on invested capital	**5.3%**	13.4%
Closing invested capital under development (incl. assets held for sale)	**215.7**	292.3
Opening invested capital under development	**292.3**	125.1
Average invested capital under development	**254.0**	208.7
Net average invested capital for operating revenue	**1,261.5**	911.1
Adjusted return on invested capital	**6.4%**	16.5%

[(1)]. Trailing twelve months ("TTM") period operating income is the sum of last four quarters gross margin less general and administration and sales and marketing expenses.

[(2)]. Current period invested capital includes borrowings for capital under development, (refer to Note 5 in Financial Statement on Property Plant and equipment), that is not used in revenue services as at September 30, 2023

NON-GAAP MEASURES

Non-GAAP measures like EBITDA, Adjusted EBITDA, Adjusted Free Cash Flow and Leverage Ratio are not earning measures recognized by IFRS and do not have standardized meanings prescribed by IFRS. Therefore, EBITDA, Adjusted EBITDA, Adjusted Free Cash Flow, Leverage Ratio, Maintenance Capital Expenditure and Growth Capital Expenditure may not be comparable to similar measures presented by other issuers. Please refer to the "End Notes" section of this MD&A for definitions of these measures.

These alternative measures provide a more consistent basis to compare the performance of the Company between the periods and improve comparability between other companies including other airlines. They provide additional information to users of the MD&A to enhance their understanding of the Company's financial performance. These measures are also used by the Company to guide its decisions on dividend policy, to set financial targets for its management incentive plans and to monitor the Company's compliance with its debt covenants. Investors are cautioned that EBITDA, Adjusted EBITDA, Adjusted Free Cash Flow, Leverage Ratio, Maintenance Capital Expenditure and Growth Capital Expenditure should not be construed as an alternative to net income determined in accordance with IFRS as indicators of the Company's performance or to cash flows from operating, investing and financing activities as measures of liquidity and cash flows. The reconciliations of net earnings to EBITDA, Adjusted EBITDA and Free Cash Flow to Adjusted Free Cash Flow are provided on Page 13.

Recent changes to the definition of Adjusted EBITDA

Effective in 2021, the Company has excluded share-based compensation expense from the Adjusted EBITDA measure. These items are excluded as the amount of such expenses in any specific period may not directly correlate to the underlying performance of business operations and these expenses can vary significantly between periods as a result of the timing of grants of new stock-based awards, valuation methodologies and market sentiments. Additionally, excluding stock-based compensation from Adjusted EBITDA assists management and investors in making meaningful comparisons between Company's operating performance between the periods and the operating performance of other companies that may use different forms of employee compensation or different valuation methodologies for their stock-based compensation. However, stock-based compensation is a key incentive offered to employees whose efforts contributed to the operating results in the periods presented and are expected to contribute to operating results in future periods and such expenses will recur in the future.

The Company also excluded gains and losses on swaps from the Adjusted EBITDA measure. Swaps are used by the Company to offset its exposure on share based compensations. The Company is exposed to market price fluctuation in its share price which is the asset underlying the swaps. The fair value of the swaps can be presented as asset or liability on the Company's consolidated balance sheet. This item is excluded as the amount of income or expense in any specific period may not directly correlate to the underlying performance of business operations and as such this income or expenses can vary significantly between periods as a result of the fluctuation in the share price. Additionally, excluding swap income or expenses from Adjusted EBITDA assists management and investors in making meaningful comparisons with the Company's operating performance between the periods and the operating performance of other companies that may or may not use swaps. However, the Company may continue to use swaps to mitigate its exposure due to share-based expenses that are expected to recur in future. Wherever presented, prior periods Adjusted EBITDA values are modified accordingly.

The Company has also excluded the share of loss or gain of associate from the Adjusted EBITDA measure as Adjusted EBITDA measures are calculated on a controlled basis.

Review of Operations for the Three Month Periods ended September 30, 2023 and 2022

(Canadian dollars in millions except where indicated)

	Q3		CHANGE	
	2023	2022	**$**	**%**
	(unaudited)	(unaudited)		
Domestic network revenues	**$89.1**	$91.9	$(2.8)	-3.0%
ACMI revenues	**62.7**	69.1	(6.4)	-9.3%
All-in charter revenues	**25.9**	14.6	11.3	77.4%
Total domestic network, ACMI and charter revenues	**177.7**	175.6	2.1	1.2%
Total revenue - fixed based operations	**8.4**	2.0	6.4	320.0%
Total fuel and other cost pass through	**27.6**	53.6	(26.0)	-48.5%
Fuel surcharge and other pass through revenues	**36.0**	55.6	(19.6)	-35.3%
Other revenue, incentives and warrant assets amortization	**0.3**	1.5	(1.2)	-80.0%
Total revenues	**214.0**	232.7	(18.7)	-8.0%
Operating days	**50**	50	-	-
Average domestic network revenue per operating day	**1.78**	1.84	(0.06)	-3.3%
Direct expenses				
Fuel costs	**52.1**	52.0	0.1	0.2%
Depreciation	**42.0**	31.6	10.4	32.9%
Aircraft cost	**2.3**	6.2	(3.9)	-62.9%
Heavy maintenance amortization	**4.0**	3.6	0.4	11.1%
Maintenance cost	**15.3**	14.7	0.6	4.1%
Crew costs	**25.7**	23.6	2.1	8.9%
Ground services	**18.3**	21.2	(2.9)	-13.7%
Airport services	**9.3**	10.1	(0.8)	-7.9%
Navigation and insurance	**11.5**	12.1	(0.6)	-5.0%
Total direct expenses	**180.5**	175.1	5.4	3.1%
Gross margin	**33.5**	57.6	(24.1)	-41.8%
Gross margin %	**15.7%**	24.8%	-9.1%	
Selling, general and administrative expenses				
General and administrative costs	**14.7**	12.9	1.8	14.0%
Depreciation	**0.5**	0.5	-	-
Total selling, general and administrative expenses	**15.2**	13.4	1.8	13.4%
Net finance costs and other gains and losses				
Fair value adjustment on stock warrant	**(18.0)**	(85.3)	67.3	78.9%
Loss on swap derivative	**6.8**	33.2	(26.4)	-79.5%
Finance Costs	**16.2**	7.4	8.8	118.9%
Other losses	**3.6**	2.5	1.1	44.0%
Total net finance costs and other gains and losses	**8.6**	(42.2)	50.8	120.4%
Share of gain of associate	**(0.3)**	1.1	(1.4)	127.3%
Earnings (loss) before income taxes	**10.0**	85.3	(75.3)	88.3%
Income taxes - deferred	**(0.5)**	1.9	(2.4)	-126.3%
Net earnings	**$10.5**	$83.4	$(72.9)	-87.4%
Earnings per share - $				
Basic	**0.61**	4.84	(4.23)	-87.4%
Diluted	**0.61**	4.33	(3.72)	-85.9%
Adjusted (1)	**0.30**	2.18	(1.88)	-86.2%

(1). Adjusted EPS is not an earning measure recognized by IFRS and is defined as earnings per share from continuing operations before fair value increase (decrease) on stock warrant, losses (gains) on swap derivatives, amortization on stock warrants and unrealized foreign exchange losses (gains).

HIGHLIGHTS FOR THE THREE MONTH PERIOD ENDED SEPTEMBER 30, 2023 AND 2022

- Total revenue for the three month period ended September 30, 2023 was $214.0 million compared to $232.7 million for the same period in 2022, representing a decrease of $18.7 million or 8.0%.

- Average domestic network revenues for the three month period ended September 30, 2023 was $1.78 million per operating day compared to $1.84 million for the same period in 2022, representing a decrease of $0.06 million or 3.3%.

- Adjusted EBITDA[(1)] for the three month period ended September 30, 2023 was $70.0 million compared to $82.1 million for the same period in 2022, a decrease of $12.1 million or 14.7%.

- Adjusted EPS[(2)] for the three month period ended September 30, 2023 was $0.30 compared to $2.18 for the same period in 2022, a decrease of $1.88 or 86.2%.

- Net earnings for the three month period ended September 30, 2023 was $10.5 million compared to $83.4 million for the same period in 2022, a decrease of $72.9 million or 87.4%.

- Adjusted Free Cash Flow[(1)] was an inflow of $94.5 million for the three month period ended September 30, 2023 compared to an inflow of $47.9 million for the same period in 2022, an increase of $46.6 million or 97.3%.

- Standardized Free Cash Flow[(1)] was an inflow of $73.6 million for the three month period ended September 30, 2023 compared to an inflow of $43.8 million for the same period in 2022, an increase of $29.8 million or 68.0%.

[(1)] Adjusted EBITDA and Adjusted Free Cash Flow are non-GAAP financial measures. Reconciliations of these measures to comparable GAAP measures can be found in the Non-GAAP measures section of this MD&A. Definitions of these measures can be found in the "End Notes" section of this MD&A.

[(2)] Adjusted EPS is not an earning measure recognized by IFRS and is defined as earnings per share from continuing operations before fair value increase (decrease) on stock warrant, losses (gains) on swap derivatives, amortization on stock warrants and unrealized foreign exchange losses (gains).

Revenue

Total revenue for the three month period ended September 30, 2023 was $214.0 million, compared to $232.7 million for the same period in 2022, representing a decrease of $18.7 million or 8.0%. The decrease in total revenue was due primarily to a $2.8 million decrease in domestic network revenues, a $6.4 million decrease in ACMI revenue, a $19.6 million decrease in fuel surcharge and other pass through revenues and a $1.2 million decrease in other revenue, incentives and warrant assets amortization, partially offset by a $11.3 million increase in all-in charter revenues

Revenue related to the domestic network business excluding fuel surcharges and other cost pass-through revenues for the three month period ended September 30, 2023 was $89.1 million compared to $91.9 million for the same period in 2022, a decrease of $2.8 million or 3.0%. The decrease was due primarily to a decrease in e-commerce and B2B volumes during the period, partially offset by contractual customers' consumer price index increases. The Company has relied on the periodic discussions with its customers and their operations in specific types of transactions to estimate the growth in B2B and B2C volumes, where it receives business-level and industry-level information necessary for future capacity planning purposes, monitors demand from certain of its customers that are not intermediaries themselves and operate their business in specific types of transactions, and analyzes information published by Statistics Canada and other industry sources, including with respect to the growth of e-commerce in the Canadian retail market.

ACMI scheduled and adhoc charter revenues for the three month period ended September 30, 2023 were $62.7 million compared to $69.1 million for the same period in 2022, a decrease of $6.4 million or 9.3%. The decrease of $6.4 million was primarily due to realignment of ACMI network resulting in lower block hours, partially offset by an increase in adhoc ACMI charter flights.

All-in scheduled and adhoc cargo and passenger charter revenues for the three month period ended September 30, 2023 were $25.9 million compared to $14.6 million for the same period in 2022, an increase of $11.3 million or 77.4%. The increase in revenue was primarily due to an increase in adhoc scheduled charters, partially offset by decreased scheduled charters to Europe.

Fuel surcharges and other cost pass-through revenues were $36.0 million for the three month period ended September 30, 2023 compared to $55.6 million for the same period in 2022, representing a decrease of $19.6 million or 35.3%. During the period fuel surcharges decreased due to a 11.5% decrease in fuel prices and by a 3.0% decrease in domestic revenues from new and existing customers that attracted fuel surcharges. Fuel surcharges and other cost pass-through revenues also consist of fuel sales to third parties of $8.4 million for the three month period ended September 30, 2023 compared to $2.0 million for the three month period ended September 30, 2022. Fuel surcharges passed on to the customers are based on the index published by Statistics Canada which lag the current market rates by two months.

Other revenues, incentives and warrant assets amortization consist primarily of aircraft lease revenue, hangar rental revenues, maintenance revenue for aircraft line maintenance services provided to other airlines and ground handling services provided to customers. Other revenues were $0.3 million for the three month period ended September 30, 2023 compared to $1.5 million for the same period in 2022, a decrease of $1.2 million or 80.0%.

Direct Expenses

Total direct expenses were $180.5 million for the three month period ended September 30, 2023 compared to $175.1 million for the same period in 2022, representing an increase of $5.4 million or 3.1%. The increase in direct expenses decreased the gross margin to 15.7% in 2023 from 24.8% in 2022. The overall increase in direct expenses was due primarily to a $0.1 million increase in fuel costs, a $10.4 million increase in depreciation, a $0.4 million increase in heavy maintenance amortization costs, a $0.6 million increase in maintenance costs, a $2.1 million increase in crew costs, partially offset by a $3.9 million decrease in aircraft costs, a $2.9 million decrease in ground services costs, a $0.8 million decrease in airport services costs and a $0.6 million decrease in navigation and insurance costs.

Fuel costs were $52.1 million for the three month period ended September 30, 2023 compared to $52.0 million for the same period in 2022. The $0.1 million or 0.2% increase in fuel costs was due primarily to a 1.6% increase in the domestic network block hours, partially offset by a 11.5% decrease in fuel costs. Any changes in fuel cost experienced by the Company due to changes in fuel prices are passed on to customers as an increase or decrease in their fuel surcharges or adhoc rates.

Depreciation expense was $42.0 million for the three month period ended September 30, 2023 compared to $31.6 million for the same period in 2022. The $10.4 million or 32.9% increase in depreciation expenses was due primarily to the addition of aircraft hull, engines, hangar and cross-dock facilities, rotable spares and ground equipment.

Aircraft costs were $2.3 million for the three month period ended September 30, 2023 compared to $6.2 million for the same period in 2022, representing a decrease of $3.9 million or 62.9%. The decrease was primarily due to a decrease in temporary sub charter costs on scheduled ACMI routes.

Heavy maintenance amortization costs were $4.0 million for the three month period ended September 30, 2023 compared to $3.6 million for the same period in 2022, representing an increase of $0.4 million or 11.1% due to the timing of heavy maintenance checks. Heavy maintenance of aircraft occurs at regular and predetermined intervals and the costs related to these are deferred by the Company and amortized until the next scheduled heavy maintenance. The heavy maintenance component of newly acquired aircraft is also deferred and amortized until the next scheduled event.

Maintenance costs were $15.3 million for the three month period ended September 30, 2023 compared to $14.7 million for the same period in 2022, representing an increase of $0.6 million or 4.1%. This increase was due to increase in fleet size, periodic line maintenance and the hiring of additional maintenance personnel.

Crew costs including salaries, training and positioning were $25.7 million for the three month period ended September 30, 2023 compared to $23.6 million for the same period in 2022, representing an increase of $2.1 million or 8.9%. The increase was due primarily to increased crew hiring and positioning costs, partially offset by decreased training costs due to in house training.

Ground services costs were $18.3 million for the three month period ended September 30, 2023 compared to $21.2 million for the same period in 2022, representing a decrease of $2.9 million or 13.7%. This decrease was due primarily to a $2.1 million decrease in in line haul and cartage costs and a $2.5 million decrease ground service equipment costs, partially offset by $1.7 million increase in payroll costs.

Airport services costs were $9.3 million for the three month period ended September 30, 2023 compared to $10.1 million for the same period in 2022, representing a decrease of $0.8 million or 7.9%. This decrease was primarily due to decrease in landing costs.

Navigation and insurance were $11.5 million for the three month period ended September 30, 2023 compared to $12.1 million for the same period in 2022, representing a decrease of $0.6 million or 5.0%. This decrease was primarily due to a decrease in navigation costs.

Selling, General, Administrative & Marketing Expenses

Selling, general and administrative ("SG&A") expenses for the three month period ended September 30, 2023 were $15.2 million compared to $13.4 million for the same period in 2022, representing an increase of $1.8 million or 13.4%.This increase was primarily due to a $1.2 million increase in salaries and benefits costs and a $2.1 million increase in bonuses, incentives and management fees, partially offset by a decrease of $1.5 million in other expenses.

Net Finance Costs and Other Gains and Losses

Net finance costs and other gains and losses for the three month period ended September 30, 2023 were $8.6 million compared to a net gain of $42.2 million for the same period in 2022, representing an increase of $50.8 million or 120.4%.The increase was due primarily to a $67.3 million decrease in the fair value adjustment on the stock warrant obligation and a $8.8 million increase in finance costs and $1.1 million increase in other losses partially offset by a $26.4 million decrease in loss on swap derivatives.

Fair value adjustment on stock warrant

Fair value adjustment on stock warrant for the three month period ended September 30, 2023 was a gain of $18.0 million compared to a gain of $85.3 million for the same period in 2022, representing a decrease of $67.3 million or 78.9%. The decrease in the fair value adjustment of stock warrant was primarily due to the change in the Company's share price.

Loss on swap derivatives

Loss on swap derivatives for the three month period ended September 30, 2023 were $6.8 million compared to $33.2 million for the same period in 2022, representing a decrease of $26.4 million or 79.5%. The decrease was primarily due to the change in the Company's share price.

Finance costs

Finance costs for the three month period ended September 30, 2023 were $16.2 million compared to $7.4 million for the same period in 2022, representing an increase of $8.8 million or 118.9%. The increase was primarily due to interest on withdrawals from DDTL facility, partially offset by capitalization of borrowing costs amounting to $0.4 million at an average cost of debt of 6.5%

Other loss and gains

Other losses and gains for the three month period ended September 30, 2023 were a loss of $3.6 million (September 30, 2022 – loss of $2.5 million) primarily due to a $13.8 million impairment on assets held for sale (September 30, 2022 – of $nil), $1.6 million unrealized foreign exchange loss and net loss of $0.4 million on the disposal of property, plant and equipment (September 30, 2022 – gain of $0.1 million) partially offset by $12.2 million gain on insurance claim (September 30, 2022 – $nil).

Share of gain/loss of associate

Share of gain of associate for the three month period ended September 30, 2023 were $0.3 million (September 30, 2022 – loss of $1.1 million) represents the company's share of the net income from investment in an associate.

Adjusted EBITDA[1]

Adjusted EBITDA for the three month period ended September 30, 2023 was $70.0 million compared to an Adjusted EBITDA of $82.1 million for the same period in 2022. The decrease in Adjusted EBITDA of $12.1 million was due primarily to the following:

- Decrease in Domestic network revenues
- Decrease in ACMI revenues, partially offset by
- Increase in All-in charter revenues

Net Income

Net income for the three month period ended September 30, 2023 was $10.5 million compared to $83.4 million for the same period in 2022, a decrease of $72.9 million or 87.4%. The decrease in net income was primarily due to the change in the fair value adjustment of stock warrants, decrease in ACMI revenues and Domestic network revenues, partially offset by increase in All-in charter revenues.

Current Income Taxes

No provision for current income taxes was made for the three month periods ended September 30, 2023 and 2022, due to the current income taxes losses and carry forward of losses from prior years.

Deferred Income Taxes

The deferred income taxes for the three month period ended September 30, 2023 was a recovery of $0.5 million compared to a provision of $1.9 million for the same period in 2022. Deferred taxes result from the change in temporary differences between the financial reporting and tax bases of certain balance sheet items for the period.

Standardized Free Cash Flow[1] and Adjusted Free Cash Flow[1]

Standardized free cash flow was an inflow of $73.6 million for the three month period ended September 30, 2023 compared to an inflow of $43.8 million for the same period in 2022, an increase of $29.8 million or 68.0%. The increase in standardized free cash flow was due primarily to proceeds from disposal of property, plant and equipment and by lower maintenance capital expenditure, partially offset by lower cash generated from operating activities.

Adjusted Free Cash Flow was an inflow of $94.5 million for the three month period ended September 30, 2023 compared to an inflow of $47.9 million for the same period in 2022, representing an increase of $46.6 million. The increase in Adjusted Free Cash Flow during the three month period ended September 30, 2023 was due to higher standardized free cash flow and the effect of changes in non-cash working capital items and other long-term items.

(1) Adjusted EBITDA and Adjusted Free Cash Flow are non-GAAP financial measures. Reconciliations of these measures to comparable GAAP measures can be found in the "NON-GAAP MEASURES" section of this MD&A. Definitions of these measures can be found in the "End Notes" section of this MD&A.

Quarterly Dividends

Total dividends declared for the three month period ended September 30, 2023 were $4.9 million or $0.2860 per share. In comparison, total dividends declared for the three month period ended September 30, 2022 were $4.9 million or $0.2860 per share.

Record Date	Date Dividends Paid/Payable	Declared	Number of Shares	Per Share	Paid
		$		**$**	**$**
June 20, 2023	July 05, 2023	-	17,209,499	0.2860	4,921,917
September 20, 2023	October 05, 2023	4,921,917	17,209,499	0.2860	-
		4,921,917			4,921,917

Record Date	Date Dividends Paid/Payable	Declared	Number of Shares	Per Share	Paid
		$		**$**	**$**
June 20, 2022	July 05, 2022	-	17,324,258	0.2860	4,954,738
September 20, 2022	October 05, 2022	4,919,826	17,202,186	0.2860	-
		4,919,826			4,954,738

Liquidity and Capital Resources

Cash generated by operating activities after net changes in non-cash working capital balances was $39.4 million for the three month period ended September 30, 2023 (September 30, 2022 - $77.9 million). The $38.5 million decrease in cash generated was due primarily to change in non-cash working capital items, deposits and by a decrease in EBITDA.

Cash generated by financing activities during the three month period ended September 30, 2023 was $5.6 million (September 30, 2022 - $44.2 million) and was comprised of proceeds from borrowings of $21.0 million (September 30, 2022 - $65.3) partially offset by repayment of obligations under lease liabilities of $9.5 million (September 30, 2022 - $9.7 million), withholding tax paid on vested RSU's $0.9 million (September 30, 2022 - $0.3 million), share buyback $nil (September 30, 2022 - $6.1 million) and dividends paid to shareholders of $5.0 million (September 30, 2022 - $5.0 million).

Cash generated by investing activities during the three month period ended September 30, 2023 was $8.7 million (September 30, 2022 - Cash used $115.9 million), and was comprised of property, plant and equipment additions of $68.0 million (September 30, 2022 - $115.3 million), loans to associate of $nil (September 30, 2022 - $0.7 million), partially offset by proceeds from disposal of property, plant and equipment of $59.3 million (September 30, 2022 - gain $0.1 million).

Quarterly Liquidity Risk Management

The Company manages its liquidity needs through cash from operations and free cash flow and through its credit facility. Liquidity needs are primarily related to meeting its financial liabilities, capital commitments, ongoing operations, contractual and other obligations. The Company manages its liquidity risk by preparing cash flow forecasts for a minimum period of at least twelve month after each reporting period, including under various scenarios. At September 30, 2023, the Company had $578.0 million available under undrawn Facility and USD $141.1 million under the DDTL facility. The Company considers that the cash from operations and its Facility is sufficient to support its operations, meets capital asset requirements and its liquidity needs. As at September 30, 2023, the Company was in compliance with the covenants under the Facility.

The Facility is subject to customary terms and conditions for borrowers of this nature, including, namely, limits on incurring additional indebtedness, granting liens, selling assets, or making investments without the consent of the Lenders, and certain restrictions on the Company's ability to pay dividends. The Facility is also subject to the maintenance of a minimum fixed charge coverage ratio and a total adjusted leverage ratio.

Capital Expenditures and Right of Use (ROU) Additions

The property, plant and equipment additions in the three month period ended September 30, 2023 were primarily comprised of additions to aircraft, engines ground services equipment, spares and rotable spares of $68.0 and ROU asset addition of $12.2 million. Out of $68.0 million capital expenditure addition $25.1 million was due to maintenance capital expenditure [(1)] and $42.9 million was due to growth capital expenditure [(1)].

(1) Maintenance capital expenditure and growth capital expenditure are non GAAP measures. Maintenance capital expenditure and growth capital expenditure are defined in End Notes. Any capex expenditure other than maintenance capital expenditure is growth capital expenditure.

REVIEW OF OPERATION FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2023 AND 2022

(Canadian dollars in millions except where indicated)

	YTD		CHANGE	
	2023	2022	**$**	**%**
	(unaudited)	(unaudited)		
Domestic network revenues	**$253.8**	$263.2	($9.4)	-3.6%
ACMI revenues	**192.8**	183.5	9.3	5.1%
All-in charter revenues	**72.6**	85.7	(13.1)	-15.3%
Total domestic network, ACMI and charter revenues	**519.2**	532.4	(13.2)	-2.5%
Total revenue - fixed based operations	**14.2**	3.0	11.2	373.3%
Total fuel and other cost pass through revenues	**120.5**	165.5	(45.0)	-27.2%
Fuel surcharge and other pass through revenues	**134.7**	168.5	(33.8)	-20.1%
Other revenue, incentives and warrant assets amortization	**1.7**	12.0	(10.3)	-85.8%
Total revenues	**655.6**	712.9	(57.3)	-8.0%
Operating days	**149**	149	-	-
Average domestic network revenue per operating day	**1.70**	1.77	(0.07)	-4.0%
Direct expenses				
Fuel costs	**145.8**	165.0	(19.2)	-11.6%
Depreciation	**116.7**	89.7	27.0	30.1%
Aircraft cost	**15.3**	17.7	(2.4)	-13.6%
Heavy maintenance amortization	**11.6**	9.4	2.2	23.4%
Maintenance cost	**50.0**	46.5	3.5	7.5%
Crew costs	**69.7**	65.2	4.5	6.9%
Ground services	**55.1**	60.4	(5.3)	-8.8%
Airport services	**33.3**	34.6	(1.3)	-3.8%
Navigation and insurance	**36.5**	38.8	(2.3)	-5.9%
Total direct expenses	**534.0**	527.3	6.7	1.3%
Gross margin	**121.6**	185.6	(64.0)	-34.5%
Gross margin %	**18.5%**	26.0%	-7.5%	
Selling, general and administrative expenses				
General and administrative costs	**45.9**	42.6	3.3	7.7%
Depreciation	**1.5**	1.6	(0.1)	-6.3%
Total selling, general and administrative expenses	**47.4**	44.2	3.2	7.2%
Net finance costs and other gains and losses				
Fair value adjustment on stock warrant	**(75.3)**	(133.6)	58.3	-43.6%
Loss on swap derivative	**28.8**	39.9	(11.1)	-27.8%
Finance Costs	**39.8**	20.4	19.4	95.1%
Other losses	**5.6**	2.5	3.1	124.0%
Total net finance costs and other gains and losses	**(1.1)**	(70.8)	69.7	98.4%
Share of loss of associate	**(0.1)**	2.3	(2.4)	-104.3%
Earnings before income taxes	**75.4**	209.9	(134.5)	64.1%
Income taxes-deferred	**3.2**	22.1	(18.9)	-85.5%
Net earnings	**$72.2**	$187.8	($115.6)	-61.6%
Earnings per share - $				
Basic	**4.20**	10.86	(6.66)	-61.3%
Diluted	**3.99**	9.82	(5.83)	-59.4%
Adjusted (1)	**2.20**	6.00	(3.80)	-63.3%

(1). Adjusted EPS is not an earning measure recognized by IFRS and is defined as earnings per share from continuing operations before fair value increase (decrease) on stock warrant, losses (gains) on swap derivatives, amortization on stock warrants and unrealized foreign exchange losses (gains).

HIGHLIGHTS FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2023 AND 2022

- Total revenue for the nine month period ended September 30, 2023 was $655.6 million compared to $712.9 million for the same period in 2022, representing a decrease of $57.3 million or 8.0%.
- Average domestic network revenues for the nine month period ended September 30, 2023 was $1.70 million per operating day compared to $1.77 million for the same period in 2022, representing a decrease of $0.07 million per operating day or 4.0%.
- Adjusted EBITDA (1) for the nine month period ended September 30, 2023 was $219.3 million compared to $246.1 million for the same period in 2022, a decrease of $26.8 million or 10.9%.
- Adjusted EPS (2) for the nine month period ended September 30, 2023 was $2.20 compared to $6.00 for the same period in 2022, a decrease of $3.80 or 63.3%.
- Net income for the nine month period ended September 30, 2023 was $72.2 million compared to income of $187.8 million for the same period in 2022, a decrease of $115.6 million or 61.6%.
- Adjusted Free Cash Flow (1) was an inflow of $189.4 million for the nine month period ended September 30, 2023 compared to an inflow of $131.8 million for the same period in 2022, an increase of $57.6 million or 43.7%.
- Standardized Free Cash Flow (1) was an inflow of $174.2 million for the nine month period ended September 30, 2023 compared to an inflow of $115.6 million for the same period in 2022, an increase of $58.6 million or 50.7%.

(1) Adjusted EBITDA and Adjusted Free Cash Flow are non-GAAP financial measures. Reconciliations of these measures to comparable GAAP measures can be found in the "NON-GAAP MEASURES" section of this MD&A. Definitions of these measures can be found in the "End Notes" section of this MD&A.

(2) Adjusted EPS is not an earning measure recognized by IFRS and is defined as earnings per share from continuing operations before fair value increase (decrease) on stock warrant, losses (gains) on swap derivatives, amortization on stock warrants and unrealized foreign exchange losses (gains).

Revenue

Total revenue for the nine month period ended September 30, 2023 was $655.6 million compared to $712.9 million for the same period in 2022, representing a decrease of $57.3 million or 8.0%. The decrease in revenue is primarily due to a $9.4 million decrease in domestic network revenues, a decrease in $13.1 million in all-in charter revenues, a $10.3 million decrease in and other revenues, incentives and warrant asset amortization and a $33.8 million decrease in fuel surcharges and other cost pass-through revenues, partially offset by an increase in ACMI revenue of $9.3 million.

Revenue related to the domestic network business excluding fuel surcharges and other cost pass-through revenues for the nine month period ended September 30, 2023 was $253.8 million compared to $263.2 million for the same period in 2022, a decrease of $9.4 million or 3.6%. The decrease was due primarily to decrease in e-commerce and B2B volumes during the period. The Company has relied on the periodic discussions with its customers and their operations in specific types of transactions to estimate the growth in B2B and B2C volumes where it receives business-level and industry-level information necessary for future capacity planning purposes, monitors demand from certain of its customers that are not intermediaries themselves and operate their business in specific types of transactions, and analyzes information published by Statistics Canada and other industry sources, including with respect to the growth of e-commerce in the Canadian retail market.

ACMI scheduled and adhoc charter revenue for the nine month period ended September 30, 2023 was $192.8 million compared to $183.5 million for the same period in 2022, an increase of $9.3 million or 5.1%. The increase was due primarily to new routes to the USA, South America, Europe and Asia and by an increase in adhoc ACMI charter flights

All-in scheduled and adhoc cargo and passenger charter revenue for the nine month period ended September 30, 2023 was $72.6 million compared to $85.7 million for the same period in 2022, a decrease of $13.1 million or 15.3%. The decrease in revenue was primarily due to a decrease in All-in scheduled flights to Europe and a decrease in adhoc charters to Asia.

Fuel surcharges and other cost pass-through revenues were $134.7 million for the nine month period ended September 30, 2023 compared to $168.5 million for the same period in 2022. During the period, fuel surcharges decreased due to a 11.1% decrease in fuel prices, and a 3.6% decrease in domestic revenues from new and existing customers that attracted fuel surcharges. Fuel surcharges and other cost pass-through revenues also consist of fuel sales to third parties of $14.2 million for the nine month period ended September 30, 2023 and $3.0 million for the same period in 2022.Fuel surcharges passed on to the customers are based on the index published by Statistics Canada which lag the current market rates by two month.

Other revenues, incentives and warrant asset amortization consist primarily of aircraft lease revenue, hangar rental revenues, ground handling services provided to customers, maintenance revenues for aircraft line maintenance provided to other airlines and warrant asset amortization. Other revenues for the nine month period ended September 30, 2023 were $1.7 million compared to $12.0 million for the same period in 2022, a decrease of $10.3 million or 85.8%.

Direct Expenses

Total direct expenses were $534.0 million for the nine month period ended September 30, 2023 compared to $527.3 million for the nine month period ended September 30, 2022 representing an increase of $6.7 million or 1.3%. This increase in direct costs reduced gross margin to 18.5% in 2023 from 26.0% in 2022. The overall increase in direct expenses was due primarily to a $27.0 million increase in depreciation, a $2.2 million increase in heavy maintenance amortization, a $3.5 million increase in maintenance costs, a $4.5 million increase in crew costs, partially offset by a $19.2 million decrease in fuel costs, a $2.4 million decrease in aircraft costs, a $5.3 million decrease in ground services costs, a $1.3 million decrease in airport services costs and a $2.3 million decrease in navigation and insurance costs, Fuel costs were $145.8 million for the nine month period ended September 30, 2023 compared to $165.0 million for the same period in 2022. The $19.2 million or 11.6% decrease in fuel costs was due primarily to a 11.1% decrease in fuel prices, partially offset by a 1.4 % increase in block hours on the domestic network. Any changes in fuel cost experienced by the Company due to changes in fuel prices are mostly passed on to customers as an increase or decrease in their fuel surcharges or adhoc rates.

The depreciation expense was $116.7 million for the nine month period ended September 30, 2023 compared to $89.7 million for the same period in 2022. The $27.0 million or 30.1% increase in depreciation expenses was due primarily to the addition of aircraft, engines, facilities and other assets.

Aircraft costs were $15.3 million for the nine month period ended September 30, 2023 compared to $17.7 million in 2022, representing a decrease of $2.4 million or 13.6%. The decrease in aircraft costs was due primarily to the decrease in sub charter costs on certain scheduled ACMI routes.

Heavy maintenance amortization costs were $11.6 million for the nine month period ended September 30, 2023 compared to $9.4 million in 2022, representing an increase of $2.2 million or 23.4%. Heavy maintenance of aircraft occurs at regular and predetermined intervals and the costs related to these are deferred by the Company and amortized until the next scheduled heavy maintenance. The heavy maintenance component of newly acquired aircraft is also deferred and amortized until the next scheduled event.

Maintenance costs were $50.0 million for the nine month period ended September 30, 2023 compared to $46.5 million for the same period in 2022, representing an increase of $3.5 million or 7.5%. This increase was due to the increase in fleet size and the hiring of additional maintenance personnel.

Total crew costs including salaries, training and positioning were $69.7 million for the nine month period ended September 30, 2023 compared to $65.2 million for the same period in 2022, representing an increase of $4.5 million or 6.9%.The increase was due primarily to increase in the number of crew personnel hired, annual crew salary increase as per the collective agreement with the union, partially offset by decreased external crew training costs due to in house training.

Ground services costs were $55.1 million for the nine month period ended September 30, 2023 compared to $60.4 million for the same period in 2022, representing a decrease of $5.3 million or 8.8%. This decrease was due primarily to decreased line haul and cartage cost.

Airport services costs were $33.3 million for the nine month period ended September 30, 2023 compared to $34.6 million for the same period in 2022, representing a decrease of $1.3 million or 3.8%. This decrease was primarily due to decreased landing costs, partially offset by increased de-icing costs.

Navigation and insurance costs were $36.5 million for the nine month period ended September 30, 2023 compared to $38.8 million for the same period in 2022, representing a decrease of $2.3 million or 5.9%. This decrease was primarily due to decreased navigation costs, partially offset by an increased aircraft insurance costs.

Selling, General and Administrative Expenses

SG&A expenses for the nine month period ended September 30, 2023 were $47.4 million compared to $44.2 million for the same period in 2022, representing an increase of $3.2 million or 7.2%. This increase was primarily due to a $3.3 million increase in salaries and benefits costs and a $5.2 million increase in bonus and incentives, due to higher decline in value of share based payments in 2022, partially offset by a $3.3 million net realized foreign exchange gain and a $2.0 million decrease in other expenses.

Net finance costs and other gains and losses

Net finance costs and other gains and losses for the nine month period ended September 30, 2023 were gains of $1.1 million compared to $70.8 million for the same period in 2022, representing a decrease of $69.7 million or 98.4%. The decrease was due primarily to a $58.3 million fair value adjustment on the stock warrant obligation, a $19.4 million increase in finance costs and a $3.1 million increase in other losses, partially offset by a $ 11.1 million decrease in loss on swap derivative.

Fair value adjustment on stock warrant

Fair value adjustment on stock warrant for the nine month period ended September 30, 2023 was a gain of $75.3 million compared to a gain of $133.6 million for the same period in 2022, representing a decrease of $58.3 million or 43.6%. The decrease was due primarily to the change in the Company's share price.

Loss on swap derivative

Loss on swap derivative for the nine month period ended September 30, 2023 was a loss of $28.8 million compared to a loss of $39.9 million for the same period in 2022, representing a decrease of $11.1 million or 27.8%. The decrease in loss was due primarily to the change in the Company's share price.

Finance costs

Finance costs for the nine month period ended September 30, 2023 were $39.8 million compared to $20.4 million for the same period in 2022, representing an increase of $19.4 million or 95.1%. The increase was primarily due to interest on withdrawals from DDTL facility, partially offset by capitalization of borrowing costs amounting to $5.0 million at an average cost of debt of 6.5%.

Other losses

Other losses for the nine month period ended September 30, 2023 were $5.6 million (September 30, 2022 - $2.5 million). Other losses in 2022 were primarily due to a $13.8 million impairment on assets held for sale (September 30, 2022 – of $nil), $0.9 million unrealized foreign exchange loss and net loss of $3.1 million on the disposal of property, plant and equipment (September 30, 2022 – gain of $0.4 million) partially offset by $12.2 million gain on insurance claim (September 30, 2022 – $nil).

Share of income of associate

Share of income of associate for the nine month period ended September 30, 2023 were a gain of $0.1 million (September 30, 2022 – loss of $2.3 million) represents the company's share of the net gain from investment in an associate.

Adjusted EBITDA (1)

Adjusted EBITDA for the nine months period ended September 30, 2023 was $219.3 million compared to $246.1 million for the same period in 2022. The decrease in Adjusted EBITDA of $26.8 million or 10.9% was due primarily to the following:

- Decrease in domestic network revenues due to growth in domestic network volumes
- Decrease in All-in Charter revenues, partially offset by
- Increase in ACMI revenues

Net Income

Net income for the nine months period ended September 30, 2023 was $72.2 million compared to income of $187.8 million for the same period in 2022, a decrease of $115.6 million or 61.6%. The decrease in net revenue was primarily due to decrease in domestic and All-in Charter revenues, partially offset by increase in ACMI revenues.

Current Income Taxes

No provision for current income taxes were made for the nine months period ended September 30, 2023 and 2022, due to the current income taxes losses and carry forward of losses from prior years.

Deferred Income Taxes

The deferred income taxes recognized for the nine months period ended September 30, 2023 was a provision of $3.2 million compared to a provision of $22.1 million for the same period in 2022. Deferred taxes result from the change in temporary differences between the financial reporting and tax bases of certain balance sheet items for the period.

Standardized Free Cash Flow (1) and Adjusted Free Cash Flow (1)

Standardized free cash flow was an inflow of $174.2 million for the nine months period ended September 30, 2023 compared to an inflow of $115.6 million for the same period in 2022, an increase of $58.6 million or 50.7%. The increase in standardized free cash flow was due primarily to lower maintenance capital expenditure and proceeds from disposal of property, plant and equipment, partially offset by lower cash generated by operating activities. Adjusted Free Cash Flow was an inflow of $189.4 million for the nine months period ended September 30, 2023, compared to an inflow of $131.8 million for the same period in 2022, representing an increase of $57.6 million. The increase was due to lower maintenance capital expenditure, changes in non-cash working capital items and proceeds from disposal of property, plant and equipment, partially offset by a lower adjusted EBITDA.

(1) Adjusted EBITDA, standardized free cash flow and Adjusted Free Cash Flow are non-GAAP financial measures. Reconciliations of these measures to comparable GAAP measures can be found in the Non-GAAP Measures section of this MD&A. Definitions of these measures can be found in the "End Notes" section of this MD&A.

Dividends

Total dividends declared for the nine months period ended September 30, 2023 were $14.8 million or $0.8580 per share. In comparison, total dividends declared for the nine months period ended September 30, 2022 were $14.4 million or $0.8320 per share.

Record Date	Date Dividends Paid/Payable	Declared	Number of Shares	Per Share	Paid
		$		$	$
December 20, 2022	January 05, 2023	-	17,202,186	-	4,919,826
March 20, 2023	April 05, 2023	4,919,825	17,202,186	0.2860	4,919,825
June 20, 2023	July 05, 2023	4,921,917	17,209,499	0.2860	4,921,917
September 20, 2023	October 05, 2023	4,921,917	17,209,499	0.2860	
		14,763,659		0.8580	14,761,568

Record Date	Date Dividends Paid/Payable	Declared	Number of Shares	Per Share	Paid
		$		$	$
December 20, 2021	January 05, 2021	-	17,324,258	-	4,504,307
March 21, 2022	April 05, 2022	4,504,307	17,324,258	0.2600	4,504,307
June 20, 2022	July 05, 2022	4,954,738	17,324,258	0.2860	4,954,738
September 20, 2022	October 05, 2022	4,919,826	17,202,186	0.2860	-
		14,378,871		0.8320	13,963,352

Liquidity and Capital Resources

Cash generated by operating activities after net changes in non-cash working capital balances was $161.3 million (September 30, 2022 - $216.4 million). The $55.1 million decrease in cash generated was primarily due to decrease in EBITDA and changes in non-cash working capital items, deposits.

Cash provided from financing activities during the nine month period ended September 30, 2023 was $9.3 million (cash provided September 30, 2022 – $144.2 million) and was comprised of proceeds from borrowings $49.2 million (September 30, 2022 - $196.7 million) partially offset by the repayment of obligations under finance lease of $24.2 million (September 30, 2022 – $21.5 million), share buyback of $nil (September 30, 2022 - $16.7 million), withholding tax paid on vested RSU's of $0.9 million (September 30, 2022 - $0.3 million) and dividends paid to shareholders of $14.8 million (September 30, 2022 – $14.0 million).

Cash used in investing activities during the nine month period ended September 30, 2023 was $133.9 million (September 30, 2022 - $449.0 million) and was comprised primarily of property, plant and equipment additions of $229.7 million (September 30, 2022 - $447.1 million), loans to associate of $nil (September 30, 2022 - $2.3) partially offset by proceeds from the disposal of property, plant and equipment of $95.8 million (September 30, 2022 - $0.4 million).

See "Highlights for the Nine Month Periods ended September 30, 2023 and 2022" – "Liquidity and Capital Resources" – "Liquidity and Risk Management".

Capital Expenditures and ROU Additions

The property, plant and equipment additions of $294.1 million in the current year were primarily comprised of additions to aircraft, engines, ground services equipment, leasehold improvements, rotable spares, heavy maintenance, facilities and other equipment and spares of $281.1 million and ROU asset additions of $13.0 million. Out of $262.9 million capital expenditure additions $82.9 million was due to maintenance capital expenditure [(1)] and $180.0 was due to growth capital expenditure [(1)].

(1) Maintenance capital expenditure and growth capital expenditure are non-GAAP measures. Maintenance capital expenditure is defined in End Notes. Any capex expenditure other than maintenance capital expenditure is growth capital expenditure.

FINANCIAL CONDITION

The following is a comparison of the financial position of the Company as at September 30, 2023 to the financial position of the Company as at December 31, 2022:

Trade and Other Receivables

Trade and other receivables as of September 30, 2023 amounted to $115.9 million compared to $95.6 million as at December 31, 2022. The increase of $20.3 million was primarily due to the timing of cash collections from customers. The quality of the Company's net receivable balances and its current collections, in management's opinion, remain excellent.

Property, Plant and Equipment

As at September 30, 2023, property, plant and equipment were $1,689.0 million compared to $1,643.6 million as at December 31, 2022. The $45.4 million net increase in property, plant and equipment was primarily due to net addition of $281.1 million in property plant and equipment and a $13 million addition in ROU assets, partially offset by net adjustment of $118.8 million for assets held for sale and consumption of spare parts, depreciation of $122.2 million and amortization of ROU asset of $7.7 million,

Trade and Other Payables

Trade and other payables as at September 30, 2023 were $117.8 million compared to $105.2 million as at December 31, 2022. The increase of $12.6 million was due primarily to the timing of supplier payments and the current portion of crew incentives.

Lease Liabilities

The lease liabilities are in respect of the lease of three B767-300, one B767-200 aircraft, hangars and warehouses. Total leases including the current portion were $137.1 million as at September 30, 2023 compared to $89.0 million as at December 31, 2022. The change was due to the scheduled monthly repayments made during the year ended September 30, 2022.

SUMMARY OF CONTRACTUAL OBLIGATIONS

		Payments due by Year				
As at September 30, 2023	Total	2023	2024	2025	2026	Thereafter
(Canadian dollars in millions)	$	$	$	$	$	$
Lease liabilities	137.1	16.0	23.3	18.0	17.8	62.0
Derivative financial instruments	42.6	42.6	-	-	-	-
Current portion of pension liability	9.8	-	9.8	-	-	-
Borrowings	357.7	-	-	-	-	357.7
Debentures	311.6	-	85.8	113.4	112.4	-
Stock warrant obligations	79.5	-	-	-	-	79.5
	938.3	58.6	118.9	131.4	130.2	499.2

OFF-BALANCE SHEET ARRANGEMENTS

Note: See Caution Concerning Forward Looking Statements, page 3.

The Company's primary off-balance sheet arrangements are as follows:

(a) The Company has provided indemnities under lease agreements for the use of various operating facilities and leased aircraft. Under the terms of these agreements, the Company agrees to indemnify the lessors of aircraft and facilities for various items including, but not limited to, all liabilities, losses, suits and damages arising during, on or after the term of the agreement. The maximum amount of any potential future payment cannot be reasonably estimated.

(b) Indemnities have been provided to all directors and officers of the Company for various items including, but not limited to, all costs to settle suits or actions due to association with the Company, subject to certain restrictions. The Company has purchased directors' and officers' liability insurance to mitigate the cost of any potential future lawsuits or actions. The term of the indemnification is not explicitly defined, but is limited to the period over which the indemnified party served as a director or officer of the Company. The maximum amount of any potential future payment cannot be reasonably estimated.

(c) In the normal course of business, the Company has entered into agreements that include indemnities in favour of third parties, such as purchase and sale agreements, confidentiality agreements, engagement letters with advisors and consultants, outsourcing agreements, leasing contracts, information technology agreements and service agreements. These indemnification agreements may require the Company to compensate counterparties for losses incurred by the counterparties as a result of breaches in representation and regulations or as a result of litigation claims or statutory sanctions that may be suffered by the counterparty as a consequence of the transaction. The terms of these indemnities are not explicitly defined and the maximum amount of any potential reimbursement cannot be reasonably estimated.

(d) The Company participates in six Fuel Facility Corporations ("FFC") along with other airlines that contract for fuel services at various major airports in Canada. Each FFC operates on a cost recovery basis. The purpose of the FFC is to own and finance the system that distributes fuel to the contracting airlines, including leasing the required land rights. The aggregate debt of these FFC and any liabilities of environmental remediation costs are not considered part of the financial statements of the Company and are not consolidated. The airlines that participate in FFC guarantee on a pro-rata basis of the share of the debt based on system usage. There is no major change in the total assets and total debts of these FFC as disclosed in the MD&A for the year ended December 31, 2022. The Company views the potential for losses in respect of the FFC as remote.

The nature of these indemnification agreements prevents the Company from making a reasonable estimate of the maximum exposure due to the difficulties in assessing the amount of liability which stems from the unpredictability of future events and the unlimited coverage offered to counterparties.

Historically, the Company has not made any payments under such or similar indemnification agreements and therefore no amount has been accrued in the balance sheet with respect to these agreements.

MAJOR CUSTOMERS

During the three month period ended September 30, 2023, the Company had sales to three customers that represented 57.4% of the total revenues (September 30, 2022 – 62.0%). These sales are provided under service agreements that expire over various periods to April 2025.

CONTINGENCIES

The Company has provided irrevocable standby letters of credit totaling approximately $1.4 million as at September 30, 2023. The other guarantees are provided to financial institutions as security for its corporate credit cards, and to a number of vendors as a security for the Company's ongoing leases and purchases.

RELATED PARTY TRANSACTIONS

Head Office

The Company entered into a lease agreement in February 2017 with respect to a 62,000 square feet head office and warehouse area that is indirectly and beneficially owned by one of the Company’s executive officers and directors. On adoption of IFRS 16, the Company recognized the lease liability that was measured at the present value of the remaining lease payments determined using the incremental borrowing rate as of January 1, 2019 and recorded the right of use asset and the lease liability under the standard. The lease will expire in 2032. The transaction is in the normal course of business and is measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. The basic rent is subject to revision every five years at a predetermined rate per the terms of the lease.

Under the lease, the Company paid $0.8 million during the period out of which $0.4 million was adjusted towards principal payments against the liability and $0.4 million was recorded as related interest cost. The Company also paid utilities, taxes, maintenance, insurance and other related costs for the leased premises. As at September 30, 2023, the Company had a liability of $7.9 million due under the lease.

Investment in Associate

The Company has acquired an investment in Avia Acquisition LLC. 21 Air, which is wholly owned by Avia Acquisition LLC, is one of the vendors of the Company and provides charter services to the Company.

The Company has also leased two Boeing 767-200 aircraft to 21 Air in October 2019 and January 2021 respectively. Both leases expire in 2024. The transactions are in the normal course of the business and are measured at the exchange amount which is the amount of consideration established and agreed by the related parties.

RISK FACTORS

Risks Related to the Business

A detailed description of risk factors associated with the Company's business is given in the "Risk Factors" section of the MD&A for the three months and year ended December 31, 2022 dated March 6, 2023 which was filed with SEDAR at www.sedar.com. The Company is not aware of any significant changes to its risk factors from those disclosed at that time.

CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the reporting period. By their nature, judgments and estimates may change in light of new facts and circumstances in the internal and external environment. The following judgments are those deemed by management to be material to the preparation of the financial statements.

Critical Accounting Judgments

Componentization of property, plant and equipment and goodwill: The componentization of the Company's property, plant and equipment is based on management's judgment of the cost of the component relative to the total cost of an asset and whether these components have different useful lives for determination of depreciation.

Impairment of property, plant and equipment: Assessment of impairment is based on management's judgment of whether there are sufficient internal and external factors that would indicate that an asset or cash generating unit (CGU) is impaired. The determination of CGUs is also based on management's judgment and is an assessment of the smallest group of assets that generate cash inflows independently of other assets. Factors considered include whether an active market exists for the output produced by the asset or group of assets as well as how management monitors and makes decisions about operations.

ROU asset: Value of lease asset in use and recognition of related obligation requires judgement related to discount rate used for discounting the lease payments and for determination of lease period where judgment is required to determine whether, it is reasonably certain that option to renew the lease will be exercised (or not exercised). Judgment may also be required in assessing whether a contract contains a lease or not.

OUTSTANDING SHARE DATA

The Company's common and variable voting shares are listed under the symbol "CJT" and hybrid debentures are listed under the symbol "CJT.DB.D", "CJT.DB.E" and "CJT.DB.F" on the TSX. The Company completed the necessary searches through broker intermediaries. The following table sets out the shares of the Company outstanding as of September 30, 2023:

Capital	Authorized/ Principal	Outstanding number of shares
Common Shares	Unlimited	14,880,896
Variable Voting Shares	Unlimited	2,328,603
Total Common and Variable Voting Shares		17,209,499

Exemptive Relief from Take-Over Bid and Early Warning Rules

On May 1, 2019, the Company received an exemption to treat its variable voting shares and common shares as a single class for the purposes of applicable take-over bid requirements and early warning reporting requirements contained under Canadian securities laws. The securities regulatory authorities in each of the provinces of Canada granted exemptive relief (the "Decision") from: (i) applicable formal take-over bid requirements, as contained under Canadian securities laws, such that those requirements would only apply to an offer to acquire 20 per cent or more of the outstanding variable voting shares and common shares of the Company on a combined basis; (ii) applicable early warning reporting requirements, as contained under Canadian securities laws, such that those requirements would only apply to an acquirer who acquires or holds beneficial ownership of, or control or direction over, 10 per cent or more of the outstanding variable voting shares and common shares of the Company on a combined basis (or five per cent in the case of acquisitions during a take-over bid or an issuer bid); and (iii) applicable alternative monthly reporting requirements, as contained under Canadian securities laws, such that eligible institutional investors may meet the eligibility criteria for alternative monthly reporting by calculating its security holdings using (A) a denominator comprised of all outstanding common shares and variable voting shares on a combined basis, and (B) a numerator including all of the common shares and variable voting shares owned or controlled by the eligible institutional investor. A copy of the Decision is available under the Company's profile on SEDAR at www.sedar.com.

The Decision takes into account that the Company's dual class shareholding structure was implemented solely to ensure compliance with the foreign ownership requirements of the *Canada Transportation Act* (the "CTA"). An investor does not control or choose which class of shares it acquires and holds. The class of shares ultimately available to an investor is solely a function of the investor's status as a Canadian or non-Canadian (as defined in the CTA). Due to the relatively small number of outstanding variable voting shares, absent the Decision, it may have been more difficult for non-Canadian investors to acquire variable voting shares in the ordinary course without the apprehension of inadvertently triggering the take-over bid rules or early warning requirements. The Decision considered the fact that the variable voting shares and common shares have identical terms except for the foreign ownership voting limitations applicable in the case of the variable voting shares.

INFORMATION DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

Disclosure controls and procedures within the Company are designed to provide reasonable assurance that appropriate and timely decisions are made regarding public disclosure. This is accomplished through the establishment of systems that identify and communicate relevant information to persons responsible for preparing public disclosure items, in accordance with the Disclosure Policy adopted by the Board of Directors of the Company.

Internal controls over financial reporting are designed to provide reasonable assurance regarding the reliability of the Company's financial reporting and its preparation of financial statements for external purposes in accordance with IFRS.

An evaluation of the effectiveness of the Company's disclosure controls and procedures and internal controls over financial reporting, as defined under the rules of the Canadian Securities Administrators, was conducted at December 31, 2022 by management. Based on this evaluation, the Chief Executive Officer and the Chief Financial Officer have concluded that the disclosure controls and procedures and internal controls over financial reporting of the Company are effective. This MD&A was reviewed by the Disclosure Officers of the Company (individuals authorized to communicate with the public about information concerning the Company), the Audit Committee and the Board of Directors of the Company, all of whom approved it prior to its publication.

END NOTES

(A) "EBITDA" is defined as earnings before interest, taxes, depreciation and amortization. EBITDA is calculated as net income or loss excluding the following: depreciation, aircraft heavy maintenance amortization, interest on long-term debt, deferred income taxes and provision for current income taxes. EBITDA is a term used by the Company that does not have a standardized meaning prescribed by IFRS and is therefore unlikely to be comparable to similar measures used by other issuers. EBITDA is a measure of the Company's operating profitability and by definition excludes certain items as detailed above. These items are viewed by management as non-cash (in the case of depreciation and amortization of aircraft heavy maintenance expenditures), or non-operating (in the case of interest on long-term debt and provision for current income taxes). The underlying reasons for exclusion of each item are as follows:

Depreciation - as a non-cash item, depreciation has no impact on the determination of EBITDA.

Interest on long-term debt - interest on long-term debt is a function of the Company's treasury/financing activities and represents a different class of expense than those included in EBITDA.

Deferred income taxes - the calculation of deferred income taxes is a function of temporary differences between the financial reporting and the tax basis of balance sheet items for calculating tax expense and is separate from the daily operations of the Company.

Provision for current income taxes - the provision for current income taxes is a non-operating item and represents a different class of expense than those included in EBITDA.

Aircraft heavy maintenance amortization - aircraft heavy maintenance amortization represents a non-cash item and is excluded from EBITDA.

(B) "Adjusted EBITDA" is defined as earnings before share based compensation, interest, taxes, depreciation, amortization and other adjustments. Adjusted EBITDA is calculated as net income or loss excluding the following: depreciation, aircraft heavy maintenance amortization, contract asset amortization, unrealized gains or losses on fair value of cash settled share-based payment arrangement, swaps and warrants, realized gain or losses on settlement of swaps, interest on long-term debt, deferred income taxes, provision for current income taxes, gain or loss on disposal of property, plant and equipment, amortization of maintenance deposits, impairment of property, plant and equipment, unrealized foreign exchange gains or losses, gains or losses on settlement of debts or finance lease liabilities, share-based compensation and provision for employee pension. Adjusted EBITDA is the term used by the Company that does not have a standardized meaning prescribed by IFRS and is therefore unlikely to be comparable to similar measures used by other issuers. Adjusted EBITDA is a measure of the Company's operating profitability and by definition excludes certain items as detailed above. Management views these items as non-cash (in the case of depreciation, aircraft heavy maintenance amortization, contract asset amortization, loss on disposal of property, plant and equipment, loss on disposal of intangible assets, amortization of maintenance deposits, unrealized foreign exchange gains and losses, unrealized gains or losses on fair value of cash settled share-based payment arrangement, swaps and warrants, provision or recovery from deferred income taxes), or non-operating (in the case of interest on long-term debt, gain on disposal of property, plant and equipment, gain on disposal of intangible assets, realized gain or losses on settlement of cash settled share-based payment arrangement and swaps and provision for current income taxes to be paid). The underlying reasons for exclusion of each item are as follows:

Depreciation - as a non-cash item, depreciation has no impact on the determination of Adjusted EBITDA.

Interest on long-term debt - interest on long-term debt is a function of the Company's treasury/financing activities and represents a different class of expense than those included in Adjusted EBITDA.

Deferred income taxes - the calculation of deferred income taxes is a function of temporary differences between the financial reporting and the tax basis of balance sheet items for calculating tax expense and is separate from the daily operations of the Company.

Provision for current income taxes – the provision for current income taxes is a non-operating item and represents a different class of expense than those included in Adjusted EBITDA.

Gain or loss on disposal of property, plant and equipment - the gain or loss arising from the disposal of property, plant and equipment is a non-cash item and has no impact on the determination of Adjusted EBITDA.

Unrealized foreign exchange loss (gain) - the unrealized gain or loss arising from the valuation of the foreign exchange balances at the period-end is a non-cash item and has no impact on the determination of Adjusted EBITDA.

Aircraft heavy maintenance amortization - aircraft heavy maintenance amortization represents a non-cash item and is excluded from Adjusted EBITDA.

Unrealized gain or loss on forward foreign exchange contracts - the gain or loss arising from the forward foreign exchange contracts is a non-cash item and has no impact on the determination of Adjusted EBITDA. Any cash surrender value on settlement of forward contact is added back to EBITDA.

Contract asset amortization – contract asset amortization represents a non-cash item and is excluded from Adjusted EBITDA.

Gain or loss on fair value of cash settled share-based payment arrangement related to financing arrangement - the gain or loss arising from the fair value of cash settled share-based payment related to a financing arrangement is a function of the Company's treasury/financing activities and has no impact on the determination of Adjusted EBITDA

Gain or loss on fair value of total return swap related to financing arrangement – the gain or loss arising from the fair value of total return swap related to a financing arrangement is a function of the Company's treasury/financing activities and has no impact on the determination of Adjusted EBITDA

Gain or loss on fair value of stock warrant - the gain or loss arising from the fair value of stock warrant related to treasury/financing arrangement is a non-cash item and has no impact on the determination of Adjusted EBITDA.

Loss on settlement of cash settled share-based payment arrangement related to financing arrangement - the loss arising from the settlement of cash settled share-based payment related to a financing arrangement is a function of the Company's treasury/financing activities and represents a different class of expense than those included in Adjusted EBITDA.

Gain on settlement of total return swap related to financing arrangement - the gain arising from the settlement of total return swap related to a financing arrangement is a function of the Company's treasury/financing activities and represents a different class of income than those included in Adjusted EBITDA.

Gain and loss on extinguishment of debts and lease liabilities - The loss on extinguishment of a long-term debt and lease liabilities is a function of the Company's treasury/financing activities and represents a different loss of expense than those included in Adjusted EBITDA.

Employee pension – the provision for employee represents a different class of expense than those included in EBITDA.

Share-based compensation expense – expense arising from the grant of stock-based awards to employees is excluded as the amount of such expenses in any specific period may not directly correlate to the underlying performance of business operations and such expenses can vary significantly between periods as a result of the timing of grants of new stock-based awards, valuation methodologies and market sentiments. Additionally, excluding stock-based compensation from Adjusted EBITDA assists management and investors in making meaningful comparisons with the Company's operating performance between the periods and the operating performance of other companies that may use different forms of employee compensation or different valuation methodologies for their stock-based compensation.

Share of gain or loss in associate is a different class of income or expense then those included in EBITDA.

Gain or loss on fair value or settlement of total return swap related to share-based compensation – the gain or loss arising from the fair value of total return swap or its settlement related to share-based compensation is excluded from Adjusted EBITDA measure. Swaps are used by the Company to offset its exposure on share-based compensations. The Company is exposed to market price fluctuation in its share price which is the asset underlying the swaps. This item is excluded as the amount of income or expense in any specific period may not directly correlate to the underlying performance of business operations and as such this income or expenses can vary significantly between periods as a result of the fluctuation in the share price. Additionally, excluding income or expense from swaps from Adjusted EBITDA assists management and investors in making meaningful comparisons between Company's operating performance between the periods and the operating performance of other companies that may or may not use swaps.

(c) "Adjusted Free Cash Flow" is a term,that does not have a standardized meaning prescribed by IFRS and is therefore unlikely to be comparable to similar measures used by other companies. The objective of presenting this non-IFRS measure is to calculate the amount, that is available for dividend distributions to shareholders. Adjusted Free Cash Flow is not necessarily indicative of cash available to fund cash needs and should not be considered an alternative to cash flow as a measure of liquidity. All references in the MD&A to "Adjusted Free Cash Flow" have the meaning set out in this note.

In November 2010, the CPA Canada issued a consultation guidance titled *Reporting Supplementary Financial Measures, General Principles* ("the Guidance"). The Guidance approved the continuation of previously published guidance on EBITDA and free cash flow as they continue to be relevant in the post IFRS environment.

Standardized Free Cash Flow is defined as "Cash flows from operating activities as reported in the IFRS financial statements, including operating cash flows provided from or used in discontinued operations; total maintenance capital expenditures minus proceeds from the disposition of capital assets other than those of discontinued operations, as reported in the IFRS financial statements; and dividends, when stipulated, unless deducted in arriving at cash flows from operating activities."

The Company has adopted a measurement called Adjusted Free Cash Flow to supplement net earnings as a measure of operating performance. Adjusted Free Cash Flow is defined by the Company as Standardized Free Cash Flow as defined by the CPA Canada, less operating cash flows provided from or used in discontinued operations, changes in working capital, plus the provision for current income taxes.

The underlying reasons for the inclusion and exclusion of each item are as follows:

Changes in working capital - Changes in non-cash working capital items and deposits represent timing differences in the Company's working capital from year to year. These items are expected to be recoverable or payable shortly from the balance sheet date. Since it only represents short-term timing differences, it should be excluded from standardized free cash flow to determine a more representative measure of cash that is available for dividend distributions.

Provision for current income taxes – The expected cash outflows from the provision of current income tax is deducted to determine cash that is available for dividend distributions as it has priority over dividend distribution.

Maintenance capital expenditures - These are defined as any fixed assets acquired during a reporting period to maintain the Company's aircraft fleet and other assets at the level required to continue operating the existing business. They also include any capital expenditure required to extend the operational life of the fleet including heavy maintenance. Maintenance capital expenditures exclude any capital expenditures that result in new and additional capacity required to grow operational revenue and cash flows.

(d) **Growth capital expenditures –** These are discretionary investments of the Company to increase capacity, geographic reach and to acquire more customers with a purpose to grow operational revenue, profits and cash flows.

(e) **Financial leverage ratio –** is a measure of our level of financial leverage and is obtained by dividing the net debt by shareholder's equity and is measure of the Company's ability to meet its financial obligations

(f) **Net debt –** is a metric obtained by subtracting cash from debt and lease liabilities and is used to monitor the Company's financial leverage.