



## Cargojet Announces Fourth Quarter Results

Mississauga, ON, February 26, 2024 - Cargojet Inc. (“Cargojet” or the “Corporation”) (TSX:CJT) announced today financial results for the fourth quarter ended December 31, 2023.

Revenue for the quarter was \$254.7 million compared to fourth quarter 2022 revenue of \$271.0 million. Revenue from domestic network, ACMI and All-in Charter for the quarter was \$193.1 million compared to \$192.8 million in 2022. Total revenue reflected in the financial statements which includes non-cash amortization of stock warrant contract assets was \$221.9 million compared to \$267.0 million for the same quarter in the prior year.

Adjusted EBITDA<sup>(1)</sup> for the quarter was \$81.6 million compared to the fourth quarter 2022 Adjusted EBITDA of \$82.9 million. Net loss for the quarter was \$34.9 million (net earnings of \$28.5 million excluding warrant valuation and contract asset amortization) compared to net earnings of \$2.6 million in 2022 (net earnings of \$18.0 million excluding warrant valuation and contract asset amortization).

Strong cash flow focus generated a Free Cash Flow<sup>(1)</sup> inflow of \$37.9 million for the three-month period ended December 31, 2023 compared to outflow of \$99.6 million for the same period in 2022. Net cash generated from operating activities was \$31.5 million for the three-month period ended December 31, 2023, compared to \$64.2 million for the same period in 2022.

“Given the challenging economic environment we faced, we are very pleased with our Q4 and the full year results. 2023 was a transitional year for us as we moved from managing a period of hyper growth during the COVID-19 era to focusing on cost management and preparing the business to face the current economic environment. We rationalized our capital expenditure plans and managed costs to maintain Adjusted EBITDA margins. We made solid progress in each of these areas.” said Jamie Porteous, Co-Chief Executive Officer.

“Building on the progress we made in 2023, we remain committed to driving shareholder value and ensuring that we remain the best partner for our strategic customers, particularly in this current environment,” said Pauline Dhillon, Co-Chief Executive Officer. “Our on-time performance was 99.5% in the fourth quarter and it clearly demonstrates the commitment and dedication of the Cargojet team when it comes to serving our customers.” concluded Pauline Dhillon.

All references to “\$” in this press release are to Canadian dollars.

### **About Cargojet**

Cargojet is Canada’s leading provider of time sensitive premium air cargo services to all major cities across North America, providing Dedicated, ACMI and International Charter services and carries over 25,000,000 pounds of cargo weekly. Cargojet operates its network with its own cargo fleet of 41 aircraft.

For further information, please contact investor relations at [investorrelations@cargojet.com](mailto:investorrelations@cargojet.com)

(1) Non-GAAP measures. See “Non-GAAP Financial Measures” section.

## FINANCIAL INFORMATION AND OPERATING STATISTICS HIGHLIGHTS

(Canadian dollars in millions, except where indicated)

	Three Month Period Ended December 31,				Year Ended December 31,			
	2023	2022	Change	%	2023	2022	Change	%
Domestic network, ACMI and charter revenues	\$193.1	\$192.8	\$0.3	0.2%	\$712.3	\$725.2	(\$12.9)	-1.8%
Fuel surcharge and other revenues	\$61.6	\$78.2	(\$16.6)	-21.2%	\$207.7	\$266.2	(\$58.5)	-22.0%
Total revenues excluding warrant amortization	\$254.7	\$271.0	(\$16.3)	-6.0%	\$920.0	\$991.4	(\$71.4)	-7.2%
Amortization of stock warrant contract assets <sup>(1)</sup>	(\$32.8)	(\$4.0)	(\$28.8)	720.0%	(\$42.5)	(\$11.5)	(\$31.0)	269.6%
Total revenues	\$221.9	\$267.0	(\$45.1)	-16.9%	\$877.5	\$979.9	(\$102.4)	-10.5%
Direct expenses	\$205.4	\$205.1	\$0.3	0.1%	\$739.4	\$732.4	\$7.0	1.0%
<b>Gross margin</b>	<b>\$16.5</b>	<b>\$61.9</b>	<b>(\$45.4)</b>	<b>-73.3%</b>	<b>\$138.1</b>	<b>\$247.5</b>	<b>(\$109.4)</b>	<b>-44.2%</b>
Gross margin - (%)	7.4%	23.2%	-15.8%		15.7%	25.3%	-9.6%	
Selling, general and administrative expenses	\$23.1	\$30.4	(\$7.3)	-24.0%	\$70.5	\$74.6	(\$4.1)	-5.5%
Net finance costs and other gains and losses	\$16.9	\$21.7	(\$4.8)	-22.1%	\$15.8	(\$49.1)	\$64.9	132.2%
Share of loss (gain) of associate	\$0.2	(\$0.2)	\$0.4	200.0%	\$0.1	\$2.0	(\$1.9)	-95.0%
<b>(Loss) earnings before income taxes</b>	<b>(\$23.7)</b>	<b>\$10.0</b>	<b>(\$33.7)</b>	<b>-337.0%</b>	<b>\$51.7</b>	<b>\$220.0</b>	<b>(\$168.3)</b>	<b>-76.5%</b>
Income taxes	\$11.2	\$7.4	\$3.8	-51.4%	\$14.4	\$29.4	(\$15.0)	-51.0%
<b>Net (loss) earnings</b>	<b>(\$34.9)</b>	<b>\$2.6</b>	<b>(\$37.5)</b>	<b>-1442.3%</b>	<b>\$37.3</b>	<b>\$190.6</b>	<b>(\$153.3)</b>	<b>-80.4%</b>
<b>Adjusted net (loss) earnings<sup>(1)</sup></b>	<b>(\$2.4)</b>	<b>\$15.3</b>	<b>(\$17.7)</b>	<b>-115.7%</b>	<b>\$35.5</b>	<b>\$120.0</b>	<b>(\$84.5)</b>	<b>-70.4%</b>
Earnings (loss) per share								
Basic	(\$2.04)	\$0.15	(\$2.19)	-1460.0%	\$2.17	\$11.04	(\$8.87)	-80.3%
Diluted	(\$2.04)	\$0.15	(\$2.19)	-1460.0%	\$2.17	\$10.15	(\$7.98)	-78.6%
Adjusted <sup>(1)</sup>	(\$0.14)	\$0.89	(\$1.03)	-115.7%	\$2.06	\$5.91	(\$3.85)	-65.1%
<b>Adjusted EBITDA <sup>(2)</sup></b>	<b>\$81.6</b>	<b>\$82.9</b>	<b>(\$1.3)</b>	<b>-1.6%</b>	<b>\$300.9</b>	<b>\$329.0</b>	<b>(\$28.1)</b>	<b>-8.5%</b>
Adjusted EBITDA margin <sup>(2)</sup> - (%)	36.8%	31.0%	5.8%		34.3%	33.6%	0.7%	
<b>Net cash from operating activities</b>	<b>\$31.5</b>	<b>\$64.2</b>	<b>(\$32.7)</b>	<b>-50.9%</b>	<b>\$192.8</b>	<b>\$280.5</b>	<b>(\$87.7)</b>	<b>-31.3%</b>
<b>Free cash flow <sup>(2)</sup></b>	<b>\$37.9</b>	<b>(\$99.6)</b>	<b>\$137.5</b>	<b>-138.0%</b>	<b>\$65.3</b>	<b>(\$330.0)</b>	<b>\$395.3</b>	<b>-119.8%</b>
<b>Operating statistics <sup>(3)</sup></b>								
Operating days <sup>(4)</sup>	48	48	-	-	197	197	-	-
Average domestic network revenue per operating day <sup>(5)</sup>	2.11	2.14	(0.03)	-1.4%	1.80	1.86	(0.06)	-3.2%
Block hours <sup>(6)</sup>	18,353	19,819	(1,466)	-7.4%	69,474	73,273	(3,799)	-5.2%
B757-200	17	13	4		17	13	4	
B767-200	3	3	0		3	3	0	
B767-300	21	18	3		21	18	3	
Cargo operating fleet	41	34	7	20.6%	41	34	7	20.6%
Head count	1,838	1,802	36	2.0%	1,838	1,802	36	2.0%

1. Amortization of stock warrant contract assets for the three month period and year ended December 31, 2023 includes a one-time adjustment of \$29.5 million.
2. Non-GAAP measures. See “Non-GAAP Financial Measures” section.
3. The definitions for the Operating statistics included in this table are provided in the notes below.
4. Operating days refer to the days on which the full domestic network air cargo network is in operation. The Corporation’s domestic network air cargo network operates primarily on Monday to Thursday with a reduced network operating on Friday, weekends and on certain weekdays that are adjacent to certain statutory holidays.
5. Average domestic network revenue per operating day refers to total domestic network revenues earned by the Corporation’s 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.

### (1) Non-GAAP Measures

Below is a description of certain non-GAAP financial measures and non-GAAP financial ratios used by the Corporation to provide readers with additional information on its financial and operating performance. Non-GAAP financial ratios are ratios or percentages that are calculated using a non-GAAP financial measure. Such measures are not recognized measures for financial statement presentation under GAAP, do not have standardized meanings, may not be comparable to similar measures presented by other entities and should not be considered a substitute for or superior to GAAP results.

“Adjusted EBITDA” is used by the Corporation to assess earnings before interest, taxes, depreciation, amortization, gain or loss on disposal of capital assets, share-based compensation, gain or loss on disposal of property, plant and equipment and assets held for sale, impairment and gain on insurance claim, fair value increase or decrease on stock warrant, amortization of stock warrant contract assets, gain or loss on fair value or settlement of swap derivatives, unrealized foreign exchange gains or losses, gains or losses on settlement of debts, share of gain or loss in associate, and provision for employee pension, as these costs can vary significantly among airlines due to differences in the way airlines finance their aircraft and other assets. The most directly comparable financial measure disclosed in the Corporation’s financial statements is net earnings.

“Adjusted EBITDA margin” is defined as Adjusted EBITDA as a percentage of revenue. Adjusted EBITDA margin is commonly used in the airline industry and is used by the Corporation as a means to measure the operating margin excluding certain items as described above.

“Free Cash Flow” is used by the Corporation to evaluate its financial strength and performance of its business, indicating the amount of cash the Corporation can generate from operations after capital expenditures.

Prior to the fourth quarter of 2023, the Corporation used two non-GAAP measures related free cash flow, “Standardized Free Cash Flow” and “Adjusted Free Cash Flow”. Standardized Free Cash Flow was 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. Adjusted Free Cash Flow was defined by the Corporation as Standardized Free Cash Flow less operating cash flows provided from or used in discontinued operations, changes in working capital, plus the provision for current income taxes.

In the fourth quarter of 2023, to simplify the non-GAAP measures related to free cash flow, the Corporation replaced Standardized Free Cash Flow and Adjusted Free Cash Flow with one measure.

“Free Cash Flow” is defined as cash flows from operating activities less purchases of property, plant and equipment plus proceeds from disposals of property, plan and equipment and assets held for sale, and insurance proceeds related to these assets. Wherever presented, prior periods free cash flow is revised accordingly.

“Adjusted net earnings” and “Adjusted net earnings per share” (“Adjusted EPS”) are defined as net earnings and net earnings per diluted share excluding impairment and gain on insurance claim, fair value increase or decrease on stock warrant, amortization of stock warrant contract assets, gain or loss on swap derivatives, and unrealized foreign exchange gain or loss. These items are excluded as they may distort the analysis of certain business trends and render comparative analysis to other airlines less meaningful. Adjusted net earnings and Adjusted EPS are used to assess the overall financial performance of its business. The most directly comparable financial measure disclosed in the Corporation’s financial statements is net earnings.

Reconciliations of non-GAAP measures are provided below and in the “Non-GAAP Measures” section of the Corporation’s Management’s Discussion and Analysis of Financial Condition and Results of Operations (“MD&A”) for the three month period and year ended December 31, 2023 and is available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

(Canadian dollars in millions, except where indicated)	Three Month Period Ended		Year Ended	
	December 31,		December 31,	
	2023	2022	2023	2022
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	\$	\$	\$	\$
<b>Calculation of EBITDA and Adjusted EBITDA</b>				
Net (loss) earnings	(34.9)	2.6	37.3	190.6
Add:				
Interest	17.0	13.2	56.8	33.6
Provision of deferred taxes	11.2	7.4	14.4	29.4
Depreciation of property, plant and equipment	48.6	41.5	178.5	142.2
<b>EBITDA</b>	<b>41.9</b>	<b>64.7</b>	<b>287.0</b>	<b>395.8</b>
Add:				
Share-based compensation	6.8	2.6	12.3	(0.9)
(Gain) loss on disposal of property, plant and equipment	(0.3)	(0.3)	2.8	(0.7)
Impairment and gain on insurance claim	2.0	-	3.6	-
Fair value adjustment on warrant valuation and amortization of stock warrant contract assets	63.4	15.4	(2.2)	(110.7)
(Gain) loss on swap derivative	(31.5)	(3.4)	(2.7)	36.5
Unrealized foreign exchange (gain) loss	(1.4)	0.7	(0.5)	3.6
Loss on extinguishment of debts	0.5	-	0.5	-
Share of loss (gain) in associate	0.2	(0.2)	0.1	2.0
Employee pension	-	3.4	-	3.4
<b>Adjusted EBITDA</b>	<b>81.6</b>	<b>82.9</b>	<b>300.9</b>	<b>329.0</b>
Revenue	221.9	267.0	877.5	979.9
<b>Adjusted EBITDA margin</b>	<b>36.8%</b>	<b>31.0%</b>	<b>34.3%</b>	<b>33.6%</b>

(Canadian dollars in millions)	Three Month Period Ended		Year Ended	
	December 31,		December 31,	
	2023	2022	2023	2022
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	\$	\$	\$	\$
<b>Calculation of Free Cash Flow</b>				
Net cash from operating activities	31.5	64.2	192.8	280.5
Purchase of property, plant and equipment	(37.0)	(164.1)	(266.7)	(611.2)
Proceeds from disposal of property, plant and equipment and assets held for sale	31.2	0.3	127.0	0.7
Insurance proceeds from assets held for sale	12.2	-	12.2	-
<b>Free cash flow</b>	<b>37.9</b>	<b>(99.6)</b>	<b>65.3</b>	<b>(330.0)</b>

(Canadian dollars in millions, except where indicated)	Three Month period ended		Year ended	
	December 31,		December 31,	
	2023	2022	2023	2022
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	\$	\$	\$	\$
<b>Calculation of Adjusted Earnings or Loss and Adjusted EPS</b>				
<b>Net (loss) earnings</b>	(34.9)	2.6	37.3	190.6
Add:				
Impairment and gain on insurance claim	2.0	-	3.6	-
Fair value adjustment on stock warrant and amortization of stock warrant contract assets	63.4	15.4	(2.2)	(110.7)
(Gain) loss on swap derivative	(31.5)	(3.4)	(2.7)	36.5
Unrealized foreign exchange (gain) loss	(1.4)	0.7	(0.5)	3.6
<b>Adjusted net (loss) earnings</b>	<b>(2.4)</b>	<b>15.3</b>	<b>35.5</b>	<b>120.0</b>
<b>Weighted average number of shares - diluted (in millions of shares)</b>	<b>17.1</b>	<b>17.2</b>	<b>17.2</b>	<b>20.3</b>
<b>Adjusted EPS</b>	<b>(0.14)</b>	<b>0.89</b>	<b>2.06</b>	<b>5.91</b>

Notice on Forward Looking Statements:

Certain statements contained herein constitute "forward-looking statements", including with respect to the Corporation's intention to continue rationalizing costs and capital expenditures to generate cash, strengthen strategic customer relationships, and drive shareholder value. Forward-looking statements look into the future and provide an opinion as to the effect of certain events and trends on the business. Forward-looking statements may include words such as "plans," "intends," "anticipates," "should," "estimates," "expects," "believes," "indicates," "targeting," "suggests" and similar expressions. These forward-looking statements are based on current expectations and entail various risks and uncertainties. Reference should be made to the Corporation's most recent Annual Information Form ("AIF") filed with the Canadian securities regulators, and its most recent Annual Consolidated Financial Statements and Notes thereto and related MD&A, for a summary of major risks. Actual results may materially differ from expectations, if known and unknown risks or uncertainties affect our business, or if our estimates or assumptions prove inaccurate. The Corporation cautions that the list of risk factors and uncertainties described in the AIF and MD&A is not exhaustive and other factors could also adversely affect its results. Readers are urged to carefully consider the risks, uncertainties and assumptions 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. In the event that we update any forward-looking statement, no inference should be made that we will make additional updates with respect to that statement, related matters, or any other forward-looking statement.