

Air Canada completes \$500 million substantial issuer bid, acting on its commitment to balanced long-term capital allocation

MONTREAL, June 25, 2025 /CNW/ - Air Canada (TSX: AC) has taken up and paid for 26,595,744 of its Class A Variable Voting Shares and Class B Voting Shares (collectively, the "**shares**") at a price of \$18.80 per share under its \$500 million substantial issuer bid (the "**Offer**") to purchase shares for cancellation.



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The successful completion of the Offer by Air Canada is an additional step towards its goal of reducing its fully diluted number of shares below 300 million by 2028, creating value for shareholders while investing in growth through a balanced long-term capital allocation strategy.

The shares bought under the Offer, representing about 8.24% of the total number thereof, were acquired for about \$500 million. After the Offer, about 296.1 million shares are expected to remain issued and outstanding.

Other information about the Offer

A total of about 26.8 million shares were validly deposited in the Offer and not withdrawn pursuant to auction tenders at or below \$18.80 or purchase price tenders. As the Offer was oversubscribed, about 99.14% of the successfully tendered shares were purchased by Air Canada, other than "odd lot" tenders not subject to proration.

Payment and settlement of the purchased shares will be made on or before June 27, 2025 in accordance with the Offer and applicable law. Any shares that are not purchased, including as a result of proration or auction tenders at more than \$18.80, will be returned to shareholders as soon as practicable.

Air Canada estimates that for purposes of the *Income Tax Act* (Canada) (the "**ITA**") the paid-up capital per share is about \$10.59. Shareholders who have sold shares to Air Canada under the Offer will as a result be deemed to have received a dividend equal to \$8.21 per share, the amount by which the purchase price exceeds the paid-up capital per share for Canadian federal income tax purposes. The dividend deemed to have been paid by Air Canada to Canadian resident persons is designated as an "eligible dividend" for purposes of the ITA and any corresponding provincial and territorial tax legislation. The "specified amount" for purposes of subsection 191(4) of the ITA is \$8.21. Shareholders should consult with their own tax advisors with respect to the income tax

consequences of the disposition of their shares under the Offer.

The full details of the Offer were described in the offer to purchase and issuer bid circular dated May 16, 2025, as well as the related letter of transmittal and notice of guaranteed delivery, copies of which were filed and are available under Air Canada's profile on SEDAR+ at www.sedarplus.ca.

This press release is for informational purposes only and does not constitute an offer to buy or the solicitation of an offer to sell Air Canada's shares. All dollar amounts are in Canadian dollars and issued and outstanding shares are based on the number thereof as of June 20, 2025.

CAUTION REGARDING FORWARD-LOOKING INFORMATION

This news release includes forward-looking statements within the meaning of applicable securities laws. Forward-looking statements relate to analyses and other information that are based on forecasts of future results and estimates of amounts not yet determinable. These statements may involve, but are not limited to, comments relating to guidance, strategies, expectations, planned operations or future actions. Forward-looking statements are identified using terms and phrases such as "preliminary"; "anticipate"; "believe"; "could"; "estimate"; "expect"; "intend"; "may"; "plan"; "predict"; "project"; "will"; "would"; and similar terms and phrases, including references to assumptions. These statements also include statements relating to the terms of the Offer, including the timing of payment and settlement for shares purchased under the Offer, the number of shares expected to be issued and outstanding after completion of the Offer and Air Canada's 2028 fully diluted share count goal.

Forward-looking statements, by their nature, are based on assumptions including those described herein and are subject to important risks and uncertainties, which are amplified in the current environment. Forward-looking statements cannot be relied upon due to, among other things, changing external events and general uncertainties of the business of Air Canada. Actual results may differ materially from results indicated in forward-looking statements due to a number of factors, including those discussed below.

Factors that may cause results to differ materially from results indicated in forward-looking statements include economic conditions, statements or actions by governments and uncertainty relating to the imposition of (or threats to impose) tariffs on Canadian exports or imports and their resulting impacts on the Canadian, North American and global economies and travel demand, geopolitical conditions such as the military conflicts in the Middle East and between Russia and Ukraine, Air Canada's ability to successfully achieve or sustain positive net profitability, industry and market conditions and the demand environment, competition, Air Canada's dependence on technology, cybersecurity risks, interruptions of service, climate change and environmental factors (including weather systems and other natural phenomena and factors arising from anthropogenic sources), Air Canada's dependence on key suppliers (including government agencies and other stakeholders supporting airport and airline operations), employee and labour relations and costs, Air Canada's ability to successfully implement appropriate strategic and other important initiatives (including Air Canada's ability to manage operating costs), energy prices, Air Canada's ability to pay its indebtedness and maintain or increase liquidity, Air Canada's dependence on regional and other carriers, Air Canada's ability to attract and retain required personnel, epidemic diseases, changes in laws, regulatory developments or proceedings, terrorist acts, war, Air Canada's ability to successfully operate its loyalty program, casualty losses, Air Canada's dependence on Star Alliance® and joint ventures, Air Canada's ability to preserve and grow its brand, pending and future litigation and actions by third parties, currency exchange fluctuations, limitations due to restrictive covenants, insurance issues and costs, and pension plan obligations as well as the factors identified in Air Canada's public disclosure file available at www.sedarplus.ca and, in particular, those identified in section 18 "Risk Factors" of Air Canada's 2024 MD&A and in section

14 "Risk Factors" of Air Canada's First Quarter 2025 MD&A.

The forward-looking statements contained in this news release represent Air Canada's expectations as of the date of this news release (or as of the date they are otherwise stated to be made) and are subject to change after such date. However, Air Canada disclaims any intention or obligation to update or revise any forward-looking statements whether because of new information, future events or otherwise, except as required under applicable securities regulations.

About Air Canada

Air Canada is Canada's largest airline, the country's flag carrier and a founding member of Star Alliance, the world's most comprehensive air transportation network. Air Canada provides scheduled service directly to more than 180 airports in Canada, the United States and Internationally on six continents. It holds a Four-Star ranking from Skytrax. Air Canada's Aeroplan program is Canada's premier travel loyalty program, where members can earn or redeem points on the world's largest airline partner network of 45 airlines, plus through an extensive range of merchandise, hotel and car rental partners. Through Air Canada Vacations, it offers more travel choices than any other Canadian tour operator to hundreds of destinations worldwide, with a wide selection of hotels, flights, cruises, day tours, and car rentals. Its freight division, Air Canada Cargo, provides air freight lift and connectivity to hundreds of destinations across six continents using Air Canada's passenger and freighter aircraft. Air Canada's climate-related ambition includes a long-term aspirational goal of net-zero greenhouse gas emissions by 2050. For additional information, please see [Air Canada's TCFD disclosure](#). Air Canada shares are publicly traded on the TSX in Canada and the OTCQX in the US.

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