



2025 Annual Information Form



Transat A.T. Inc.

Annual Information Form

For the year ended October 31, 2025

December 17, 2025

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In this Annual Information Form ("AIF"), the terms "we," "our," "us," "Transat" and the "Corporation" refer to Transat A.T. Inc. as well as any of its subsidiaries, or to Transat A.T. Inc. alone, as the context may require. Unless otherwise indicated, all dollar amounts referred to in this AIF are expressed in Canadian dollars. Unless otherwise indicated, the information contained in this AIF is reported as at October 31, 2025, our financial year-end. The following is a non-exhaustive list of Transat's registered and unregistered trademarks and designs that are referred to and used as such in this AIF: our star design, luggage tag, Air Transat and "Welcome" mosaic design featured in some travel agencies, Canadian Affair, Club Voyages, Marlin Travel/Voyages Marlin, Trafictours, Transat, Turissimo, Voyages en Liberté, Transat Travel/Voyages Transat, TravelPlus, Luxexpert, connectair by Air Transat and Travel Moves Us/ Le voyage nous transporte. Any other trademarks, designs or corporate, trade or domain names used in this AIF are the property of their owners.



1. FORWARD-LOOKING INFORMATION

This AIF contains certain forward-looking statements with respect to the Corporation, including those regarding its results, its financial position and its outlook for the future. These forward-looking statements are identified by the use of terms and phrases such as “anticipate,” “believe,” “could,” “estimate,” “expect,” “intend,” “may,” “plan,” “potential,” “predict,” “project,” “will,” “would,” the negative of these terms and similar terminology, including references to assumptions. All such statements are made pursuant to applicable Canadian securities legislation. Such statements may involve but are not limited to comments with respect to strategies, expectations, planned operations or future actions. Forward-looking statements, by their nature, involve risks and uncertainties that could cause actual results to differ materially from those contemplated by these forward-looking statements.

The forward-looking statements may differ materially from actual results for a number of reasons, including without limitation, economic conditions, changes in demand due to the seasonal nature of the business, extreme weather conditions, climatic or geological disasters, war, political instability, measures taken, planned or contemplated by governments regarding the imposition of tariffs on exports and imports, real or perceived terrorism, outbreaks of epidemics or disease, consumer preferences and consumer habits, consumers’ perceptions of the safety of destination services and aviation safety, demographic trends, disruptions to the air traffic control system, the cost of protective, safety and environmental measures, competition, the Corporation’s ability to maintain and grow its reputation and brand, the availability of funding in the future for the Corporation including its debt refinancing, the Corporation’s ability to repay its debt from internally generated funds or otherwise, the Corporation’s ability to adequately mitigate the Pratt & Whitney GTF engine issues, fluctuations in fuel prices and exchange rates and interest rates, the Corporation’s dependence on key suppliers, the availability and fluctuation of costs related to our aircraft, information technology and telecommunications, cybersecurity risks, changes in legislation, regulatory developments or procedures, pending litigation and third-party lawsuits, the Corporation’s ability to reduce operating costs through, among other things, the Elevation program initiatives, the Corporation’s ability to attract and retain skilled resources, labour relations, collective bargaining and labour disputes, pension issues, maintaining insurance coverage at favourable levels and conditions and at an acceptable cost, and other risks detailed in the Risks and Uncertainties section of the MD&A.

The reader is cautioned that the foregoing list of factors is not exhaustive of the factors that may affect any of the Corporation’s forward-looking statements. The reader is also cautioned to consider these and other factors carefully and not to place undue reliance on forward-looking statements.

The forward-looking statements in this AIF are based on a number of assumptions relating to economic and market conditions as well as the Corporation’s operations, financial position and transactions.

In making its statements, the Corporation assumes, among other things, that the standards and measures for the health and safety of personnel and travellers imposed by government and airport authorities will be consistent with those currently in effect, that workers will continue to be available to the Corporation, its suppliers and the companies providing passenger services at the airports, that credit facilities and other terms of credit extended by its business partners will continue to be made available as in the past, that management will continue to manage changes in cash flows to fund working capital requirements for the full fiscal year and that fuel prices, exchange rates, selling prices and hotel and other costs remain stable, the Corporation will be able to adequately mitigate the Pratt & Whitney GTF engine issues and that the initiatives identified to improve adjusted operating income (adjusted EBITDA) can be implemented as planned, and will result in cost reductions and revenue increases of the order anticipated by mid-2026. If these assumptions prove incorrect, actual results and developments may differ materially from those contemplated by the forward-looking statements contained in this AIF.

The Corporation considers that the assumptions on which its forward-looking statements are based are reasonable.

Its statements reflect current expectations regarding future events and operating performance, speak only as of the date this AIF is issued, and represent the Corporation's expectations as of that date. The Corporation disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, other than as required by applicable securities legislation.

Additional information about the risks and uncertainties facing the Corporation's business is provided in its disclosure materials, including this AIF and its most recent Management's Discussion and Analysis, filed with the securities regulatory authorities in Canada, available on SEDAR+ (www.sedarplus.ca).

2. CORPORATE STRUCTURE

2.1 Name and Incorporation

Transat A.T. Inc. (hereafter “Transat”) was incorporated under the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44 (the “*Canada Business Corporations Act*”) by Certificate of Incorporation dated February 13, 1987. Since its incorporation, Transat has amended its Articles by way of Certificates of Amendment to make the following material changes:

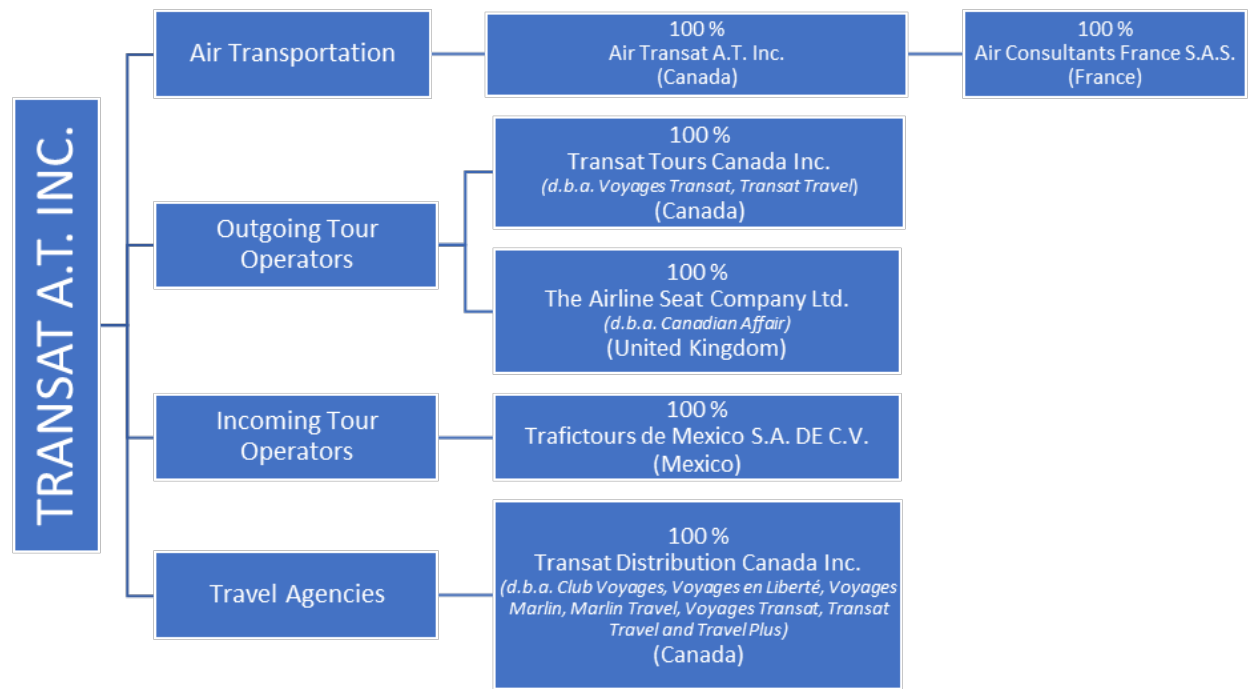
- (i) change its name to “Transat A.T. Inc.”;
- (ii) establish the number of directors at a minimum of nine (9) and a maximum of fifteen (15) and allow the Board of Directors to appoint directors during a given year;
- (iii) provide for the creation of an unlimited number of Preferred Shares issuable in series, leading to the creation of 2,400,000 Series 1 Preferred Shares, 250,000 Series 2 Preferred Shares, an unlimited number of Series 3 Preferred Shares, and 9,934,617 Series 4 Preferred Shares;
- (iv) subdivide each common share on the basis of three common shares for each issued and outstanding common share;
- (v) impose additional restrictions on the issuance and transfer of its voting shares in order to retain its status as a “Canadian” corporation under the *Canada Transportation Act*, S.C. 1996, c. 10 (the “*Canada Transportation Act*”);
- (vi) create an unlimited number of Class A Variable Voting Shares (the “Variable Voting Shares”) and an unlimited number of Class B Voting Shares (the “Voting Shares”); convert each issued and outstanding common share which is not owned and controlled by a Canadian within the meaning of the *Canada Transportation Act* into one Variable Voting Share; convert each issued and outstanding common share owned and controlled by a Canadian within the meaning of the *Canada Transportation Act* into one Voting Share; cancel the issued and outstanding common shares so converted; cancel the unissued common shares of Transat and substitute therefore, with the required adaptations, the Variable Voting Shares and the Voting Shares for the purpose of exercising any subscription, purchase or conversion rights attaching to the common shares so cancelled; and replace prior restrictions on the issuance and transfer of Transat's voting shares by the restrictions stated in (v) above; and
- (vii) amend its Articles by filing articles of arrangement in order to adjust the current restrictions on the issuance and transfer of shares of public airline companies for Transat to retain the status of “Canadian” corporation, following royal assent received, on May 23, 2018, of the *Transportation Modernization Act*, S.C. 2018, c. 10 (the “*Transportation Modernization Act*”), which amended the definition of “Canadian” provided in the *Canada Transportation Act* in order to raise the threshold of voting interests in an air carrier that may be owned and controlled by “non-Canadians” while retaining its status of “Canadian” corporation, and also establishing specific limits related to such interests.

Since November 16, 2015, the Variable Voting Shares and Voting Shares trade on the TSX under a single ticker designated “TRZ,” bearing CUSIP number 89351T401, which shares are collectively designated for purposes of trading on the TSX and reporting in brokerage accounts under the single designation “Voting and Variable Voting Shares” of Transat.

Transat’s head office is located at Place du Parc, 300 Léo-Pariseau Street, Suite 600, Montreal, Quebec, Canada H2X 4C2.

2.2 Inter-corporate Relationships

The following chart sets out our corporate structure. We have omitted certain subsidiaries, each of which represents not more than 10% of our consolidated assets and not more than 10% of our consolidated operating revenues, and all of which, in the aggregate, represent not more than 20% of our consolidated assets and not more than 20% of our consolidated operating revenues.



3. DESCRIPTION OF OUR BUSINESS

Founded in Montreal in 1987, Transat has achieved worldwide recognition as a provider of leisure travel particularly as an airline under the Air Transat brand. Voted World's Best Leisure Airline by passengers at the 2025 Skytrax World Airline Awards, it flies to international destinations. By renewing its fleet with the most energy-efficient aircraft in their category, it is committed to a healthier environment, knowing that this is essential to its operations and the destinations it serves. Based in Montreal, Transat has nearly 5,000 employees with a common purpose to bring people closer together.

The holiday travel industry consists primarily of air carriers serving holiday travellers, mainly for tourism, vacation or to visit family and friends, as well as tour operators, travel agencies (both in-person and online), destination service companies, hoteliers and airlines. Each of these subsectors includes companies with different operating models.

We recorded 3,398.5 M\$ in revenues for fiscal 2025, compared to 3,283.8 M\$ for fiscal 2024.

For a more detailed description of the Corporation's business, vision, strategy, review of its objectives and achievements for 2025, its ability to meet its objectives and finally, its financing operations in the past year, we refer you to our Management's Discussion and Analysis for the year ended October 31, 2025, which can be found on SEDAR+ (www.sedarplus.ca).

The data contained in this section are estimates of our capacity and competitive positioning and are based on our knowledge of the relevant industry segments.

3.1 Air Transportation

Transat is constantly striving to improve its service offering to better meet customer expectations, notably through ongoing fleet renewal and the expansion of its network of destinations. By investing in modern, greener aircraft and rejuvenating our fleet of used aircraft, we aim to provide a more comfortable, reliable and responsible travel experience. Moreover, by expanding its network of destinations, Transat is striving to serve new markets and strengthen its presence in its core segments, while guaranteeing superior service at the best possible price.

3.1.1 Core Fleet Strategy

Over the past few years, Air Transat, Transat's airline company, has undertaken an ambitious renewal process by rejuvenating its aircraft fleet. This renewal includes the acquisition of new recent, more modern and efficient models, and the integration of younger, used aircraft offering passengers comfortable flights while reducing their environmental impact.

- Transat implemented its 2022-2026 strategic plan, with the signing of an agreement by Air Transat and SMBC Aviation Capital Limited in November 2022 for the lease of two (2) additional A321LRs, which were delivered in June and July 2024. These aircraft complete the seventeen (17) A321LRs included in our initial order with the lessor AerCap, the last two (2) of which were added to our fleet in May and June 2024.
- The Airbus A321LR is the latest long-range (LR) version of the Airbus A321neo (New Engine Option) in the single-aisle aircraft segment, and can be deployed on both transatlantic connections and sun destinations, which will allow us to maximize the use of this aircraft for the entire year throughout Air Transat's destination network. The A321LR is an asset for Air Transat: its size gives Air Transat great flexibility in terms of commercialization and frequency of flights, whereas its low fuel consumption keeps costs per seat low, while reducing the air carrier's carbon footprint.



- In September 2022, Air Transat entered into an agreement with Air Lease Corporation for the long-term lease of four (4) new Airbus A321XLRs to be delivered in 2027 and 2028. The A321XLR features additional fuel tanks, enabling it to increase its range up to 8,700 km (the A321LR has a range of 7,400 km) and, therefore, serve destinations that are currently only accessible with the Airbus A330 fleet. Along with the A321LR aircraft, the A321XLRs figure as a cornerstone of Transat's 2022-2026 strategic plan since they make it possible to serve Air Transat's destination network for the entire year. These aircraft will also allow optimized aircraft rotations, combining short flights between two rotations to Europe (up to 17 hours of flight per day).
- Air Transat also introduced four (4) additional used A330s from the lessor Avalon, including one (1) A330-300 in March 2023 and three (3) A330-200s in May and June 2024.

As at October 31, 2025, Air Transat's fleet is composed of forty-three (43) aircraft, including thirty-five (35) long-haul aircraft, of which sixteen (16) are A330s, nineteen (19) are A321LRs, and eight (8) are medium-haul aircraft (A321ceos).

Type of Aircraft		Winter 2024	Summer 2024	Winter 2025	Summer 2025
Long-haul	A330	13	16	16	16
	A321LR	15	19	19	19
Medium-haul	A321ceo	8	8	8	8
Total fleet:		36	43	43	43

In terms of cabin configuration, of the fourteen (14) A330-200 aircraft operated by Air Transat, eight (8) have 332 seats, two (2) have 333 seats, and four (4) have 345 seats. As for the two (2) A330-300s operated by Air Transat, one has 346 seats, and the other has 365 seats. The nineteen (19) A321LRs currently operated by Air Transat each have 199 seats. All Air Transat A330 and A321LR aircraft have 12 seats in Club class. Of the eight (8) A321ceo aircraft operated by Air Transat, five (5) are configured with 198 seats and three (3) with 199 seats. All have a Club seat installed at the front of the cabin for the crew to rest; these are not considered passenger seats.

3.1.2 Issues Concerning Pratt & Whitney PW1133GM Engines

Transat faces certain operational challenges related to Pratt & Whitney's PW1133GJM GTF engines, which affect all carriers whose fleets are equipped with these engines, including Air Transat's A321LR aircraft.

The issues raised do not require an emergency recall involving safety risks, but rather require Pratt & Whitney to conduct preventive and expedited inspections and repairs sooner than originally planned. The operational limitations declared by Pratt & Whitney allow the usual safety levels in our industry to be maintained and Air Transat intends to comply with these levels. However, these issues result in limited engine availability, extended maintenance line times, and unplanned aircraft downtime.

As at October 31, 2025, these issues affect fifteen (15) Air Transat engines, effectively grounding four (4) of the nineteen (19) A321LRs operating to date.

To mitigate the impact of these issues, the Corporation has entered into various financial compensation agreements with Pratt and Whitney (IAE) to absorb the costs associated with operational disruptions since 2023. In addition, sale and leaseback agreements involving several engines have been implemented with Rolls-Royce & Partners Finance (RRPF) Engine Leasing Limited. All of these initiatives are designed to support business continuity and strengthen the resilience of the fleet.

Transat will continue to monitor the situation closely.

3.1.3 Passengers Served

In fiscal 2025, we served approximately 5.4 million passengers, compared to 5.3 million passengers in fiscal 2024 and 5.1 million passengers in fiscal 2023.

3.1.4 Operation Bases and Destination Network

Montréal-Trudeau International Airport is Air Transat's home base and, consequently, a key factor in our operating performance. Since airport handling services started being managed in-house on November 1, 2023, customer service performance (welcome activities at check-in counters and kiosks, boarding process, management of arrivals and connecting flights) now provided by Air Transat Staff, has improved significantly. In addition, since May 1, 2024, ramp services, which include all activities relating to baggage and aircraft ground handling, are now also managed internally. The in-house management of airport handling services required the addition of approximately 430 employees assigned to Air Transat operations, which strengthened our base at Montréal-Trudeau in terms of security, safety, punctuality and baggage delivery. By doing so, we have improved our customer service and have reinforced our employees' sense of belonging, two undeniable strengths that distinguish Transat.

In the winter of 2025, Air Transat expanded its service to Mexico with its first flights to Tulum from Montreal and Quebec City.

During the 2025 winter season, Air Transat operated flights to nearly 43 destinations throughout the Caribbean, Mexico, Central and South America, the United States, Europe and Africa. Direct flights were offered, departing from eight Canadian cities: Montreal, Quebec City, Toronto, Halifax, Hamilton, Ottawa, Moncton and London (Ontario) to sun destinations and the United States. As for Europe and Africa, direct flights were offered to France, the Netherlands, Portugal, Italy, the United Kingdom, Spain and Morocco.

In June 2025, Air Transat operated its first flight connecting Montréal-Trudeau Airport to Valencia Airport in Spain, as well as its first flight connecting Toronto Pearson Airport to Berlin Airport in Germany.

During the summer of 2025, Air Transat operated non-stop flights to Amsterdam, Athens, Basel-Mulhouse, Barcelona, Berlin, Brussels, Dublin, Faro, Glasgow, Lisbon, Lima, London, Madrid, Malaga, Manchester, Marrakech, Paris, Porto, Rome, Valencia, Venice and Zagreb as well as to French provinces, including Bordeaux, Lyon, Marseille, Nantes, Nice and Toulouse. Air Transat also operated a wide selection of the most popular sun destinations in the United States, Mexico, South America and the Caribbean.

Air Transat is continuing its major network expansion for winter 2025–2026 and summer 2026, offering travelers a more diverse choice of destinations than ever before.

For the winter season, Air Transat will extend its service to Madrid, Bordeaux, and Valencia, while opening new doors to South America and beyond with routes from Montreal to Guadalajara, Montreal and Toronto to Rio de Janeiro, Toronto to Istanbul, Toronto to Georgetown (Guyana), and Toronto to Medellín via Cartagena.

In summer 2026, Air Transat will further expand its offer with flights from Montreal to Dakar, Montreal to Reykjavik, Quebec City to Marseille, Ottawa to London-Gatwick, as well as a brand new route from Montreal to Agadir, strengthening Air Transat's presence in North Africa. Several southern routes will also become year-round, improving service continuity and making it easier to plan trips.

3.1.5 Commercial Alliances

Forming commercial alliances with other air carriers is now a key element of the Corporation's strategy. Thus, in May 2022, Air Transat established a bilateral codeshare agreement with WestJet for passengers connecting at Toronto Pearson (YYZ) and Montreal Trudeau (YUL) to Europe on a limited number of Transat and WestJet routes.

In October 2022, Air Transat also signed a bilateral codeshare agreement with Porter. This agreement, which initially covered Porter's domestic flights to and from Halifax (YHZ) and Toronto's Billy Bishop Airport (YTZ) as well as certain Air Transat flights to and from Montreal (YUL) via Europe, the United States and the rest of Canada, was extended in May 2023, to certain flights to and from Toronto Pearson (YYZ), Ottawa Macdonald-Cartier (YOW), Vancouver (YVR), Calgary (YYC) and Edmonton (YEG) airports.

In November 2023, Air Transat and Porter Airlines extended their existing code-sharing agreement by creating a commercial joint venture, transforming the current Canadian aviation competitive landscape. By combining both airlines' complementary networks, this Alliance offers travellers significant benefits, including enhanced travel options across multiple regions. The Alliance expands services between North, Central and South America, Europe, North Africa, Mexico and the Caribbean, integrating Porter's and Transat's highly-complementary, non-overlapping networks at Toronto Pearson (YYZ) and Montreal Trudeau (YUL) airports.

This feeder network strategy is designed to facilitate the acceleration of both airlines' expansion in their respective markets: domestic and transborder short- and medium-haul for Porter Airlines, and international medium- and long-haul for Air Transat. It will also foster stronger network optimization through collaboration on scheduling and route planning.

In February 2025, Air Transat entered into an interline agreement with Air Europa, recognized for its expertise in air transportation in Spain. This collaboration increases connectivity between Canada and Spain and strengthens Air Transat's presence in the Spanish market.

In June 2025, Air Transat and Turkish Airlines entered into an interline partnership to strengthen air links between Canada and Türkiye, while offering travel options to destinations in the Middle East, Asia and Africa. Thanks to this new direct connection, both carriers will be able to offer enhanced services to passengers as part of this partnership.

3.1.6 Maintenance, Inspections, Safety and Other Measures

Because the safety of our customers, our staff and our partners is at the center of everything we do, Air Transat applies the highest industry standards in this area, in addition to respecting current regulations. In order not to leave anything to chance, Air Transat has adopted an integrated safety and quality management system that makes it possible to quickly identify risk factors and resolve them effectively, promote safety with our employees and partners, maintain standardized processes and, finally, validate on an ongoing basis, through internal audits, the effectiveness of our system.

Since June 3, 2022, Transat's President and Chief Executive Officer is also Air Transat's accountable executive for Transport Canada. Safety Management System activities are delegated to the Vice-President, Business Continuity, who reports on the system's performance to the accountable executive and to the Chief Operations Officer.

Air Transat has had the IOSA certification (IATA Operational Safety Audit) since 2007. Every two years, Air Transat must demonstrate its compliance with the IOSA program by means of an external audit. This program includes approximately 950 strict requirements in the areas of safety and quality management, training, control of flight operations, cabin and flight regulation, maintenance, ground operations, cargo

transport and operational safety. Through this certification, Air Transat demonstrates its commitment to the highest standards of quality and safety. Air Transat's IOSA certification was renewed in 2025.

We perform regular maintenance work and inspections on all aircraft of our fleet in accordance with aircraft maintenance procedures that meet and, in some cases, exceed Transport Canada's requirements.

3.1.7 Fuel Supply

Fuel costs represent a major component of an airline's operating expenses. The increase and constant fluctuations in the cost of fuel are a major concern for Transat given our industry's low margins. To protect itself against fuel price fluctuations, the Corporation may choose to enter into derivative agreements with financial intermediaries. The Corporation's hedging policy in this regard allows it to hedge up to 75% of projected fuel purchases for the next twelve months. This limit is a maximum, but is not mandatory. Moreover, there is no minimum monthly hedging limit. The Corporation's hedging strategy is regularly reviewed and adapted as needed to market conditions.

As at October 31, 2025, 28% of estimated requirements for fiscal 2026 were covered by fuel-related derivatives [29% of the estimated requirements for fiscal 2025 were covered by fuel-related derivatives as at October 31, 2024].

3.2 Tour Operators

Transat acts as an outgoing tour operator through its subsidiary Transat Tours Canada Inc., operating under its Transat brand, as well as through its European subsidiaries, Air Consultants France S.A.S. and The Airline Seat Company Limited.

Trafictours de Mexico S.A. de C.V., Turissimo Caribe Excursiones Dominican Republic, C. por A., Caribbean Transportation Inc. and Turissimo Jamaica Inc. operate as incoming tour operators in Mexico, the Dominican Republic, Barbados and Jamaica.

Each of these tour operators operates in its own market by developing and marketing its individual product lines, while benefiting from the considerable purchasing power and other advantages generated by our vertical integration strategy.

3.2.1 Products of Transat Tours Canada Inc.

Transat Tours Canada Inc. ("Transat Tours") distributes products in the recreational markets located in North America, Central America, South America, Europe and Africa. We offer two main product categories to meet customer needs, namely, travel vacation packages from Canada and seats in all markets served by Air Transat. Transat Tours also offers seats to and from various Canadian cities for its domestic market. All of these products are essentially sold online, by either Transat Tours or Air Transat, and through travel agency networks.

In the packages category, Transat Tours offers five exclusive collections, namely the Solo, Family, Long Stay, Wellness and Luxury & Signature Luxury collections, each of which features a selection of hotels and advantages suited to various types of consumers. Transat also offers multi-city packages and tours in several destinations.

3.2.2 Products of The Airline Seat Company Limited

The Airline Seat Company Limited, which sells under the Canadian Affair brand, has been a wholly owned subsidiary of Transat since August 1, 2006. The UK-based entity also manages the activities of Air Transat in the UK and Ireland.

Canadian Affair is the UK's largest single destination tour operator to Canada and its flight-only business is focused on Air Transat's flight program. Canadian Affair offers tailor-made holidays in Canada, distributing directly to the consumer, and, more recently, through travel agencies in the UK. Canadian Affair is focusing its business on tour operating, selling holidays to Canada packaged with both Air Transat or third-party airline flights, through its call center and online at www.canadianaffair.com. Working closely with its suppliers and inbound/ground tour operators, its product offering continues to develop to bring more packaged tours into its product range, allowing customers to carefully select their holiday to Canada. More recently, it also markets, through travel agencies, travel packages to the United States under the "American Affair" brand. Over the last five years, Canadian Affair has been named Best Canadian Tour Operator at the British Travel Awards.

For the Air Transat brand, there is a dedicated sales team to drive B2B commerce sales and a marketing team to drive B2C e-commerce sales on the www.airtransat.co.uk and www.airtransat.ie websites, ensuring messages are relevant, timely and on point for the local market, whilst at all times working closely with Transat to ensure brand consistency.

Air Transat maintains strong partnerships within the tourism industry (group tour operators, independent agents, online travel agencies (OTAs) and chains) in the UK and its strategic plan consists of maintaining a healthy balance between B2C e-commerce sales and B2B commerce sales.

3.2.3 Air Consultants France S.A.S.

Air Consultants France S.A.S. ("ACF") was created on March 4, 2016, to provide continuity of Air Transat's commercial representation in France following the October 2016 sale of the Transat France subsidiary to TUI AG. In that regard, ACF sees to the commercial representation of Air Transat for flights departing from France, but also departing from Belgium, the Netherlands and Switzerland on the French, Belgian, Swiss, Dutch and German markets.

ACF is primarily made up of three teams: the commercial team, customer service team and marketing, electronic commerce and communications team. The commercial team is responsible for developing sales through travel agencies, OTAs ("Online Travel Agents"), tour operators and group travel specialists. The customer service team provides support to travel agents and tour operators (tariff-setting, emissions) and also exclusively sells Air Transat plane tickets. For its part, the marketing, electronic commerce and communications team is responsible for implementing the marketing strategy developed by the Canadian head office, internal and external communications, electronic trade and managing Air Transat's websites in France, the Netherlands, Belgium, Germany and Switzerland. This team manages the commercial and digital marketing budgets allocated by the parent company as well as contributions from partners (Tourism Offices, Airports, etc.).

Moreover, with respect to commercial representation, ACF collaborates with the company Aviareps, a general sales agent, that operates in France, Belgium and the Netherlands. The Corporation contracts commercial missions with Aviareps through non-exclusive commercial representatives on these three markets that report to the director of ACF, and that oversee our commercial representation in the field (customer visits / presence at trade fairs) and sales development with travel agencies and tour operators.

3.2.4 Products of Trafictours Canada Inc.

Trafictours Canada Inc. and its subsidiaries ("TraficTours") located in Mexico, the Dominican Republic, Barbados and Jamaica are wholly owned by Air Transat A.T. Inc.

TraficTours is an incoming tour operator and offers destination services in Mexico and the Caribbean, mainly in beach destinations.

The services offered by TraficTours consist mainly of the transportation of passengers to and from the main international airports to the various hotels. TraficTours also has multilingual representatives in hotels at the various destinations, providing customer service and selling tours and activities to enhance travellers' overall experience. TraficTours has also obtained many concessions in the hotel lobbies, working closely with them, in order to provide all types of services to travellers.

In 2025, TraficTours transported more than 849,000 passengers across destinations.

3.2.5 Hotel Activities

In May 2021, the Corporation decided to cease the hotel division's activities and as a result abandoned any further development of this division given the changes to its strategic objectives.

In fiscal 2022, the Corporation retained the services of a broker to sell its land in Puerto Morelos to increase its level of liquidity. The land was sold for US\$38 million and the transaction closed on August 31, 2023.

In January 2024, the Corporation closed the sale of its 50% interest in Armony Luxury Resort & Spa, Marival Collection (previously known as Rancho Banderas All Suites Resort) located in Punta de Mita in Mexico, to its co-shareholder, the owner of the Marival Group, for US\$15.5 million. The Corporation's divestiture in this hotel is aligned with its strategic plan to refocus on its airline activities. The purchase of this hotel was announced in April 2017 as part of the development of a hotel subsidiary that was discontinued in 2021, as described above.

3.3 Travel Agencies and Distribution

In Canada, the Corporation distributes its products in part through its own network of wholly owned, franchised or affiliated retailers. The Corporation is the largest retail distributor of holiday travel products in Canada, with 240 outlets, of which 28 are wholly owned, 110 are franchised and 102 are affiliated and do business under the Club Voyages, Marlin Travel/Voyages Marlin, Voyages en Liberté, Transat Travel/Voyages Transat and TravelPlus banners or affiliation programs.

Of the 28 wholly owned agencies, 24 operate under the Transat Travel / Voyages Transat banner.

The Corporation has also developed and implemented an external agent program that extends the scope of its wholly owned agencies under the Voyages Transat/Transat Travel banner. This program was enhanced in 2020 so that external agents who join its network can operate under their own brand name.

The Corporation operates its travel agency network in Canada as one business unit, allowing it to take advantage of a common administration for all its wholly owned agencies across the country, and combine its purchasing power.

3.4 Our Employees

As at October 31, 2025, Transat and its subsidiaries had 4,823 active employees, of which 4,347 were located in Canada.

The number of employees has grown steadily since the end of the pandemic, as activities returned to a level close to 2019. The optimal workforce level was achieved in 2024, and recruitment efforts have stabilized accordingly since then and up to the present. Transat continues to be attractive to candidates in the labour market and has managed to maintain a stable turnover rate, allowing it to keep its operations running at an optimal level without disruption.

Transat favours hybrid work aimed at strengthening employee satisfaction, promote team well-being and provide a work-life balance, while ensuring a presence in the office when operational needs require it and giving managers the flexibility to adjust the operation of their teams as needed.

Since 2017, Transat has been using a real-time employee engagement platform which allows it to conduct surveys and share employee feedback. This platform gives the Corporation and its managers the means to closely follow the evolution of the mood and morale of all of its employees. Overall, the results are very favorable and Transat is ensuring that managers continuously monitor the situation to maintain a healthy and positive work environment.

A detailed description of our short- and long-term compensation plans will be set out in our Management Proxy Circular relating to the next Annual Meeting of the Shareholders, (and, if needed, in the Management Proxy Circular for the annual general meeting held on May 1, 2025), which is available on SEDAR+ (www.sedarplus.ca).

Approximately 70% of Transat's Canadian employees are unionized and subject to six collective agreements. In addition, a new union certification with the IAMAW was obtained in January 2025 for ramp agents. This new certification will result in a seventh collective agreement for Transat, once negotiations are completed. The following table sets out the associations to which our employees belong and the status of their collective agreements as at the date of this AIF.

In 2025, a first collective agreement with passenger agents was signed. This new collective agreement is for a period of three years and will expire on August 15, 2028. Negotiations with employees who are ramp agents mentioned above will begin by the end of 2025 or early 2026. The pilots' collective agreement expired on April 30, 2025, and the parties reached a tentative agreement on December 9, 2025. This tentative agreement will be submitted to the members for ratification. Voting will close on January 7, 2026.

Employees	Transat's Subsidiary	Association	Status of Collective Agreement
Flight crew members (pilots)	Air Transat	Air Line Pilots Association (ALPA)	Agreement in principle reached on December 9, 2025. This agreement will be submitted to members for ratification. Voting will close on January 7, 2026
Flight attendants	Air Transat	Canadian Union of Public Employees (CUPE)	Collective agreement in effect until October 31, 2027
Flight dispatchers	Air Transat	Canadian Airline Dispatchers Association (CALDA)	Collective agreement in effect until October 31, 2026
Crew scheduling and passenger service	Air Transat	International Association of Machinists and Aerospace Workers (IAMAW)	Collective agreement in effect until July 31, 2027
Maintenance, stores and technical support	Air Transat	International Association of Machinists and Aerospace Workers (IAMAW), Local chapter 140	Collective agreement in effect until April 30, 2027
Passenger agents	Air Transat	International Association of Machinists and Aerospace Workers (IAMAW)	Collective agreement in effect until August 15, 2028
Ramp agents	Air Transat	International Association of Machinists and Aerospace Workers (IAMAW)	New accreditation since January 2025. The negotiation process will begin in the coming months

3.5 Competition

Transat faces competition on many fronts, namely from air carriers, tour operators and travel agencies (traditional and online).

Competition remains extremely fierce in all our areas of activity. It results not only from airlines specializing in leisure/holiday travel and mainstream tour operators, but also from low-cost carriers. In addition, online travel agencies (OTAs) and hotel operators selling directly to consumers play a major role. Other players, including sharing-economy sites and specialized mobile apps, are now present in the leisure travel industry. The two basic trends in tourism, strong growth of online direct sales and disintermediation of transactions, now place the customer at the center of the purchasing process thereby allowing the customer to deal directly with suppliers (hotel operators, carriers, incoming tour operators), travel agents and OTAs. Competition is pervasive at all levels, requiring cost management, an approach as a service provider for the airline industry and a presence in the various distribution channels to stand out and succeed.

3.5.1 Tour Operators

Tour operators specialized in outgoing services purchase the various components of a trip and sell them to customers through various distribution channels, either as a travel package or separately. The large outgoing tour operators purchase blocks of seats or complete flights mainly from air carriers specializing in charter services and undertake to pay for all the seats so purchased, whether they sell them or not, thereby obtaining a better price. Such tour operators also negotiate with hotels for the rental of blocks of rooms and make arrangements in order to offer travel packages at lower prices than if customers were to make their own reservations.

Certain tour operators round out the range of services offered to travel agencies with the FIT formula (Foreign Independent Tour), namely the sale of seats along with lodging and car rentals which clients can select individually. OTAs are particularly active in the FIT program segment, thus becoming both an additional distribution channel and competition for tour operators. As the FIT program is growing at a rapid pace, the tour operators put greater emphasis on that market segment.

3.5.1.1 Canada

Canadian vacationers travel mainly to two regions, either going South or to Europe as well as sun destinations in the Caribbean and Latin America. Vacationers opting for sun destinations are primarily looking for the comfort of packages, whereas those travelling to transatlantic destinations are mostly looking for aircraft seats and, incidentally, car rental and hotel bed-night booking services. Canadian outgoing tour operators finalize agreements with suppliers six to eight months prior to the beginning of each season. The summer season runs from May 1 to October 31, and the products offered are prepared in the preceding fall. The winter season runs from November 1 to April 30, and the products offered are prepared in the preceding spring. As part of these preparations, tour operators undertake negotiations with air carriers, hotels, cruise ship operators, and car rental agencies. Once such negotiations are completed, brochures and websites illustrating the various destinations and describing the various packages and services offered are either prepared and distributed to travel agencies before the beginning of each season (with sales presentations to travel agents in the main cities of the markets covered) or sold directly to consumers via direct online booking.

Operating its Transat and Air Transat brands, Transat Tours is a major Canadian tour operator, but competes with other tour operators for sun destinations. The Corporation and its two major competitors, Air Canada and WestJet, have comparable market shares in this segment.

We continue to devote major efforts to the expansion of our range of products, accounting for market trends, with the objective of offering a product line that differentiates us from the competition; the purpose being to offer products that best meet customers' expectations in each new market.

3.5.1.2 United Kingdom

The UK tourism services has been dominated for many years by competition based on price and the market is quite mature in its use of direct online booking. Customers will decide their holiday destination by focusing mainly on the price of their flight, regularly using flight comparison websites, regardless of the short-haul or medium-haul destination that interests them, since access to airline services from the United Kingdom is not a limiting factor. This is now also the case for long-haul destinations, which are increasingly served by an ever-growing number of carriers and price competitiveness has been increasing in the last few years.

Canadian Affair is a well-established tour operator in the UK, and as the main tour operator to Canada, it also sells holidays, including flights, to Canada directly to consumers through its call center and website www.canadianaffair.com, and, more recently, to travel agencies through its commercial representatives and its call center.

Our most important mainstream tour operator competitors all have a brochure and activities with a Canadian focus. They target the sale of packaged holidays and tours to Canada, and many have seat allocations on our flights.

3.5.2 Travel Agencies and Distribution

Travel agencies act as intermediaries between tour operators, cruise lines and carriers, on the one hand, and customers, on the other. Whether in person, online, by telephone or otherwise, travel agents are in contact with, advise and sell products to customers. Travel agencies sell travel packages and plane tickets offered by tour operators, plane tickets sold directly by airline carriers and other travel products and services such as cruises, and they are generally paid a commission by these tour operators and other suppliers. Travel agencies operate independently, as part of large corporate groups, as franchisees or within associations or affiliations.

As a result of technological advances, online travel agencies now offer a large range of travel products by way of transactional websites. In both America and Europe, online travel sales primarily consist of airline tickets and hotel accommodations, chosen separately, and only a limited proportion of sales are for packages that include flight and hotel accommodations.

As is the case with tour operators, low profit margins cause travel agencies to seek higher volumes and larger market shares. One of our priorities relating to integration is still focused on extending our distribution network in our three primary geographic markets: Canadian, transatlantic and sun destinations.

Retail travel agency chains represent one-third of all travel agents in Canada. The major chains are Transat Distribution Canada operating under banners such as Transat Travel/Voyages Transat, Club Voyages, Marlin Travel and TravelPlus banners or affiliated programs (which make up our network of travel agencies), CAA, Flight Centre, Maritime Travel, Uniglobe and Vision Travel.

Retail travel agency chains operating under a common banner provide a range of services to their members, in the form of negotiated commission levels with major tour operators, as well as training, marketing and information services support. Consortiums of travel agents constitute the second third of Canadian travel agents. They offer centralized negotiated commissions with tour operators. Finally, the last third is made up of independent travel agents.

3.5.3 Air Carriers

Competition between air carriers is based largely on price, as well as on flight schedules, choice of city pairs (availability of direct flights), flight comfort (seats, inflight services, etc.), tailoring offerings to various needs, classes, special offers (families, youths, professionals, etc.) and the loyalty program. Regarding holiday travel, the ability of operators to bundle land portions (car rental, guided tours, accommodations) with the flight can also influence their decisions and buying patterns. As prices depend in part on the laws of supply and demand, if the capacity offered in the marketplace by all operators exceeds the demand, it will exert downward pressure on prices. Prices also vary significantly in accordance with seasonal variations in market conditions.

The air transportation industry is composed of four major segments: (i) legacy carriers, which offer a complete service, both in terms of their diversified network and their range of products, targeting all customer segments. These companies structure a large part of their network around a limited number of hubs and are characterized by offering quality service to business customers and participating in well-established alliances; (ii) low-cost carriers, which are characterized by the simplicity of their business model, making concessions on quality of service (timetables, airports served, on-board comfort) and offering *à la carte* services for a fee (checked baggage, food on board, etc.) in order to offer the most attractive price to the consumer. These companies have developed mainly on medium-haul routes, although there are new entrants who have not yet proven themselves on long-haul routes; (iii) leisure carriers, such as our own airline Air Transat, serving almost exclusively the leisure travel market through a combination of scheduled and charter air services (in the case of Air Transat, they are primarily scheduled flights, except for certain specific destinations served by charter flights) and relying, for an important part of their commercial strength, on marketing packages; and (iv) regional airlines operating short-haul flights and providing feed traffic to network carriers at major hubs.

Network carriers market and distribute their services to the public through in-house reservations departments, global distribution systems and the Internet. Low-cost carriers sell the vast majority of their seats on the Internet. Leisure carriers charter part of their capacity to tour operators and wholesalers who, in turn, consolidate flight services into packages and sell to the public primarily via the travel agency distribution network. The tour operators negotiate bulk hotel room rates and make other arrangements to render the price of a vacation package sold to the customer more attractive than if the consumer had attempted to make his own reservations.

Network carriers expand their destination offerings through marketing tools such as code sharing and the creation of airline joint ventures. They can sometimes be part of several of the large global carrier alliances and joint ventures which have been formed over the last decade. Leisure and low-cost carriers principally offer direct point-to-point flights.

Network carriers, low-cost carriers and leisure carriers increasingly compete in the leisure and the so-called visiting friends and relatives travel markets. This is particularly true following certain policy changes enabling air carriers specializing in charter services to operate scheduled flights between certain destinations, as is the case with Air Transat, which is licensed to offer scheduled services between Canada and the countries listed in Section 3.7.2.2 of this AIF. Another trend that should be noted is the emergence of flexible or seasonal fleet strategies among leisure travel air carriers that leverage the counter-seasonal realities of the North American and European travel markets.

In addition, certain low-cost carriers such as Flair Airlines have entered the Canadian market during the pandemic. These are often foreign-backed companies that have announced very significant development plans in Canada, with a development strategy focused on the domestic and transborder markets, in addition to some major sun destinations.

Transat's competitors include namely Air Canada, WestJet, Air France, KLM, British Airways, Aer Lingus, Corsair, Brussels Airlines, TAP Portugal, Lufthansa, American Airlines, Flair Airlines and OWG (Nolinor).

3.6 Intellectual Property

We believe that our intellectual property is very important to our success. The following is a non-exhaustive list of our principal registered and unregistered trademarks and designs that are used in association with travel-related services rendered by our business units: the star design, luggage tag design, Air Transat and the mosaic design appearing in certain travel agencies, Canadian Affair, Club Voyages, Trafictours, Transat, Turissimo, Liberty Travel/Voyages en Liberté, Marlin Travel/Voyages Marlin, Transat Travel/Voyages Transat, TravelPlus, Luxexpert, connectair by Air Transat and Travel Moves Us/Le voyage nous transporte as well as other trademarks (including the Ringtone sound trademark), trade names, designs and domain names associated or not to the aforementioned trademarks.

Some of these trademarks, including in particular Air Transat, Transat, Club Voyages, Transat Travel/Voyages Transat, TravelPlus, Marlin Travel/Voyages Marlin and connectair by Air Transat, share the star design. The creation of a unique, strong and visible corporate identity across our main business units facilitates the recognition of our various companies and divisions for both our customers and our employees. It also maximizes customer awareness on both the B2C and B2B markets, while creating value and fully leveraging the contribution of all of our business units. Regular monitoring of the Corporation's trademarks allows it to formally oppose any trademark application that may cause confusion in the markets in which it operates.

We also take great care not to infringe on the intellectual property rights and trademarks belonging to others.

3.7 The Regulatory Environment in which we Operate

As a vertically integrated company, we are involved in all levels of operation specific to leisure travel. As a result, we operate in a highly regulated environment at all levels, from air carriers to tour operators and travel agencies. All our companies and divisions hold all licenses, certificates and permits necessary for their operations and are in compliance, in all material respects, with the requirements of applicable laws and regulations. You will find below a description of the laws and regulations to which we are subject.

3.7.1 Tour Operators and Travel Agencies

3.7.1.1 Canada

General information

In Quebec, Ontario and British Columbia, where most of our operations are centered, most tour operators and travel agencies (collectively referred to in this subsection as "travel agents") are governed by specific legislation providing protection to the travel customer. The *Office de la protection du consommateur*, the *Travel Industry Council of Ontario* ("TICO") and *Consumer Protection BC* are the designated authorities in Quebec, Ontario and British Columbia, respectively, to carry out the control and inspection mechanisms provided for in the legislation and to ensure compliance therewith. In all three provinces, travel agents must hold licenses to carry on their business and must deposit into a trust account monies received from customers for travel services purchased. The law restricts the use of these funds. All three provinces have established compensation funds in favour of consumers to protect them against fraud or bankruptcies of travel agents and end suppliers, such as airlines or cruise lines.

Key aspects addressed by applicable legislation in all three provinces include compensation funds and advertised price for travel services.

Quebec

Quebec is the only province where the compensation fund (Compensation Fund for Customers of Travel Agents or the "CFCTA") is made up of customer contributions. Customers can claim directly from the CFCTA if they do not receive the services for which they have paid in the event of a supplier default or because of a reason outside a customer's control. The total compensation per event cannot generally exceed 60% of the surplus accumulated in the CFCTA as of the previous March 31 or be less than \$30 million.

Before the pandemic, when the value of the CFCTA was equal to or greater than \$125 million, customers of travel agents were credited the amount of their contribution to the CFCTA, thereby making the protection free of charge. Collection of contributions would resume, according to the calculation prescribed in the regulation, if the surplus accumulated as of March 31 of each year decreased under the \$75 million threshold. From January 1, 2019, to October 31, 2021, travel agents were therefore no longer required to collect the contribution to the compensation fund from their customers benefiting from the fund free of charge.

Due to the COVID-19 pandemic and fearing a reduction in the value of the CFCTA, the government deemed it necessary to start collecting contributions again. Under the *Regulation respecting certain temporary measures relating to the Fonds d'indemnisation des clients des agents de voyages* which came into force on October 14, 2021 (the "*Regulation respecting certain temporary measures*"), the contribution to the fund had been reinstated and set to 0.35% of the amount of tourism services purchased from November 1, 2021, until the end of 2023. The situation has since been reassessed given that the value of the CFCTA was over \$125 million as at March 31, 2023. Since January 1, 2024, travel agents are no longer required to collect the contribution to the compensation fund from their customers, and they can once again benefit from the fund free of charge. Moreover, the *Regulation respecting certain temporary measures* increased the maximum compensation per event to 75% of the accumulated surplus of the fund as at March 31, 2019, and the above-mentioned lower threshold of \$30 million now only applies when the accumulated surplus of the fund reaches \$50 million.

Ontario

In December 2017, the Ontario government adopted the *Strengthening Protection for Ontario Consumers Act, 2017*. With this legislation, the Ontario government amended, *inter alia*, the *Travel Industry Act, 2002*, for the purpose of, among other things, modernizing it, strengthening consumer protection and lightening the regulatory burden imposed on travel agencies. In Ontario, as opposed to Quebec, tour operators and travel agents are responsible for financing travellers' financial protection through the Ontario Travel Industry Compensation Fund, which is administered and managed in accordance with the applicable regulation, namely, the *Ontario Regulation 26/05* (the "Regulation").

As in Quebec, taxpayers, in this case travel agents, may draw directly on the compensation fund with a view to be reimbursed for disbursements made to customers in the event of default of an end supplier. The maximum amount that may be reimbursed out of the compensation fund to a customer or travel agent for failure to provide travel services is \$5,000 for each person whose travel services were paid for by the customer. The maximum amount that may be reimbursed for a failure to provide travel services with respect to all claims arising out of an event or a major event is capped at \$7.0 million.

Due to the pandemic, special measures for tour operators and travel agents were adopted in Ontario. At the end of March 2020, the *Ontario Regulation 26/05* under the *Travel Industry Act, 2002* was quickly amended, in order to alleviate the burden for registered travel agents and tour operators in Ontario as

well as to improve the protection for certain travellers affected by the COVID-19 pandemic. The financial reporting process for certain registrants, based on their annual sales figures, was simplified, but not eliminated. Working capital thresholds were eliminated and replaced by an obligation to maintain a positive working capital instead. The credit voucher solution was endorsed and a framework was established. More specifically, when clients did not receive the travel services that they had paid for, travel agencies or tour operators registered in Ontario had to provide a reimbursement, acceptable equivalent alternative travel services OR a credit voucher. Between March 30, 2020 and April 1, 2023, a temporary measure allowed travel agents to offer travel vouchers or credits to their customers when vendors failed to provide services due to COVID-19. The travel vouchers or credits needed to be at least equal to the travel services not provided and be redeemable for at least one year from the date they were issued. However, the trip may be taken after that one-year period. Since April 1, 2023, the obligations of travel agents have been reinstated and a voucher or credit can only be offered if the customer accepts it.

For a temporary period from March 30, 2020 to March 31, 2024, the holder of a credit voucher, certificate, coupon or similar document issued by a travel agent could make a claim to the compensation fund when the voucher or similar document was not used for future travel services because the travel agent declared bankruptcy, became insolvent or ceased to carry on business due to COVID-19.

Since April 1, 2024, the rate of contribution to the Ontario compensation fund is \$0.05, plus applicable taxes, for every thousand dollars of travel services sold.

British Columbia

In British Columbia, as in Ontario, the compensation fund is made up of travel agent and travel wholesaler contributions. The maximum amount that may be paid to a claimant in respect of a claim is \$5,000 for each person covered by the claim, subject to a \$2.0 million cap for all claims relating to a single event. It remains to be seen how this cap will work out with the contribution holiday, under the legislation applicable to licensees. This contribution holiday applies when the book value of the Travel Assurance Fund is at least \$2.0 million, and the licensee has paid the required contributions for successive semi-annual periods totaling three years.

At this time, the reimbursement cap protocol in British Columbia remains uncertain, given that the suspension of contributions otherwise required to be paid by permit holders under the law has not yet been lifted. Last year there was no increase in required fees. As such, the various required fees were increased by 4% annually as of January 1, 2022, until January 1, 2024, inclusively.

3.7.1.1.1 Advertised Price for Travel Services

When it comes to advertising, Quebec legislation promotes full disclosure to enable the customer to make informed decisions, namely to ensure that pricing information is not misleading and that the total price is provided at the actual time of purchase to avoid so-called "sticker shock." However, travel agents may exclude from the total cost of the services advertised the Quebec sales tax, Canada's goods and services tax and the dollar amount payable as a contribution to the compensation fund. The *Travel Agents Act* and its Regulation provide that a travel agent who wishes to unilaterally change the price of the travel services provided in a contract entered into with a client must insert a clause to that effect in the contract. The clause shall state that (i) the price may only be increased following the imposition of a fuel surcharge by the carrier or an increase in the exchange rate, insofar as the exchange rate applicable 45 days prior to the date on which the services are to be provided (the date of departure in most cases) has increased by more than 5% since the date on which the contract was entered into (the date of purchase in most cases); (ii) no price increase may occur within 30 days prior to the date on which the services are to be provided (once again, the date of departure in most cases); and (iii) if such price increase is equal to or greater than 7% of the price of the travel services, excluding the Quebec sales tax or Canada's goods and services tax, the customer may choose between a full and immediate refund or the provision of similar services.

Since January 1, 2017, Ontario's legislation requires that any advertising indicating a trip's price must also include all fees and taxes. The *Travel Industry Act, 2002* requires any representation relating to the price of travel services to show in a clear, comprehensible and prominent manner the total amount consumers will be required to pay for the travel services, including all fees, levies, service charges, surcharges, taxes and other costs. All-inclusive prices reduce confusion and ensure that there are no surprises for consumers who purchase travel services in the province.

While Ontario's legislation also allows for price increases, it only allows them if the contract between the travel agent and the customer permits them, if the customer has not paid the price of the travel services in full, and if the cumulative price increase is less than 7% of the total price of the travel services, excluding any increase resulting from an increase in retail sales tax or federal goods and services tax. Otherwise, the travel agent must offer the customer the choice between a full and immediate refund of the amount paid and comparable alternate travel services acceptable to the customer. Advertising rules in British Columbia applicable to travel agents are similar to Ontario but they are dealt with in general consumer protection laws.

The *Air Transportation Regulations* (Canada) require that the price of air services represented in any advertisement be the total price, inclusive of all taxes, fees and surcharges. The advertisement must also include a description of the air services offered and the customer must have access to the breakdown of the components of the price paid (taxes, fees and charges paid to a third party) and the fees for any optional services available. It should be noted that these provisions do not apply to air cargo services, sale of air services to businesses or the sale of package travel services where air services are sold with other features such as accommodations, tours, cruises or car rentals.

3.7.1.1.2 Laws Applicable to Franchising Activities

Ontario, Manitoba, Alberta, New Brunswick and British Columbia have adopted laws governing the formalities for entering into franchise contracts. In the course of its activities, Transat enters into franchise contracts with franchisees doing business in these provinces under the Marlin Travel and Travel Plus.

As at the date of this AIF, our companies and divisions doing business as travel agents hold all licenses necessary for their operations and are in compliance, in all material respects, with the requirements of applicable laws and regulations, including those related to franchises.

3.7.1.2 United Kingdom

The UK travel industry is governed by three main regulatory bodies: ATOL, ABTA and IATA (defined hereinafter). ATOL is a government-backed protection scheme for flights and air holidays and is managed by the Civil Aviation Authority (CAA). Most firms who sell air travel in the UK such as Canadian Affair are required by law to hold a license called an ATOL. ATOL protects consumers from losing money or being stranded abroad if and when a tour operator goes out of business. All licensed firms are required to take part in a financial guarantee scheme managed by the CAA which protects customers should a firm fail. Pursuant to this measure, Canadian Affair places 70% of the funds received from its customers for vacation packages in an independently managed trust fund. These funds are only returned when the customer returns from the trip. The holders of an ATOL license must deliver their certificate to every customer booking a trip covered by their ATOL license. ATOL protection is included in the price of a holiday booked with an ATOL holder. Since 2016, Air Transat UK departing passengers, like those of other scheduled airlines, are no longer ATOL protected. However, Canadian Affair customers who book a qualifying flight plus holiday arrangement continue to be ATOL protected.

ABTA, the Association of British Travel Agents, is a trade association which represents UK travel agents and tour operators. It is ABTA's role to ensure that customers benefit from consistently high standards of

trading practice in the travel industry. ABTA members operate under a Code of Conduct and provide consumer advice on all aspects of holidays from financial security to complaint handling. Customer financial protection is provided for the sale of vacation packages excluding airfare (not covered by the ATOL protection) through a financial guarantee scheme managed by ABTA. Based on these measures, Canadian Air issued a letter of credit of £57,000 to ABTA.

3.7.2 Air Carriers

3.7.2.1 International Regulatory Framework

Numerous commercial aspects of international air transport are regulated by international conventions, principally the *Convention on International Civil Aviation* signed in Chicago on December 7, 1944 (the “*Chicago Convention*”), by the domestic legislation of countries in which air transport is conducted, and by a network of bilateral and multilateral air transport agreements and treaties.

The *Chicago Convention* provides the basis for regulation of international air carrier operations. Scheduled air services are governed by the bilateral air transport agreements in effect between the countries of origin, destination and, in certain cases, transit of the flights in question. Certain principles pertaining to the operation of international charter flights were established between each of the signatory states (including Canada), namely that the intended transportation comply with, and be duly approved pursuant to, the national regulations of the countries between which it is being conducted.

The *Chicago Convention* also established the International Civil Aviation Organization (the “ICAO”), a specialized agency of the United Nations whose purpose is to foster the planning and development of international air transport. Under the auspices of the ICAO, rules establishing minimum operational standards are normally agreed upon on a multilateral basis. One of the treaties with considerable consequence for Transat is the landmark air transport agreement concluded between Canada and the European Union (“EU”) in November 2008. It formally entered into force on December 16, 2009. The agreement sets the rules for air transport services between Canada and the 27 member states of the EU and will liberalize market access in this respect on a progressive, phased-in basis. During the first phase, Canadian airlines are able to operate from any point in Canada to any point in the 27 member-state EU zone without restrictions, with EU-licensed air carriers enjoying reciprocal rights from any point in the EU (regardless of nationality) to any point in Canada. Subsequent liberalization phases will be contingent on the relaxation of Canadian airline ownership and control rules by foreign interest and will involve the easing of access to third-country markets.

On November 5, 2003, the *Montreal Convention of 1999 on Compensation for Accident Victims* (the “*Montreal Convention*”) came into effect. This multilateral agreement updates the rules on passengers, baggage and cargo liability applicable to international air transport and originally established by the *Warsaw Convention* in 1929 and amended over the years (together the “*Warsaw System*”). The *Montreal Convention* provides for the review of liability limits, thus ensuring that the amounts remain relevant with the passage of time. The first such review was duly undertaken by the ICAO during the course of 2009, and the most recent review, which took place in 2024, took effect on December 28, 2024. In addition to establishing new principles of liability, the *Montreal Convention* modernizes many of the ticketing and air waybill requirements. The *Montreal Convention* has been ratified by Canada and applies to all flights between Canada and other ratifying states. For flights from Canada to non-ratifying or non-signatory states, the *Warsaw System* continues to govern.

As an airline operating flights from airports within the EU, Air Transat is subject to the provisions of EU *Regulation 261/2004*. This directive establishes a legal framework for the compensation and care of passengers by airlines in the event of overbooking/denied boarding, flight cancellations and long delays. While the Regulation stipulates payable compensation in the event of the first two cases, it only expressly provides for a duty of care by the airline in the context of a long flight delay (meals, snacks, hotel

accommodations, as applicable). In November 2009, the European Court of Justice issued a ruling that extended financial compensation obligations to long delays as well. This trend in the case law has been maintained and EU national enforcement bodies henceforth consider passengers on flights delayed by more than three hours as being eligible for compensation per the rates set out for overbooking/cancellation, except in certain narrowly defined cases of extraordinary circumstances. It should be noted that this regulation was introduced into British domestic law despite it leaving the EU.

3.7.2.2 Canadian Legislation

As at the date of this AIF, Air Transat holds all necessary licenses, certificates and permits and is in compliance, in all material respects, with the requirements of applicable Canadian legislation. Furthermore, all of Air Transat's aircraft meet the ICAO chapter 3 noise requirements implemented by Transport Canada.

In Canada, the *Aeronautics Act*, R.S.C. 1985, c. A-2, the *Canada Transportation Act* and the *Transportation Modernization Act*, S.C. 2018, c. 10 are the three principal legislative instruments that regulate the operation of a commercial airline. Such operation is subject to the issuance of the required licenses and operating certificate attesting that the air carrier complies with Canadian standards, as well as to the maintenance of the required liability insurance. In the case of charter flights, permits are required for each proposed flight or series of flights. Licenses and charter permits are issued by the Canadian Transportation Agency (the "Agency"), and the operating certificate is issued by Transport Canada. This certificate attests that the air carrier is properly organized and equipped to conduct its business in compliance with the *Canadian Aviation Regulations*, SOR/1996-433. Such a certificate was issued to Air Transat on November 13, 1987, and was subsequently modified to reflect our changing operating conditions.

Air Transat's flights are generally operated under scheduled air service licenses (domestic, cross-border and international). In fact, Air Transat is licensed by the Agency to operate scheduled flights within Canada and between Canada and the following countries: the EU (representing its current 27 member states), Switzerland, the United Kingdom of Great Britain, Northern Ireland, Turkey, Israel, Morocco, the United States, Mexico, Cuba, Jamaica, the Bahamas, Barbados, Panama, Costa Rica, Nicaragua, El Salvador, Colombia, Antigua and Barbuda, St. Lucia, French West Indies, Netherlands Antilles, Curaçao, the Dominican Republic, Haiti, Peru, Brazil, and Guyana. Licenses were also obtained in November 2025 for Iceland, Ghana, and Senegal. These operations are subject to the rules established under the bilateral air transport agreements entered into by Canada and these respective countries and supranational authorities.

On May 23, 2018, the Parliament of Canada adopted the *Transportation Modernization Act*. The main elements of this legislation that have directly affected the Corporation are the following:

- (i) the establishment of a framework for an airline passenger rights regime that imposes legal obligations on airlines with respect to tarmac delay management, denied boarding, flight delay/flight cancellation compensation and duty of care, as well as liability standards for the carriage of baggage not currently covered by existing international conventions, the whole as provided in the *Air Passenger Protection Regulations* ("APPR") which came into force on July 15, 2019.

On July 3, 2021, the Agency published *Regulations Amending the Air Passenger Protection Regulations* ("Amending Regulations") which are primarily intended to modify the obligations of air carriers in the event of delays, denied boarding and cancellations due to situations beyond their control. Since September 8, 2022, the Agency has added new passenger refund obligations to the Amending Regulations;

On June 22, 2023, the *Canada Transportation Act* was modified to require that the Agency amend once again the APPR to:

a) clarify, simplify and strengthen the Canadian air passenger protection regime. These amendments will eventually require that airlines provide compensation for inconvenience to passengers when there is a flight disruption, unless there are exceptional circumstances. It also puts the burden on airlines to prove the situation is an exceptional circumstance. Consequently, the Agency must amend the APPR to identify these exceptional circumstances and held public consultation on possible amendments to the APPR in the summer of 2023.

b) provide for a new air travel complaints process to establish fees or charges that would allow the Agency to recover costs for processing eligible air travel complaints, from airlines, under that new process. Public consultations on these costs began in October 2024. These consultations ended in March 2025, and the comments received are now being analyzed by the Board.

The concrete impact of the proposed new measures can only be fully assessed once the amendments to the APPR have been formally announced by the Agency.

(ii) an increase of the maximum number of voting shares of a Canadian-licensed airline that can be beneficially owned by non-Canadians, in certain circumstances, from 25% to 49%, subject to the stated restrictions (see section 7.2 Constraints on Share Ownership);

(iii) the establishment by the federal Minister of Transport of an approval process under competition laws for airline joint ventures.

On June 18, 2015, Bill C-51, *An Act to enact the Security of Canada Information Sharing Act and the Secure Air Travel Act, to amend the Criminal Code, the Canadian Security Intelligence Service Act and the Immigration and Refugee Protection Act and to make related and consequential amendments to other Acts* (the "Antiterrorist Act") received royal assent. The *Antiterrorist Act* seeks to provide a new legislative framework for identifying and responding to persons suspected of threatening transportation security or of travelling by air for the purpose of committing a terrorism offense. The *Antiterrorist Act* would authorize the Minister of Public Safety and Emergency Preparedness to establish a list of such persons and to direct air carriers to take any necessary actions to prevent the commission of such acts. The Minister of Transport would also have the power to seize an aircraft for the purpose of inspecting it and take measures concerning the movement of the aircraft.

Air Transat complies with the provisions applicable to it under the *Accessible Transportation for Persons with Disabilities Regulations* (the "ATPDR") which came into force on June 25, 2020. Under the provisions of the ATPDR, the Corporation is primarily required to: (i) ensure that its aircraft are accessible by complying with specific technical requirements; (ii) meet communication needs of travellers with disabilities; (iii) provide accessible services; and (iv) make border and security screening more accessible.

3.7.2.3 Foreign legislation

In respect of each jurisdiction other than Canada in which Air Transat operates, we must comply with applicable laws and, when necessary, obtain the required licenses, permits and authorizations. We are of the opinion that Air Transat holds all licenses, permits and authorizations necessary for its operations and is in compliance, in all material respects, with the requirements of applicable foreign legislation.

3.7.2.4 IATA

IATA, the International Air Transport Association, is the prime vehicle for inter-airline co-operation in promoting safe, reliable, secure and economical air services for the benefit of the world's consumers.



IATA membership is open to both scheduled and non-scheduled airlines. Only airlines operating air services are eligible for IATA membership. However, travel agencies can be registered as IATA-approved agents. Air Transat is a member of IATA, and has held IOSA (IATA Operational Safety Audit) certification since 2007.

3.7.2.5 Environmental Regulations

Climate and Greenhouse Gas

Air Transat is subject to a complex regulatory framework aimed at reducing greenhouse gas emissions, both in Canada and internationally. This framework includes obligations to purchase offset credits (CORSIA), emissions trading (EU ETS, UK ETS) and carbon taxes.

The relevant authorities are constantly introducing new regulatory requirements, which the Corporation proactively integrates into its operational processes to ensure compliance and support its sustainability commitments.

Canada

Canada's Aviation Climate Action Plan 2022-2030 is part of the 2021 *Canadian Net-Zero Emissions Accountability Act* and aims to align the aviation sector with national objectives by focusing on SAF, operational improvement and the development of green technologies. These efforts support Canada's commitments to the International Civil Aviation Organization ("ICAO").

The *Greenhouse Gas Pollution Pricing Act* passed in 2018 was suspended on March 14, 2025, by the Carney government, effective April 1, 2025. This federal law introduced a carbon tax on fossil fuels in provinces that did not have a carbon pricing system in place. In addition, fuel for international flights was excluded, so this law had no significant financial implications for Air Transat. With this law suspended, the federal carbon tax costs are zero.

As for the *Clean Fuel Regulations (CFR)*, released in 2022, they require suppliers and importers of liquid fuels to gradually reduce carbon intensity, thereby creating a market for compliance credits. Although aviation fuel is not subject to carbon intensity reduction, this regulation promotes the development of sustainable aviation fuel (SAF) by allowing producers to generate tradable credits when they supply low-carbon fuels. This incentive mechanism improves the profitability of SAF projects, stimulates investment, and supports the creation of a domestic supply chain, complementing Canada's roadmap for 10% SAF by 2030. By structuring a market that promotes low-carbon fuels, the CFR are a strategic lever for accelerating the energy transition of the aviation sector.

In Quebec, the cap-and-trade system (CATS) does not include the aviation sector; therefore, domestic flights are not subject to CATS. In 2015, the scope of the Western Climate Initiative (WCI) carbon market was expanded beyond large industrial emitters to include the fuel distribution sector. Since then, the cost of jet fuel has included the cost of carbon.

CORSIA

Air Transat is subject to the *Carbon Offsetting and Reduction Scheme for International Aviation* ("CORSIA"). Transport Canada takes into account the implementation of CORSIA via the *Canadian Aviation Regulations* (the "CARs"). Under CORSIA, any growth in emissions above the 2019 base year level will have to be offset by airlines through the purchase of offsetting credits or the use of SAF. Compliance needs for Phase 1 (2024-2026) depend on the industry growth factor compared to 85% of the sector's emissions in 2019, applied to the level of emissions from flights operated by Air Transat between participating states. The market for CORSIA-eligible credits is not yet a liquid market, so for Phase 1, the

supply of credits may be limited, leading to higher compliance costs. The difficulties in supplying this market stem mainly from regulatory and operational constraints related to the implementation of international cooperation mechanisms. As such, Air Transat supports IATA's efforts to urge states to provide the authorizations and adjustments required under Article 6 of the Paris Agreement, ensuring credit compliance and avoiding double counting.

Europe

Air Transat must comply with the Emissions Trading Scheme (EU ETS), which requires monitoring, reporting, and surrendering emissions allowances when annual emissions exceed the corresponding cap. It is important to note that since CORSIA came into effect, flights outside the EEA are no longer subject to the EU ETS, and only flights within the EEA are subject to it, which represents only a few flights out of all the routes operated by Air Transat each year. Since this provision came into effect, compliance requirements have been met using free emission allowances issued by the authorities.

The EU ETS scheme is reinforced by the "Fit for 55" directive, which provides for the elimination of free allowances by 2026 and the introduction of MRV (Monitoring, Reporting, Verification) for non-CO₂ effects such as contrails, NO_x emissions, and water vapour; an extension to all flights is planned for 2027.

At the same time, the ReFuelEU Aviation Regulation requires the gradual incorporation of sustainable aviation fuels (SAF) into kerosene from January 1, 2025, starting at 2% in 2025 and rising to 70% in 2050. However, this requirement is directed at fuel suppliers and not directly at airlines. This regulation also imposes severe restrictions on "Tankering," a practice that is not currently used on Air Transat flights to Europe.

United Kingdom

Since Brexit, the United Kingdom has implemented its own regulatory framework, which is separate from Europe's but very similar. The Emissions Trading Scheme (UK ETS) applies to intra-UK flights as well as flights to/from Europe, which represents very few flights for Air Transat; thus, compliance costs are minimal. As in Europe, on January 1, 2025, the United Kingdom introduced a requirement for fuel suppliers to include 2% SAF in aviation fuel; this requirement will also increase to 70% in 2050.

Portugal

Since July 1, 2021, a carbon tax of €2 per passenger has been levied on commercial flights departing from Portugal. This tax is not proportional to GHG emissions; it is added to the ticket price and returned by Air Transat to the relevant authorities.

Compliance of land-based activities

The environmental impact of our ground operations, whether in terms of aircraft maintenance in our hangars, maintenance of our fleet of mobile equipment in our garages, or ground operation supporting flight operations, is governed by a number of federal, provincial and municipal laws and regulations. Examples include the *Canadian Environmental Protection Act* ("CEPA"), the *Environment Quality Act* ("EQA") and the *Environmental Protection Act*, R.S.O. 1990, c. E.19 in Ontario.

3.7.3 Data Protection and Cybersecurity

In June 2025, the government introduced Bill C-8, *An Act respecting cyber security*, which would apply to operators in the transportation sector. Under this legislation, the Canadian government would be able to designate certain systems and services as vital to national security and require the implementation of specific cybersecurity programs with additional disclosure requirements and introduce coercive powers

including penalties to be developed in the regulations. Transat's cybersecurity program is well aligned with these new rules.

Air Transat, like Transat Tours, is subject to the Canadian and foreign personal information protection legislation concerning the collection, use, disclosure and protection of passenger and employee data. In Canada, the *Personal Information Protection and Electronic Documents Act* ("PIPEDA") governs the collection, use and disclosure of personal information in the course of the commercial activities of a federally regulated business like Air Transat. Moreover, PIPEDA governs the processing of personal information of employees working for federally regulated employers. Subject to certain exceptions, PIPEDA also applies to the collection and to the disclosure of personal information from province to province or between Canada and another country, and within provinces in the absence of substantially similar legislation governing the protection of personal information applicable to the private sector (see below for the situation in Quebec). PIPEDA requires informed consent, either express or implied, of the persons whose personal information is collected and used. The personal information may then be used only for the purposes for which it was initially collected or for other purposes provided or permitted by PIPEDA. Air Transat's privacy policies are designed to meet or exceed PIPEDA requirements.

It should be noted that when operating in Quebec, Transat Tours is instead subject to the application of the *Act respecting the protection of personal information in the private sector* ("Privacy Act"), as amended by the *Act to modernize legislative provisions as regards the protection of personal information* ("Act 25"). The Privacy Act requires the informed consent, implied or express, as appropriate, of the individuals whose personal information is collected and used. The personal information may then be used only for the purposes for which it was initially collected or for other purposes specified or permitted by the Privacy Act. Transat Tours' privacy policies are designed to meet or exceed the requirements of the Privacy Act.

On July 1, 2014, *An Act to promote the efficiency and adaptability of the Canadian economy by regulating certain activities that discourage reliance on electronic means of carrying out commercial activities, and to amend the Canadian Radio-television and Telecommunications Commission Act, the Competition Act, the Personal Information Protection and Electronic Documents Act and the Telecommunications Act* came into force. Also called the "*Canadian Anti-Spam Act*" or "*CASA*," the Act regulates matters such as the conditions under which commercial electronic messages may be sent. All of the Corporation's Canadian subsidiaries implemented mechanisms to comply with the requirements of the CASA before July 1, 2014.

With respect to our international operations, we are subject to foreign data protection laws, including, since 2018, the European Union's *General Data Protection Regulation* (GDPR).

3.8 Corporate Responsibility

Transat is committed to taking responsibility for the environmental and social impacts of its operations. The day-to-day management of risks and opportunities relating to environmental, social and governance ("ESG") issues is provided by Transat's Corporate Responsibility ("CR") Team.

During 2025, Transat continued to deploy its corporate responsibility framework, which is based on three main pillars: people, planet and sustainable practices.

Under the people pillar, this year we continued our commitment to diversity, equity, inclusion and accessibility (DEIA), with a focus on awareness-raising and leadership development. Inclusive leadership training was rolled out to the management teams, with the aim of equipping our leaders to create work environments that are more equitable, respectful and representative of the diversity of our staff. Our DEIA plan continues to guide our actions, supported by structured governance and active engagement among our staff.

Furthermore, with a view to making travelling as inclusive as possible for everyone, Transat is committed to honoring its obligations to identify, prevent and eliminate barriers for people living with disabilities, for both its customers and its employees. In accordance with the *Accessible Canada Act*, in June 2025, Transat, through its subsidiary Air Transat, published the second progress report of its three-year accessibility plan. The plan is intended to evolve and will continue to be deployed until June 2026, at which time a new three-year plan for 2026–2029 will be adopted.

Under the planet pillar, Transat is committed to managing the impact of its activities related to the environment, primarily through a strategy for decarbonizing flight operations. Transat has several processes in place to ensure that it complies with the provisions of environmental laws and regulations applicable to all of its operations. Since 2022, the Environment and Climate Change Management Team has been managing environmental and climate-related risks. A process to identify the costs associated with major climatic events was launched in 2025 in collaboration with the Finance Department. This follows the climate risk assessment carried out in 2024 and aims, ultimately, to capture its financial scope.

Transat's climate strategy, risks and performance are presented in its latest report, which was developed in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and published in June 2025. The decarbonation plan, which is still at the heart of Transat's climate strategy, is detailed in the 2022–2023 Corporate Responsibility Report.

Efforts in 2025 focused on operational efficiency, with the introduction of OptiClimb®, a smart solution for reducing fuel consumption. Nevertheless, challenges related to the supply of sustainable aviation fuel (SAF) remain.

Lastly, with regard to the sustainable practices pillar and with a focus on continuous improvement, Transat is pursuing its social responsibility approach across its value chain by setting up procedures and policies that engage its stakeholders. In accordance with regulatory requirements, in 2025, Transat published its second report under the *Fighting Against Forced Labour and Child Labour in Supply Chains Act*. Among the commitments made in that report, in the fall of 2025 the company became a member of The C.O.D.E. Initiative, which aims to support the protection of children within the broader framework of the fight against sexual exploitation in the tourism industry.

In 2026, Transat will continue on its path of corporate responsibility by aligning itself with the Corporation's next strategic plan. Among other things, it plans to refine the selection and adoption of enhanced ESG performance indicators, via a double materiality assessment. An overhaul of Transat's impact investment strategy is also a priority for the coming year.

3.9 Risk Factors

We are subject to a number of risks and other factors that could affect demand for our product offering, some of which are related or inherent to the travel industry in general. Please see the "Risks and Uncertainties" section of our Management's Discussion and Analysis for the year ended October 31, 2025, available for consultation on SEDAR+ (www.sedarplus.ca).

4. THREE-YEAR HISTORY

Information on activities and other material events during the past three years is set out below.

RECENT EVENTS

On December 1, 2025, Transat announced that its Board of Directors had received a formal requisition from a dissenting shareholder requesting that the Corporation convene an extraordinary meeting of shareholders to vote

on certain proposed changes to the Board. In accordance with the *Business Corporations Act*, the Board is currently reviewing the request, including its validity and implications, and will respond in due course.

FISCAL 2025

On October 30, 2025, Air Transat announced a new non-stop route between Montreal (YUL) and Agadir (AGA). This opening strengthens Air Transat's presence in Morocco and enables it to meet the strong demand from leisure travellers and the Moroccan community in Quebec. This route will operate every Friday from June 12 to October 23, 2026 aboard an Airbus A321LR.

On October 8, 2025, Air Transat unveiled a series of major additions to its summer 2026 network. Central to these new developments are exclusive transatlantic routes such as Quebec City–Marseille and Ottawa–London Gatwick, as well as the annualization of several southern routes from Montreal, Quebec City and Toronto.

On October 1, 2025, Transat announced changes within its commercial leadership team. After a remarkable career spanning more than 14 years with the company, Joseph (Joe) Adamo, Chief Sales and Marketing Officer of Transat and President of Transat Distribution Canada (TDC), announced his intention to retire from Transat as of December 31, 2025. His departure will lead to a reorganization aimed at maintaining the company's strong commercial momentum, with expanded responsibilities for two key members of the leadership team: Renée Boisvert and Xavier Szwengler.

On August 14, 2025, Transat announced that it had committed an amount of \$30,000,000 in proceeds received from the engine sale and lease back transaction announced on August 7, 2025 to the repayment of indebtedness incurred by Transat under the Large Employer Emergency Financing Facility ("LEEFF") program managed by Canada Enterprise Emergency Funding Corporation ("CEEFC"), a wholly owned

subsidiary of Canada Development Investment Corporation ("CDEV"), and restructured on July 10, 2025 further to the terms of an agreement announced on June 5, 2025.

On August 7, 2025, Air Transat entered into an engine sale and leaseback agreement for two Pratt & Whitney GTF1 spare engines with Rolls-Royce & Partners Finance (RRPF) Engine Leasing Limited. The transaction, valued at US\$45 million, allowed the airline to increase its liquidity while continuing to use the spare engines on an as-needed basis to power its A321LR fleet. Proceeds from the sale were used in part to repay the Corporation's debt and/or redeem outstanding preferred shares, and to finance its operations.

On August 7, 2025, Air Transat announced new non-stop service to Rio de Janeiro from both Toronto and Montreal. These services will be operated with the Airbus A330 aircraft, twice weekly from Toronto (on Wednesdays and Saturdays), and once weekly from Montreal (on Thursdays), where Air Transat will be the only carrier offering a non-stop service.

On July 10, 2025, Transat announced that it had closed the restructuring of the indebtedness incurred by Transat under the Large Enterprise Emergency Financing Facility (LEEFF) program managed by Canada Enterprise Emergency Funding Corporation ("CEEFC") as previously communicated on June 5, 2025 (the "Transaction"). Following the Transaction, the Corporation's outstanding debt with CEEFC was reduced to \$334 million from \$772 million as at March 31, 2025.

On June 20, 2025, Air Transat operated its first-ever flight connecting YUL Montréal-Trudeau



International Airport to Valencia International Airport (TS276).

On June 19, 2025, Air Transat inaugurated its exclusive non-stop service between Toronto and Berlin. The inaugural flight, TS418, departed from Toronto Pearson International Airport (YYZ) and landed in Berlin Brandenburg Airport (BER) the next morning, marking the beginning of a highly anticipated route that operates twice weekly until October.

On June 19, 2025, Air Transat announced the launch of a new year-round non-stop route between Toronto and Istanbul. Starting December 6th, the service will operate twice weekly, on Tuesdays and Saturdays. Air Transat and Turkish Airlines have also established an interline partnership aimed at strengthening air service between Canada and Türkiye, while offering travel options to destinations across the Middle East, Asia and Africa. With the commencement of newly introduced direct flights, both airlines will be able to provide enriched services for the passengers through this partnership.

On June 17, 2025, Air Transat was named the World's Best Leisure Airline at the 2025 Skytrax World Airline Awards for the seventh time, and for the third consecutive year. This achievement highlights the Canadian airline's commitment to providing a quality travel experience that combines comfort, hospitality and attention to detail at every stage of the journey.

On June 5, 2025, Transat announced that it had reached an agreement in principle with Canada Enterprise Emergency Funding Corporation ("CEEFC") for the restructuring of the indebtedness incurred by Transat under the Large Enterprise Emergency Financing Facility (LEEFF) program managed by CEEFC in the context of the COVID-19 pandemic (the "Transaction"), reducing the outstanding indebtedness amount from \$772 million as at March 31, 2025, to \$334 million, as follows:

- Repayment of \$41.4 million in cash to CEEFC
- Credit facilities reduced to a single credit facility of \$175 million

- Issuance to CEEFC of a \$158.7 million debenture maturing in 10 years
- Issuance to CEEFC of preferred shares convertible into 9,934,617 Class B voting shares with a value of \$16.3 million (representing 19.9% of Transat's issued and outstanding voting shares, based on the five-day volume weighted average price (VWAP) as at June 5, 2025) at any time after the second anniversary of closing or on the date of redemption of preferred shares for proceeds of \$16.3 million in accordance with mandatory early redemption events, whichever occurs first

The Transaction was subject to the execution of definitive agreements and documentation giving effect to the Transaction.

On May 26, 2025, Air Transat announced that it was strengthening its annual transatlantic network by extending its routes to Bordeaux (BOD) and Valencia (VLC) for the winter of 2025-2026. Previously offered only during the summer, these exclusive routes will now operate from February with a weekly non-stop flight from Montréal-Trudeau (YUL) aboard an Airbus A321LR.

On May 22, 2025, Air Transat launched an exclusive new route between Toronto (YYZ) and Medellín (MDE)*, via Cartagena (CTG). This new twice-weekly service will connect Canadians with one of Colombia's most dynamic and mountainous cities, while also improving access to the popular destination of Cartagena.

On May 15, 2025, Air Transat announced the enhancement of its winter program with the addition of three new departure points in Canada. Starting in winter 2025-2026, travellers from Windsor (YQG) will enjoy weekly flights to Punta Cana (PUJ), while those from Charlottetown (YYG) and Fredericton (YFC) will have access to a new route to Cancún (CUN).

On May 8, 2025, Air Transat announced the addition of a new non-stop route between Toronto Pearson (YYZ) and Guyana's capital, Georgetown (GEO). This service will operate twice weekly, on Tuesdays and Fridays, from December 16, 2025, to April 24, 2026.



On May 5, 2025, Air Transat announced the addition of two new international routes to its winter 2025-2026 program. The airline is introducing an exclusive route between Montreal and Guadalajara (GDL) in Mexico and extending its service between Montreal and Madrid (MAD) in Spain to cover part of the winter season.

On May 2, 2025 Transat announced that the eleven candidates listed in the management proxy circular dated March 21, 2025, were re-elected, by a majority of votes, cast by shareholders or their proxies attending as directors of Transat at the previous day's annual and special meeting of shareholders.

On May 1, 2025, Air Transat announced that it was consolidating its leadership in the French Antilles with an innovative route from Quebec City. The airline is the first to offer a direct connection between Quebec City Jean Lesage International Airport (YQB) and Martinique Aimé Césaire International Airport (FDF). The weekly flight will operate on Sundays from December 14, 2025, to April 26, 2026.

On April 29, 2025, Transat announced the adjournment of its annual and special shareholders' meeting to May 1, 2025, at 1:30 p.m. ET. The adjournment was due to the absence of the required participation quorum to validly hold the shareholders' meeting. According to the Company's bylaws, the quorum required to hold a meeting is 25%. As of 10:30 a.m. on April 29, the number of shares represented in person or by proxy reached 21.35% of the issued and outstanding voting shares. The 25% quorum will not apply at the resumption of the meeting on May 1.

On April 17, 2025, Transat announced having reached a new support agreement with the equipment manufacturer of GTF engines, this time covering the two calendar-year periods of 2025 and 2026. The support package includes compensation to address the direct costs associated with the aircraft that are grounded and those anticipated to be grounded, and is similar in structure to the previous agreement reached with the equipment manufacturer of GTF engines covering 2023 and 2024, with the compensation provided in the form of credits to be applied to the manufacturer's products and

services, including the purchase of two additional spare engines. Transat intends to evaluate opportunities to monetize these new spare engines, including through a sale and lease back or other financial transactions.

On February 20, 2025, Air Transat announced the annualization of its route between Montreal and Fort-de-France, Martinique. In addition to winter flights offered up to four times a week, a summer flight is added every Saturday, from June 7 to October 25, 2025.

On February 12, 2025, Air Transat announced a new interline partnership with Air Europa, renowned for its expertise in air transportation in Spain. This collaboration will boost connectivity between Canada and Spain and strengthen Air Transat's presence in the Spanish market.

Thanks to this partnership, Canadians will enjoy seamless connectivity to several key destinations in Spain, including Bilbao (BIO), Ibiza (IBZ), La Coruña (LCG), Las Palmas (LPA), Palma de Mallorca (PMI), Tenerife (TFN) and Vigo (VGO), via Air Europa's hub in Madrid (MAD).

On February 3, 2025, Transat announced that it had agreed, under certain conditions, with the Canada Enterprise Emergency Funding Corporation, to extend the maturity of its \$312 million unsecured financing obtained through the Large Employer Emergency Financing Facility ("LEEFF"). The maturity of the LEEFF unsecured credit facility, initially set for April 29, 2026, is now extended to April 29, 2027. Concurrently, the maturity of the \$50 million revolving credit facility agreement and the \$41 million LEEFF secured credit facility agreement are extended from February 1, 2026, to November 1, 2026.

On December 23, 2024, Air Transat inaugurated its seasonal flights to Tulum, with three weekly departures from Montreal and one from Quebec City, from December to April. Already present in Acapulco, Cancún, Cozumel and Puerto Vallarta, the company is expanding its offer to southern Mexico, a popular area for travel enthusiasts.

On November 28, 2024, Air Transat announced its summer 2025 flight schedule, featuring the addition of a new exclusive route: Montreal-

Valencia. With this new addition, Air Transat has bolstered its presence in Spain, adding a fourth destination after Barcelona, Madrid and Malaga.

FISCAL 2024

On October 30, 2024, Air Transat announced that it had entered into engine sale and leaseback agreements for four Pratt & Whitney spare engines with Rolls-Royce & Partners Finance (RRPF) Engine Leasing Limited. The transactions, valued at US\$85 million, will allow the airline to increase its liquidity while continuing to use the spare engines on an as-needed basis to power its A321LR fleet. Three of the transactions closed on October 29, while the fourth is expected to close on or about November 5. Proceeds from the sales will be used to fund the Corporation's operations.

On September 12, 2024, Transat announced the launch of a comprehensive plan, referred to as its Elevation Program, which is designed to accelerate its corporate strategy execution and drive long-term profitable growth. The program aims for a complete review of operations and business practices. Its objective is to accelerate the implementation of enhanced tools and processes, in order to optimize overall execution and efficiency. The program will be spearheaded by the newly created Elevation Management Office, which will strengthen governance and accountability for the initiatives undertaken.

On August 26, 2024, Air Transat announced the expansion of its virtual interlining service with the addition of two new airline partners. Its innovative Connectair by Air Transat platform now enables travellers to combine Air Transat flights with those of Jet2.com and Air Mauritius, bringing the total to 16 collaborating airlines and offering unprecedented access to over 280 additional destinations worldwide.

On August 15, 2024, Transat unveiled its electronic brochures, featuring a range of packages for winter 2024-2025. Travel enthusiasts can choose from a variety of destinations in Mexico, South and Central America, the Caribbean, North Africa, Florida and Europe.

On July 16, 2024, Air Transat announced the launch of two non-stop routes to Tulum, Mexico, from Montreal and Quebec City. From Montreal, this seasonal service will operate from December 19, 2024, to April 27, 2025, with three departures per week on Thursdays, Fridays and Sundays. From Quebec City, flights will be offered every Saturday from December 21, 2024, to April 26, 2025. Tulum joins four other destinations in Mexico served by Air Transat: Acapulco, Cancún, Cozumel and Puerto Vallarta.

On June 25, 2024, Air Transat announced that it had been named the World's Best Leisure Airline for the sixth time at the Skytrax World Airline Awards.

On June 20, 2024, Air Transat announced that it is now offering year-round flights to Nantes, France. The company is also adding an additional frequency to its new service to Marrakech, Morocco, as well as to Puerto Vallarta, Mexico.

On June 18, 2024, Transat announced its support to Flash Forest, a Canadian aerial reforestation company whose mission is to rebuild healthy resilient forests at scale through a data-driven, biodiversity-centric, and community-led approach.

On June 13, 2024, Air Transat announced it operated its first flight connecting YUL Montréal-Trudeau International Airport to Marrakech-Menara International Airport. This exclusive non-stop service, the only one between Canada and Marrakech, will operate year-round: twice weekly during the summer (until October) and once weekly during the winter (from November to April).

On June 5, 2024, Air Transat and Porter Airlines launched the first phase of their transformative joint venture. Travellers can now use each partner's distribution channels to book direct and connecting flights with either Air Transat or Porter, therefore significantly increasing their access to a wide and expanding range of

destinations around the world. In practical terms, this means that Air Transat now offers an extensive range of destinations operated by Porter across Canada through [airtransat.com](https://www.airtransat.com).

On May 13, 2024, Air Transat announced an increase in its offer from Quebec for the 2024-2025 winter season. At the peak of the season, more than 170 non-stop flights per week will be offered from Montreal and Quebec City to more than thirty destinations covering the Caribbean, Mexico, Central and South America, Florida, Europe and North Africa.

On May 10, 2024, Transat A.T. Inc. announced that it will likely not achieve its adjusted EBITDA margin forecast for fiscal 2024 and has deemed it prudent to no longer issue guidance on this metric in the future.

On April 23, 2024, the Corporation announced that the eleven candidates listed in the management proxy circular dated March 18, 2024, were re-elected, by a majority of votes, cast by shareholders or their proxies attending as directors of Transat A.T. Inc. at the annual and special meeting of shareholders. Transat's board of directors consists of Ms. Geneviève Brouillette, Ms. Lucie Chabot, Ms. Valérie Chort, Mr. Robert Coallier, Mr. Daniel Desjardins, Ms. Susan Kudzman, Mr. Stéphane Lefebvre, Mr. Bruno Matheu, Mr. Ian Rae, Ms. Julie Tremblay, and Ms. Annick Guérard, President and Chief Executive Officer of Transat.

On March 19, 2024, Air Transat announced the expansion of its virtual interlining service with the addition of two new airline partners. Its innovative connectair by Air Transat platform now enables travellers to combine Air Transat flights with those of Pegasus Airlines and Volotea, bringing the total to 14 collaborating airlines and offering unprecedented access to over 275 additional destinations worldwide.

On March 18, 2024, Transat A.T. Inc. announced the appointment of Sebastian Ponce as Chief Revenue Officer. He is now responsible for the air network strategy, revenue management, and the development of airline alliances.

On February 16, 2024, Air Transat announced that 62.7% of its flight attendants voted in favour

of the Federal Mediation and Conciliation Service mediators' recommendation, thus ratifying the new collective agreement and effectively lifting the strike threat, putting an end to the uncertainty for travellers. The collective agreement is retroactive to November 1, 2022, and will be valid until October 2027.

On December 21, 2023, Air Transat announced it operated its inaugural flight from Toronto to Lima. The first-ever flight from Montreal to the Peruvian capital took place on December 22. These exclusive non-stop flights, the only ones between Canada and Peru, will be operated throughout the year, with two departures per week from Toronto and one departure per week from Montreal.

On December 14, 2023, Transat A.T. Inc. announced it entered into a sale and purchase agreement for its 50% equity interest in the Armony Luxury Resort & Spa, Marival Collection (previously known as Rancho Banderas All Suites Resort), located near Puerto Vallarta on the Pacific coast of Mexico (the "Hotel"), to its co-shareholder, the owner of the Marival Group. The transaction in the amount of US\$15.5 million was closed during Transat's 2024 first quarter.

On December 12, 2023, Transat A.T. Inc. announced the appointment of Jean-François Pruneau as Chief Financial Officer. Mr. Pruneau took office on January 9, 2024.

On November 28, 2023, Air Transat, air carrier subsidiary of the Corporation, and Porter Airlines ("Porter") announced the creation of a transformative joint venture for the benefit of Canadian travellers which will strengthen their existing code-sharing agreement by creating a joint venture (the "Alliance"), transforming the current Canadian aviation competitive landscape. By combining both airlines' complementary networks, this Alliance offers travelers significant benefits, including enhanced travel options across multiple regions. The Alliance expands services between North, Central and South America, Europe, North Africa, Mexico and the Caribbean, integrating Porter's and Air Transat's highly complementary, non-overlapping networks at Toronto Pearson (YYZ) and Montreal Trudeau (YUL) airports.

FISCAL 2023

On October 26, 2023, Air Transat announced that it will offer non-stop service between Montreal and Marrakech, Morocco, starting next June. This will make it the only airline in North America to offer non-stop flights to this Moroccan city, which will be operated twice a week in the summer (June to October) and once a week in the winter (November to April).

On October 20, 2023, the Corporation announced that Patrick Bui, Chief Financial Officer, will be stepping down from his position on December 15, 2023, to pursue another career opportunity and will remain in his role to ensure a smooth transition, including through the announcement of the Corporation's results for the fiscal year ending October 31, 2023.

On September 21, 2023, CAE and Air Transat announced the launch of Ascension Academy, a new cadet training program that enables the airline to build a pipeline of qualified pilots trained to the highest standards. The Ascension Academy program offers aspiring pilots a pathway to earn their wings at CAE's flight academy, and the opportunity to begin their career as a second-in-command upon completion of their type rating with Air Transat. Applications will be accepted for training beginning in February 2024.

On August 31, 2023, the Corporation completed the sale of its land in Puerto Morelos, Mexico, for US\$38 million to Finest Resorts, a luxury resort group, part of the Excellence Collection.

Initially announced on July 10, this transaction will enable Transat to pursue its strategic plan of refocusing on its airline activities.

On August 15, 2023, Air Transat announced that it is continuing to develop its virtual interlining service with the addition of Brazilian carrier Azul Airlines to its connectair by Air Transat platform. Quebec-based travellers can now combine select Air Transat and Azul Airlines flights to destinations such as Sao Paulo (VCP) and Manaus (MAO) in Brazil, via a layover in Fort Lauderdale or Orlando in Florida.

This addition brings the total number of partners accessible through the connectair by Air Transat platform to 12 and the number of additional destinations available in Europe, North Africa, the Middle East, Central and South America, and Canada to more than 280.

On August 11, 2023, Air Transat announced that it will offer exclusive direct flights to Lima, Peru, from both Montreal and Toronto this winter, subject to regulatory approvals.

On June 28, 2023, Air Transat announced that is continuing to strengthen its virtual interlining service by adding Norwegian's flights to its innovative connectair by Air Transat platform. Travellers from Canada can now combine select Air Transat and Norwegian flights, making it easier to travel to Norway (Oslo, Stavanger, Bergen and Trondheim).

This addition brings the total number of partners accessible through the connectair by Air Transat platform to 11 and the number of additional destinations available in Europe, North Africa, the Middle East, Central and South America, and Canada to more than 275.

On June 20, 2023, Air Transat announced that it had been named the World's Best Leisure Airline for the fifth time at the Skytrax World Airline Awards.

On June 12, 2023, Air Transat announced that it was expanding its virtual interlining service by integrating ASL Airlines France flights to its innovative connectair by Air Transat platform. Travelers from Canada can now combine select Air Transat and ASL Airlines France flights, making it easier to fly to Algeria (Algiers, Annaba, Béjaïa) via a connection at Paris Charles-de-Gaulle or Lyon.

This addition brings the total number of partners accessible through the connectair by Air Transat platform to 10 and the number of additional destinations available in Europe, North Africa, the Middle East, Central and South America, and Canada to more than 275.

On May 9, 2023, for the third edition of the Journey for Change program, the Corporation



announced that it had partnered with Iberostar Hotels & Resorts and the University of Guelph's School of Hospitality, Food and Tourism Management for an international field study program that provides 12 students with a unique experience in the Dominican Republic. The goal of this initiative is to offer a unique hands-on experience for tomorrow's leaders in sustainable travel. The program includes a rich variety of topics and workshops, including responsible sourcing, food waste prevention and composting, coral reef rehabilitation, mangrove planting, beach clean-ups, and community centre visits.

On April 12, 2023, Air Transat announced that, for the second time this year, it is expanding its operations in the French market, most notably on two exclusive direct routes departing from Montreal. Following the announcement earlier this winter of its year-round service to Lyon, the airline is also adding Marseille and the region of Provence to its roster of year-round destinations. In addition, the non-stop service to Nantes will also be extended. Flights that initially ended in the fall will now be operated until January 24, 2024, in order to offer travellers more flexibility when travelling to western France.

On March 9, 2023, the Corporation announced that at the Annual and Special Meeting of Shareholders of Transat A.T. Inc. held virtually, the shareholders elected a new Board of Directors. Annick Guérard, President and Chief Executive Officer, as well as Lucie Chabot,

Valérie Chort, Daniel Desjardins, Susan Kudzman, Stéphane Lefebvre, Ian Rae and Julie Tremblay were re-elected. The Board now welcomes Geneviève Brouillette, Robert Coalier and Bruno Matheu as new members.

Susan Kudzman was also appointed chair of the Board of Directors.

For a second year, Transat maintained gender parity (defined as a zone of 45%-55%) on its board of directors with now a total of 5 men and 6 women sitting on the board.

On March 8, 2023, Air Transat announced that it will be offering a non-stop service between Montreal and Lyon next winter, thus becoming the only airline to operate this route year-round. Canadian travellers will be able to discover or rediscover this city renowned for its gastronomy and enjoy easy access to the French Alps, a world-class ski destination. In winter 2023-2024, this route will operate three days a week from Montreal on Tuesdays, Fridays and Saturdays.

On February 15, 2023, the Corporation announced the appointment of Julie Lamontagne as Chief People, Sustainability and Communications Officer. She will be responsible for developing and deploying initiatives in corporate culture, labour relations and talent attraction, retention, and mobilization. She will also oversee corporate responsibility programs as well as internal and external communications.

She began her new role on March 13, 2023.

For more information, we refer you to the section "Core Business, Vision and Strategy" of the Management's Discussion and Analysis for the year ended October 31, 2025, which can be found on SEDAR+ (www.sedarplus.ca).

5. DIVIDENDS

Transat has not declared or paid dividends to holders of the Variable Voting Shares and of the Voting Shares for any of the three most recently completed financial years in order to keep cash on hand to, among other things, contend with business challenges arising from the prevailing economy and continue to implement its strategic plan. No decision has been taken with respect to future dividends, and no assurance can be given that any dividends will be paid in the future.

6. MANAGEMENT'S DISCUSSION AND ANALYSIS

For a more detailed description of the Corporation's business, vision and strategy, a review of its objectives and achievements for 2025, its ability to meet its objectives and finally, its financing operations in the past year, we refer you to our Management's Discussion and Analysis for the year ended October 31, 2025, which can be found on SEDAR+ (www.sedarplus.ca).

7. OUR SHARE CAPITAL STRUCTURE

7.1 General Description of Our Share Capital

As at the date of this AIF, Transat's share capital is composed of an unlimited number of Voting Shares and Variable Voting Shares, an unlimited number of Preferred Shares, and 9,934,617 Series 4 Preferred Shares. As at October 31, 2025, 2,691,056 Variable Voting Shares, 37,689,185 Voting Shares and 3,554,452 Series 4 Preferred Shares were issued and outstanding. Below is a summary describing the rights, privileges, restrictions and conditions attached to Transat's Variable Voting Shares, Voting Shares and Preferred Shares.

7.1.1 Class A Variable Voting Shares

7.1.1.1 Voting Rights

The holders of Class A Variable Voting Shares (hereinafter, the "Variable Voting Shares") shall be entitled to receive notice of, and to attend and vote at, all meetings of the shareholders of the Corporation, except where the holders of a specified class are entitled to vote separately as a class as provided for in the *Canada Business Corporations Act* (hereinafter, the "CBCA").

The holders of Variable Voting Shares shall be entitled to one vote per Variable Voting Share held, unless any of the thresholds set forth in Sections 7.1.1.1.1, 7.1.1.1.2 and 7.1.1.1.3, as the case may be, are otherwise surpassed at any time, in which case the votes attached to a Variable Voting Share will decrease as described in this Section 7.1.1.1 below.

7.1.1.1.1 Single Non-Canadian Holder:

If at any time:

- (i) a single non-Canadian holder, either individually or in affiliation with any other person, holds a number of Variable Voting Shares outstanding that, as a percentage of the total number of all voting shares outstanding, exceeds 25% (or any different percentage that may be prescribed by a law or regulation of Canada and approved or adopted by the directors of the Corporation), or
- (ii) the total number of votes that would be cast by or on behalf of a single non-Canadian holder, either individually or in affiliation with any other person, at any meeting, would exceed 25% (or any different percentage that may be prescribed by a law or regulation of Canada and approved or adopted by the directors of the Corporation) of the total number of votes cast at such meeting,

then the votes attached to each Variable Voting Share held by such single non-Canadian holder and by any person in affiliation with such single non-Canadian holder will decrease proportionately and automatically without further act or formality only to such extent that, as a result (a) the Variable Voting Shares held by such single non-Canadian holder and by any person in affiliation with such single non-Canadian holder do not carry in the aggregate more than 25% (or any different percentage that may be

prescribed by a law or regulation of Canada and approved or adopted by the directors of the Corporation) of the aggregate votes attached to all issued and outstanding voting shares of the Corporation, and (b) the total number of votes cast by or on behalf of such single non-Canadian holder and by any person in affiliation with such single non-Canadian holder at any meeting do not exceed in the aggregate 25% (or any different percentage that may be prescribed by a law or regulation of Canada and approved or adopted by the directors of the Corporation) of the total number of votes cast at such meeting.

7.1.1.1.2 Non-Canadian Holders Authorized to Provide Air Service

If at any time:

- (i) one or more non-Canadian holders authorized to provide air service, collectively hold, either individually or in affiliation with any other person, a number of Variable Voting Shares outstanding that, as a percentage of the total number of all voting shares outstanding, after the application of the automatic proportionate decrease to the votes attached to all of the Variable Voting Shares held by any single non-Canadian holder and by any person in affiliation with such single non-Canadian holder in accordance with Section 7.1.1.1.1 (if any, as may be required thereunder), exceeds 25% (or any different percentage that may be prescribed by a law or regulation of Canada and approved or adopted by the directors of the Corporation); or
- (ii) the total number of votes that would be cast by or on behalf of non-Canadian holders authorized to provide air service and persons in affiliation with any non-Canadian holders authorized to provide air service at any meeting would, after the application of the automatic proportionate decrease to the votes attached to all of the Variable Voting Shares held by any single non-Canadian holder and by any person in affiliation with such single non-Canadian holder in accordance with Section 7.1.1.1.1 (if any, as may be required thereunder), exceed 25% (or any different percentage that may be prescribed by a law or regulation of Canada and approved or adopted by the directors of the Corporation) of the total number of votes cast at such meeting,

then the votes attached to each Variable Voting Share held by all non-Canadian holders authorized to provide air service and by persons in affiliation with any non-Canadian holders authorized to provide air service will decrease proportionately and automatically without further act or formality only to such extent that, as a result (a) the Variable Voting Shares held by all non-Canadian holders authorized to provide air service and by persons in affiliation with any non-Canadian holders authorized to provide air service do not carry in the aggregate more than 25% (or any different percentage that may be prescribed by a law or regulation of Canada and approved or adopted by the directors of the Corporation) of the aggregate votes attached to all issued and outstanding voting shares of the Corporation, and (b) the total number of votes cast by or on behalf of all non-Canadian holders authorized to provide air service and by persons in affiliation with any non-Canadian holders authorized to provide air service at any meeting do not exceed in the aggregate 25% (or any different percentage that may be prescribed by a law or regulation of Canada and approved or adopted by the directors of the Corporation) of the total number of votes cast at such meeting.

7.1.1.1.3 General Voting

If at any time:

- (i) the number of Variable Voting Shares outstanding as a percentage of the total number of all voting shares outstanding after the application of the automatic proportionate decrease to the votes attached to all of the Variable Voting Shares held by any single non-Canadian holder and by any person in affiliation with such single non-Canadian holder in accordance with Section 7.1.1.1.1 and after the application of the automatic proportionate decrease to the votes

attached to all of the Variable Voting Shares held by non-Canadian holders authorized to provide air service and by persons in affiliation with any non-Canadian holders authorized to provide air service in accordance with Section 7.1.1.1.2 (in each case, if any, as may be required under such Sections), exceeds 49% (or any different percentage that may be prescribed by a law or regulation of Canada and approved or adopted by the directors of the Corporation); or

- (ii) the total number of votes that would be cast by or on behalf of holders of Variable Voting Shares at any meeting would, after the application of the automatic proportionate decrease to the votes attached to all of the Variable Voting Shares held by any single non-Canadian holder and by any person in affiliation with such single non-Canadian holder in accordance with Section 7.1.1.1.1 and after the application of the automatic proportionate decrease to the votes attached to all of the Variable Voting Shares held by non-Canadian holders authorized to provide air service and by persons in affiliation with any non-Canadian holders authorized to provide air service in accordance with Section 7.1.1.1.2 (in each case, if any, as may be required under such Sections), exceeds 49% (or any different percentage that may be prescribed by a law or regulation of Canada and approved or adopted by the directors of the Corporation) of the total number of votes cast at such meeting;

then the votes attached to each Variable Voting Share will decrease proportionately and automatically without further act or formality only to such extent that, as a result (a) the Variable Voting Shares do not carry more than 49% (or any different percentage that may be prescribed by a law or regulation of Canada and approved or adopted by the directors of the Corporation) of the aggregate votes attached to all issued and outstanding voting shares of the Corporation, and (b) the total number of votes cast by or on behalf of holders of Variable Voting Shares at any meeting do not exceed 49% (or any different percentage that may be prescribed by a law or regulation of Canada and approved or adopted by the directors of the Corporation) of the total number of votes cast at such meeting.

7.1.1.2 Dividends

Subject to the rights, privileges, restrictions and conditions attached to any other class of shares of the Corporation ranking prior to the Variable Voting Shares, the holders of Variable Voting Shares shall be entitled to receive any dividend declared by the directors of the Corporation at the times and for the amounts that the Board of Directors may, from time to time, determine. The voting shares shall rank equally as to dividends, and all dividends declared in any fiscal year of the Corporation shall be declared in equal or equivalent amounts per share on all voting shares then outstanding, without preference or distinction.

7.1.1.3 Subdivision or Consolidation

No subdivision or consolidation of Variable Voting Shares or Voting Shares shall occur unless the Variable Voting Shares or the Voting Shares, as the case may be, are at the same time subdivided or consolidated in the same manner, so as to maintain and preserve the respective rights of the holders of the shares of each class.

7.1.1.4 Liquidation, Dissolution or Winding-up

Subject to the rights, privileges, restrictions and conditions attaching to other classes of shares ranking prior to the Variable Voting Shares, upon liquidation, dissolution or winding-up of the Corporation, the holders of voting shares shall be entitled to receive the remaining property of the Corporation and shall be entitled to share equally, share for share, in all distributions of such assets.



7.1.1.5 Conversion

7.1.1.5.1 Automatic

Each issued and outstanding Variable Voting Share shall be convertible into one Voting Share, automatically and without any further act on the part of the Corporation or the holder, if:

- (i) such Variable Voting Share is or becomes owned and controlled by a Canadian; or
- (ii) the provisions contained in the CTA relating to foreign ownership restrictions are repealed and not replaced with other similar provisions.

7.1.1.5.2 Upon an Offer

In the event that an offer is made to purchase Voting Shares and the offer is one which is required, pursuant to applicable securities legislation or the rules of a stock exchange on which the Voting Shares are then listed, to be made to all or substantially all the holders of Voting Shares in a province of Canada to which the requirement applies, each Variable Voting Share shall become convertible at the option of the holder into one Voting Share at any time while the offer is in effect until one day after the time prescribed by applicable securities legislation for the offeror to take up and pay for such shares as are to be acquired pursuant to the offer. The conversion right may only be exercised in respect of Variable Voting Shares for the purpose of depositing the resulting Voting Shares pursuant to the offer, and for no other reason, including notably with respect to voting rights attached thereto, which are deemed to remain subject to Section 7.1.1.1 notwithstanding their conversion. The transfer agent shall deposit the resulting Voting Shares on behalf of the holder.

To exercise such conversion right, the holder or such holder's attorney duly authorized in writing shall:

- (i) give written notice to the transfer agent of the exercise of such right and of the number of Variable Voting Shares in respect of which the right is being exercised;
- (ii) deliver to the transfer agent the share certificate or certificates representing the Variable Voting Shares in respect of which the right is being exercised; and
- (iii) pay any applicable stamp tax or similar duty on or in respect of such conversion.

No share certificates representing Voting Shares resulting from the conversion of Variable Voting Shares shall be delivered to the holders on whose behalf such deposit is being made.

If Voting Shares resulting from the conversion and deposited pursuant to the offer are withdrawn by the holder or are not taken up by the offeror; or the offer is abandoned or withdrawn by the offeror or the offer otherwise expires without such Voting Shares being taken up and paid for, the Voting Shares resulting from the conversion will be reconverted into Variable Voting Shares and a share certificate representing the Variable Voting Shares will be sent to the holder by the transfer agent. Voting Shares resulting from the conversion and taken up and paid for by the offeror shall be deemed reconverted into Variable Voting Shares at the time the offeror is required under the applicable securities legislation to take up and pay for such shares if the offeror is not a Canadian.

In the event that the offeror takes up and pays for the Voting Shares resulting from conversion, the transfer agent shall deliver to the holders thereof the consideration paid for such shares by the offeror.

There will be no right to convert the Variable Voting Shares into Voting Shares in the following cases:

- (i) the offer to purchase Voting Shares is not required under applicable securities legislation or the rules of a stock exchange on which the Voting Shares are then listed to be made to all or substantially all of the holders of Voting Shares in a province of Canada to which the requirement applies, that is, the offer is an “exempt take-over bid” within the meaning of the foregoing securities legislation;
- (ii) an offer to purchase Variable Voting Shares is made concurrently with an offer to purchase the Voting Shares and the two offers are identical in respect of price per share, percentage of outstanding shares for which the offer is made, and in all material respects, including in respect of the conditions attaching thereto. The offer to purchase the Variable Voting Shares must be unconditional, subject to the exception that the offer for the Variable Voting Shares may contain a condition to the effect that the offeror is not required to take up and pay for Variable Voting Shares deposited pursuant to the offer if no shares are purchased pursuant to the contemporaneous offer for the Voting Shares; or
- (iii) holders of more than sixty-six and two-thirds percent ($66\frac{2}{3}\%$) of the then outstanding Voting Shares (excluding shares owned immediately prior to the offer by the offeror and any joint actor) certify to the transfer agent and to the secretary of the Corporation that they will not deposit any shares in response to the offer for the Voting Shares.

7.1.1.6 Constraints on Ownership

The Variable Voting Shares may only be owned or controlled by persons who are not Canadians.

7.1.2 Class B Voting Shares

7.1.2.1 Voting Rights

The holders of Class B Voting Shares (hereinafter, the “Voting Shares”) shall be entitled to receive notice of, and to attend and vote at, all meetings of the shareholders of the Corporation, except where the holders of a specified class are entitled to vote separately as a class as provided in the CBCA. Each Voting Share shall confer the right to one vote per share at all meetings of the shareholders of the Corporation.

7.1.2.2 Dividends and Distributions

Subject to the rights, privileges, restrictions and conditions attached to any class of shares of the Corporation ranking prior to the Voting Shares, holders of Voting Shares shall be entitled to receive the dividends declared by the directors of the Corporation at the times and for the amounts that the Board of Directors may, from time to time, determine. The voting shares shall rank equally as to dividends, and all dividends declared in any fiscal year of the Corporation shall be declared in equal or equivalent amounts per share on all voting shares then outstanding, without preference or distinction.

7.1.2.3 Subdivision or Consolidation

No subdivision or consolidation of Voting Shares or Variable Voting Shares shall occur unless the Voting Shares or the Variable Voting Shares, as the case may be, are at the same time subdivided or consolidated in the same manner, so as to maintain and preserve the respective rights of the holders of shares of each class.

7.1.2.4 Liquidation, Dissolution or Winding-up

Subject to the rights, privileges, restrictions and conditions attaching to other classes of shares ranking prior to the Voting Shares, upon liquidation, dissolution or winding-up of the Corporation, the holders of voting shares shall be entitled to receive the remaining property of the Corporation and shall be entitled to share equally, share for share, in all distributions of such assets.

7.1.2.5 Conversion

7.1.2.5.1 Automatic

Subject to the foreign ownership restrictions of the CTA, an issued and outstanding Voting Share shall be converted into one Variable Voting Share, automatically and without any further act of the Corporation or the holder, if such Voting Share is or becomes owned or controlled by a person who is not a Canadian.

7.1.2.5.2 Upon an Offer

In the event that an offer is made to purchase Variable Voting Shares and the offer is one which is required, pursuant to applicable securities legislation or the rules of a stock exchange on which the Variable Voting Shares are then listed, to be made to all or substantially all the holders of Variable Voting Shares, each Voting Share shall become convertible at the option of the holder into one Variable Voting Share at any time while the offer is in effect until one day after the time prescribed by applicable securities legislation for the offeror to take up and pay for such shares as are to be acquired pursuant to the offer. The conversion right may only be exercised in respect of Voting Shares for the purpose of depositing the resulting Variable Voting Shares pursuant to the offer, and for no other reason, including notably with respect to voting rights attached thereto, which are deemed to remain subject to Section 7.1.2.1, notwithstanding their conversion. The transfer agent shall deposit the resulting Variable Voting Shares on behalf of the holder.

To exercise such conversion right, the holder or such holder's attorney duly authorized in writing shall:

- (i) give written notice to the transfer agent of the exercise of such right and of the number of Voting Shares in respect of which the right is being exercised;
- (ii) deliver to the transfer agent the share certificate or certificates representing the Voting Shares in respect of which the right is being exercised; and
- (iii) pay any applicable stamp tax or similar duty on or in respect of such conversion.

No share certificates representing Variable Voting Shares resulting from the conversion of the Voting Shares will be delivered to the holders on whose behalf such deposit is being made.

If Variable Voting Shares resulting from the conversion and deposited pursuant to the offer are withdrawn by the holder or are not taken up by the offeror; or the offer is abandoned or withdrawn by the offeror or the offer otherwise expires without such Variable Voting Shares being taken up and paid for, the Variable Voting Shares resulting from the conversion will be reconverted into Voting Shares and a share certificate representing the Voting Shares will be sent to the holder by the transfer agent. Variable Voting Shares resulting from the conversion and taken up and paid for by the offeror shall be deemed reconverted into Voting Shares at the time the offeror is required under the applicable securities legislation to take up and pay for such shares if the offeror is Canadian.

In the event that the offeror takes up and pays for the Variable Voting Shares resulting from conversion, the transfer agent shall deliver to the holders thereof the consideration paid for such shares by the offeror.

There will be no right to convert the Voting Shares into Variable Voting Shares in the following cases:

- (i) the offer to purchase Variable Voting Shares is not required under applicable securities legislation or the rules of a stock exchange on which the Variable Voting Shares are then listed to be made to all or substantially all of the holders of Variable Voting Shares, that is, the offer is an “exempt take-over bid” within the meaning of the foregoing securities legislation;
- (ii) an offer to purchase Voting Shares is made concurrently with an offer to purchase Variable Voting Shares and the two offers are identical in respect of price per share, percentage of outstanding shares for which the offer is made, and in all material respects, including in respect of the conditions attaching thereto. The offer to purchase the Voting Shares must be unconditional, subject to the exception that the offer for the Voting Shares may contain a condition to the effect that the offeror is not required to take up and pay for Voting Shares deposited pursuant to the offer if no shares are purchased pursuant to the contemporaneous offer for the Variable Voting Shares; or
- (iii) holders of more than sixty-six and two-thirds percent ($66\frac{2}{3}\%$) of the then outstanding Variable Voting Shares (excluding shares owned immediately prior to the offer by the offeror and any joint actor) certify to the transfer agent and to the secretary of the Corporation that they will not deposit any shares in response to the offer for the Variable Voting Shares.

7.1.2.6 Constraints on Ownership

The Voting Shares may only be owned and controlled by persons who are Canadians.

7.1.3 Preferred Shares

The Preferred Shares, if issued, will rank prior to the Variable Voting Shares and the Voting Shares with respect to the payment of dividends and the distribution of assets. In the event of the dissolution or liquidation of the Corporation or the distribution of its capital, no amount shall be paid and no asset shall be distributed to the holders of shares of any other class of the Corporation until the holders of the Preferred Shares receive an amount equal to the value of the consideration received by the Corporation upon the issuance of such shares and, in the case of Preferred Shares of a series entitled to cumulative dividends, of all dividends then accrued and unpaid, and, for Preferred Shares of a series entitled to non-cumulative dividends, of all dividends declared thereon and unpaid, if any, plus any other amount, if any, determined by the directors in respect of each series prior to the issue of any Preferred Shares of such series. The holders of the Preferred Shares of a particular series shall be entitled to the payment of this entire amount from the assets of the Corporation in preference and prior to the holders of any other class of shares of the capital of the Corporation.

7.1.3.1 Series 4 Preferred Shares

7.1.3.1.1 Voting Rights and Dividends

As a series, the Series 4 Preferred Shares are non-voting shares and carry dividends in the same amount and at the same time as any dividends declared on the Variable Voting Shares and Voting Shares.

7.1.3.1.2 Liquidation, Dissolution and Winding-up

In the event of liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, the Series 4 Preferred Shares will entitle the holders thereof, in priority to the holders of Voting Shares or shares of any other class ranking junior to the Series 4 Preferred Shares, to receive an amount per Series 4 Preferred Share equal to \$1.6372 (hereinafter, the “Initial Redemption Price”), plus all declared and unpaid dividends, without the right to participate in any further distribution of assets thereafter.

7.1.3.1.3 Redemption

The Series 4 Preferred Shares are redeemable at the option of the Corporation in whole or in part at a price per share equal to the greater of the initial redemption price and the fair value of the Voting Shares, plus all declared but unpaid dividends to the date of redemption.

The Series 4 Preferred Shares are also redeemable in the event of a change of control of the Corporation at a price per share equal to the greater of the initial redemption price and the value of the consideration paid per Voting Share in the transaction giving rise to the change of control, plus all declared and unpaid dividends to the date of redemption.

7.1.3.1.4 Conversion

The Series 4 Preferred Shares are convertible at the holder’s option into Voting Shares on the basis of one Voting Share for each Series 4 Preferred Share to be converted, such conversion right being nevertheless limited so that the holder may not hold more than 19.9% of the Voting Shares outstanding following the conversion.

7.2 Constraints on Share Ownership

Class A Variable Voting Shares

An unlimited number of participating Class A Variable Voting Shares (“Class A Shares”), which may be owned or controlled only by non-Canadians as defined by the *Canada Transportation Act* (“CTA”), carry one vote per share at any meeting of shareholders subject to an automatic reduction of the voting rights attached thereto in the event that [i] any non-Canadian, individually or in affiliation with another person, holds more than 25% of the votes cast, [ii] any non-Canadian authorized to provide an air service in any jurisdiction (in aggregate) holds more than 25% of the votes cast, or [iii] the votes that would be cast by holders of Class A Shares would be more than 49%. If any of the above-mentioned applicable limitations are exceeded, the votes that should be attributed to holders of Class A Shares will be attributed as follows:

- first, if applicable, there will be a reduction in the voting rights of any non-Canadian individual (including a non-Canadian authorized to provide an air service) whose votes total more than 25% of the votes cast, so that such non-Canadian holder may never hold more than 25% (or such other percentage as may be prescribed by an act or regulation of Canada and approved or adopted by the directors of the Corporation) of the total votes cast at a meeting;
- next, if applicable, and once the pro rata distribution as described above is made, a further pro rata reduction will be made in the voting rights of all non-Canadian holders of Class A Shares authorized to provide an air service, so that such non-Canadian holders may never hold votes totalling more than 25% (or such other percentage as may be prescribed by an act or regulation of Canada and approved or

adopted by the directors of the Corporation) of the total votes cast, all classes combined, at a meeting;

- last, if applicable, and once the two pro rata allocations described above have been made, a proportional reduction will be made in the voting rights of all holders of Class A Shares, so that all non-Canadian holders of Class A Shares may never hold votes totalling more than 49% (or such other percentage as may be prescribed by an act or regulation of Canada and approved or adopted by the directors of the Corporation) of the total votes cast, all classes combined, at a meeting.

Each issued and outstanding Class A Share shall be automatically converted into one Class B Voting Share without any further action on the part of the Corporation or of the holder if [i] the Class A Share is or becomes owned or controlled by a Canadian as defined by the CTA; or [ii] the provisions contained in the CTA relating to foreign ownership restrictions are repealed and not replaced with other similar provisions.

Class B Voting Shares

An unlimited number of participating Class B Voting Shares ["Class B Shares"], which may only be owned and controlled by Canadians within the meaning of the CTA, and entitling such Canadians to one vote per Class B Share at any meeting of the shareholders of the Corporation. Each issued and outstanding Class B Share shall be converted into one Class A Share automatically without any further action on the part of the Corporation or the holder if the Class B Share is or becomes owned or controlled by a non-Canadian as defined by the CTA.

7.3 Information and Reporting

Transat or its transfer agent will provide the shareholders, in accordance with the applicable securities legislation, with Transat's financial statements (including the annual and quarterly financial statements) and other reports required by the applicable laws, including the prescribed forms required by the shareholders to file their tax returns in accordance with the *Income Tax Act* and the equivalent provincial legislation.

Before each shareholder meeting, Transat's Board of Directors will provide the shareholders (with the Notice of Meeting) with a form of proxy and all the information that must be provided to them under the applicable laws and the TSX rules.

Transat's directors and officers are required to file insider reports and comply with the insider trading provisions of the Canadian securities legislation regarding trading by these persons in Transat's securities.

8. MARKET FOR SECURITIES

On November 16, 2015, the Transat Variable Voting Shares and Voting Shares were listed on the TSX under a single symbol, "TRZ." Previously, the shares were listed respectively under two symbols, "TRZ.A" and "TRZ.B."

The following table sets out the reported high and low and closing prices and trading volume of the Variable Voting Shares and Voting Shares listed and traded under the symbol "TRZ" for each month of the fiscal year ended October 31, 2025.

TRANSAT A.T. INC. "TRZ"			
Month	High	Low	Volume
October 2025	\$2.58	\$2.11	2,267,418
September 2025	\$3.25	\$2.54	4,678,002
August 2025	\$2.89	\$2.32	2,080,503
July 2025	\$2.93	\$2.50	3,554,639
June 2025	\$3.00	\$1.60	9,627,817
May 2025	\$1.73	\$1.50	1,184,567
April 2025	\$1.77	\$1.42	1,488,441
March 2025	\$1.84	\$1.41	2,134,464
February 2025	\$1.85	\$1.73	1,361,012
January 2025	\$2.09	\$1.79	1,880,004
December 2024	\$2.19	\$1.76	4,327,573
November 2024	\$1.88	\$1.72	1,996,795

On October 31, 2025, the closing price on the Toronto Stock Exchange of the Variable Voting Shares and the Voting Shares was \$2.11 per share.

Prior Sales

On April 29, 2021, the Corporation issued 13,000,000 warrants which are not listed or quoted on a stock exchange. Each warrant may be exercised for one Class B share at a price of \$4.50 per share.

On July 29, 2022, the Corporation issued 4,687,500 warrants which are not listed or quoted on a stock exchange. Each warrant may be exercised for one Class B share at a price of \$3.20 per share. These warrants were cancelled on October 29, 2023.

On July 10, 2025, the Corporation issued 9,934,617 Series 4 Preferred Shares at a price of \$1.64 per share. These Preferred Shares, which are not listed or quoted on a stock exchange, are redeemable (i) at the option of the Corporation at a price per share equal to the greater of \$1.64 per share and the fair value of the Class B Voting Shares, or (ii) under certain conditions, at the holder's option until a redemption price totalling \$16,265,000 is reached or upon a change of control. The Series 4 Preferred Shares are convertible at the holder's option into Class B Voting Shares on or after the date on which Series 4 Preferred Shares have been redeemed for a total amount of \$16,265,000, provided that such conversion does not result in the holder owning more than 19.9% of the outstanding Class B Voting Shares.

As at the date hereof, 6,243,026 Series 4 Preferred Shares have been redeemed for a total of \$16,265,000.

For more details, please refer to note 13 and note 16 of the financial statements in our annual report.

9. OUR DIRECTORS AND EXECUTIVE OFFICERS

9.1 Our Directors

The following table states, as at the date of this AIF, the name, province and country of residence of each director of Transat, his or her principal occupation and the length of time he or she has served as a director. Each of our directors shall hold office until Transat's next annual meeting or until his or her replacement is elected.

Name of Director, Province and Country of Residence	Principal Occupation	Director since	Expected Retirement ⁽¹⁾
Annick Guérard <i>Quebec, Canada</i>	President and Chief Executive Officer	May 2021	n/a
Geneviève Brouillette <i>Quebec, Canada</i>	Corporate Director	March 2023	2035
Lucie Chabot <i>Quebec, Canada</i>	Corporate Director	October 2015	2028
Valérie Chort <i>Ontario, Canada</i>	Corporate Director	April 2022	2035
Robert Coallier <i>Quebec, Canada</i>	Corporate Director	March 2023	2035
Daniel Desjardins <i>Quebec, Canada</i>	Corporate Director	January 2022	2035
Susan Kudzman <i>Quebec, Canada</i>	Corporate Director	March 2014	2028
Stéphane Lefebvre <i>Quebec, Canada</i>	President and Chief Executive Officer of Solotech Inc.	April 2022	2035
Bruno Matheu <i>Paris, France</i>	President and founder of BLM Consulting	March 2023	2035
Ian Rae <i>Quebec, Canada</i>	President and Chief Executive Officer of Aptum Inc.	October 2018	2031
Julie Tremblay <i>Quebec, Canada</i>	Corporate Director	January 2022	2035

(1) According to the Policy on Diversity of the Board and Senior Management and the mechanisms for board renewal approved by the Board of Directors on June 6, 2024, a director, except, if applicable, the President and CEO, must tender their resignation when they have served as a director on the Board for a period of 12 years, such resignation to take effect at the next annual meeting. Notwithstanding the foregoing, the Board may determine that, due to exceptional circumstances, it is in the best interests of the Corporation that a director who has reached either of these limits be eligible to stand for re-election for an additional term.

Each of the directors of Transat has had the principal occupation indicated opposite his or her name during the past five years, except as indicated below:

- Ms. Valérie Chort was Vice President, Corporate Citizenship and Sustainability for RBC and Executive Director of the RBC Foundation from 2015 to 2023.
- Mr. Ian Rae was the founder and Chief Executive Officer of CloudOps Inc., a company offering cloud computing services, solutions and products from 2005 to 2023. He was also the founder and Chief Executive Officer of cloud.ca, a Canadian cloud infrastructure platform from 2014 to 2021.
- Mr. Stéphane Lefebvre held several executive positions from 2016 to 2025 at Cirque du Soleil, including President and Chief Executive Officer, Chief Operating Officer, and Chief Financial Officer.
- Ms. Geneviève Brouillette served as Chief Financial Officer at Aldo, a global fashion retailer, from 2019 to 2024.

For a detailed description of all of the other boards of directors on which the Corporation's directors have served, please see our Management Proxy Circular relating to the next Annual Meeting of the Shareholders (or, where applicable, in our most recent Management Proxy Circular for the meeting held on May 1, 2025) available on SEDAR+ (www.sedarplus.ca).

Transat's Board of Directors has created committees to which it has delegated specific mandates and necessary powers to assist it in effectively fulfilling its duties.

These committees and their respective members as at October 31, 2025, are set out in the following table:

	Executive Committee	Audit Committee	Human Resources and Governance Committee	Risk Management and Corporate Responsibility Committee
Chair	Annick Guérard	Lucie Chabot	Julie Tremblay	Daniel Desjardins
Members	Lucie Chabot Daniel Desjardins Susan Kudzman Julie Tremblay	Robert Coallier Daniel Desjardins Susan Kudzman	Geneviève Brouillette Robert Coallier Susan Kudzman	Valérie Chort Susan Kudzman Bruno Matheu

For more information, we refer you to Section 15 of this AIF.

9.2 Our Executive Officers

The following table sets forth the names, province and country of residence of Transat's executive officers, their first year of service and position held on October 31, 2025 with Transat.

Name, Province and Country of Residence	First Year of Service with Transat	Position Held with Transat and Certain Subsidiaries
Annick Guérard <i>Quebec, Canada</i>	2002	President and Chief Executive Officer of Transat
Joseph Adamo <i>Quebec, Canada</i>	2011	President of Transat Distribution Canada Inc. and Chief Sales and Marketing Officer of Transat
Bernard Bussi�res⁽¹⁾ <i>Quebec, Canada</i>	2001	Chief Legal and Government Relations Officer and Corporate Secretary of Transat
Debbie Cabana <i>Quebec Canada</i>	2011	Director, Office of the President and Chief Executive Officer of Transat
Julie Lamontagne <i>Quebec, Canada</i>	2023	Chief People, Sustainability and Communications Officer of Transat
Marc Philippe Lump� <i>Quebec, Canada</i>	2022	Chief Airline Operations Officer of Transat
Sebastian Ponce <i>Quebec, Canada</i>	2018	Chief Revenue Officer of Transat
Jean-Fran�ois Pruneau <i>Quebec, Canada</i>	2024	Chief Financial Officer of Transat
Bamba Sissoko <i>Quebec, Canada</i>	2006	Chief Information Officer of Transat

(1) Mr. Bernard Bussi res retired from the Corporation in November 2025. Ms. Nathalie Forcier joined the Corporation on November 10, 2025 as Chief Legal and Government Relations Officer and Corporate Secretary.

Over the past five years, the following executive officers have held positions with the Corporation other than the principal occupation indicated opposite their name:

- Mr. Joseph Adamo was Vice-President and Chief Distribution Officer of Transat Tours Canada Inc. from May 2017 to April 2021.
- Mr. Bernard Bussi res was Vice-President, General Counsel and Corporate Secretary of Transat from March 2001 to April 2021. As at October 31, 2025, Mr. Bussi res had been Chief Legal and Government Relations Officer and Corporate Secretary of Transat since April 27, 2022.
- Ms. Debbie Cabana was appointed Director of the Office of the President and CEO at the end of 2021. Ms. Cabana joined Transat's Communications and Corporate Affairs team ten years earlier, working among other things as a corporate spokesperson and head of media relations. She was then promoted to the Corporation's public relations division, where she was responsible for reputation management, brand visibility for Transat and Air Transat and influencer marketing.
- Ms. Annick Gu rard joined Transat in 2002 and has held various management positions within the business including Chief Operating Officer from November 2017 until May 2021 during which time

she oversaw all operations and commercial activities of the Corporation. She has been President and Chief Executive Officer since May 25, 2021.

- Ms. Julie Lamontagne joined the ranks of Transat in 2023 as Chief People, Sustainability and Communications Officer of Transat. Since 2019, she had held the position of Vice President, Talent and Culture at Enerkem.
- Mr. Marc Philippe Lumpé joined the ranks of Transat in 2022 as Chief Airline Operations Officer. Prior to that, Mr. Lumpé was Director, Turnaround & Restructuring, Aerospace & Defence for AlixPartners. He has also held various management positions, including with Virgin Atlantic Airways, Qatar Airways, Air Berlin and Thomas Cook.
- Mr. Sebastian Ponce joined the ranks of Transat in 2018 as Senior Director, Network Planning, and was subsequently appointed Vice President, Network and Alliances before being appointed Chief Revenue Officer in February 2024.
- Mr. Jean-François Pruneau joined the ranks of Transat in January 2024 as Chief Financial Officer. Prior to joining Transat, Mr. Pruneau had held the position of Executive Vice President and Chief Financial Officer of Starpax Biopharma since 2022. From 2019 to 2021, he was President and Chief Executive Officer at Vidéotron.
- Mr. Bamba Sissoko joined Transat in 2006 and has held various positions, including Senior Director of Enterprise Architecture from 2009 to 2016, before being appointed Vice-President of Information Systems in August 2016, a position he held until February 2023.

As at October 31, 2025, the executive officers and directors of the Corporation as a group hold a total of 410,878 Voting Shares (made up of 341,060 Voting Shares and 69,818 Variable Voting Shares), which represent 1.02% of the total number of issued and outstanding Voting Shares and Variable Voting Shares (0.9% of the outstanding Voting Shares and about 2.59% of the outstanding Variable Voting Shares) as at that date.

9.3 Cease Trade Orders or Bankruptcies

To Transat's knowledge, no director or executive officer of the Corporation, or a shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation is, as at the date of the AIF, or was, within 10 years before the date of the AIF, a director or executive officer of any company that:

- (i) was subject to a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, that was issued while that person was acting in that capacity and was in effect for a period of more than 30 consecutive days;
- (ii) was subject to a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, that was issued after that person ceased to act in that capacity, was in effect for a period of more than 30 consecutive days and resulted from an event that occurred while that person was acting in that capacity; or
- (iii) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets

while that person was acting in that capacity or within a year of that person ceasing to act in that capacity;

except for the following directors:

- Mr. Stéphane Lefebvre, who was a director of Cirque du Soleil, a company that filed for protection under the *Companies' Creditors Arrangement Act* ("CCAA") in Canada on July 24, 2020, and Chapter 15 in the United States on June 30, 2020, as a result of the impact of the COVID-19 pandemic. An acquisition transaction by existing secured creditors was approved by the Superior Court of Quebec on October 26, 2020. On November 24, 2020, the company announced the closing of the sale transaction with the company's secured creditors and its emergence from CCAA and Chapter 15 protection.
- Ms. Geneviève Brouillette, who was Chief Financial Officer of Aldo Group, a corporation that filed for protection under the *Companies' Creditors Arrangement Act* ("CCAA") in Canada on May 7, 2020, and recognition of such proceedings in the United States on May 8, 2020, also due to the impact of the COVID-19 pandemic. The Swiss subsidiary obtained protection under Swiss law on May 11, 2020. The restructuring process in Canada and the United States was successfully completed on July 12, 2022, with a plan of arrangement duly approved by the creditors, approved by the Court and duly implemented. The Swiss proceedings were also successfully completed on June 1, 2022, as an arrangement was reached with the creditors, approved by the Swiss Court and implemented.
- Mr. Bruno Matheu, who was a director of Darwin Arline SA, a Swiss corporation, from June 2016 to June 2017. Subsequently, on July 20, 2017, 99.1% of the company was acquired by Luxembourg fund 4K Invest, owner of Adria Airways. On November 27, 2017, it filed an application for a stay of bankruptcy with the bankruptcy judge due to financial difficulties following several unfavourable market events, including the loss of aircraft charter contracts. It was declared bankrupt on December 13, 2017, under the *Loi fédérale sur la poursuite pour dettes et la faillite* (LP).

9.4 Penalties or Sanctions

To the best of the knowledge of Transat, no director or executive officer of Transat has been subject to: (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

9.5 Personal Bankruptcies

To the best of Transat's knowledge, no director or executive officer has declared bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency, or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold its assets.

10. INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

None of the following persons: (i) directors or executive officers of the Corporation, (ii) shareholders of the Corporation who, to the knowledge of the Corporation, beneficially own or control or direct more than 10% of any class of shares of the Corporation, (iii) any associate or affiliate of the persons referred to in (i) and (ii), has or has had any material interest, direct or indirect, in any transaction within the three

most recently completed financial years or during the current financial year that has materially affected or is reasonably expected to materially affect the Corporation.

11. LEGAL PROCEEDINGS

In the normal course of business, the Corporation is exposed to various claims and legal proceedings. There are often many uncertainties surrounding these disputes and the outcome of the individual cases is unpredictable. According to management, these claims and proceedings are adequately provided for or covered by insurance policies and their settlement should not have a significant negative impact on the Corporation's financial position, subject to the paragraph hereunder. The Corporation has directors' and officers' liability insurance and professional liability insurance, with coverage under said insurance policies that is usually sufficient to pay amounts that the Corporation may be required to disburse in connection with these lawsuits that are specific to the directors and officers, and not the Corporation. In addition, the Corporation holds professional liability and general liability insurance for lawsuits relating to non-bodily or bodily injuries sustained. In all these lawsuits, the Corporation has always defended itself vigorously and intends to continue to do so.

As a result of the COVID-19 pandemic, the Corporation has been the subject of a number of applications for authorization to institute class actions in connection with the reimbursement of customer deposits for airline tickets and packages that had to be cancelled. While some of these class actions have not yet been definitively settled, the Corporation has refunded almost all of the customers, particularly since April 2021, using the unsecured credit facility related to travel credits. Consequently, applications for authorization to institute class actions that have not yet been settled may become moot. In any event, the Corporation will continue to defend itself vigorously in this respect. If the Corporation had to pay an amount related to class actions, the unfavourable effect of the settlement would be recognized in the consolidated statement of income (loss) and could have an unfavourable effect on cash.

11.1 Other

From time to time, the Corporation is subject to audits by tax authorities that give rise to questions regarding the tax treatment of certain transactions. Certain of these matters could entail significant costs that will remain uncertain until one or more events occur or fail to occur. Although the outcome of such matters is difficult to predict with certainty, the tax claims and risks for which there is a probable unfavourable outcome are recognized by the Corporation using the best possible estimates of the amount of the loss.

12. TRANSFER AGENT AND REGISTRAR

As at the date of this AIF, the transfer agent and registrar for Transat's shares is TSX Trust Company, 1190 des Canadiens-de-Montréal Avenue, Suite 1700, Montreal, Quebec H3B 0G7. Its registrar offices are located in Toronto, Montreal, Calgary and Vancouver.

13. INTERESTS OF EXPERTS

Ernst & Young LLP is the independent auditor who prepared the independent auditor's report to shareholders with respect to the Corporation's consolidated financial statements for the years ended October 31, 2025, and October 31, 2024, included in the Corporation's 2025 Annual Report. Ernst & Young LLP has confirmed to the Corporation that it is independent within the meaning of the Rules of Professional Conduct of the *Ordre des comptables professionnels agréés du Québec*.

14. MATERIAL CONTRACTS

On April 29, 2021, the Corporation entered into a material agreement with the Government of Canada, which allowed it to borrow up to \$312.0 million, allowing drawdowns to be made until October 29, 2022, under a non-renewable and unsecured credit facility that expires on April 29, 2026. This agreement was entered into through the Large Employer Emergency Financing Facility (LEEFF) and was part of the maximum additional liquidity of up to \$700.0 million obtained by the Corporation from the Canada Enterprise Emergency Funding Corporation (CEEFC).

For further details, please refer to our Management's Discussion and Analysis for the year ended October 31, 2025, which can be found on SEDAR+ (www.sedarplus.ca).

15. BOARD CHAIR APPOINTMENT AND AUDIT COMMITTEE DISCLOSURE

15.1 Board Chair Appointment

Ms. Susan Kudzman was appointed Chair of the Board on March 9, 2023, and was re-appointed on April 23, 2024 and May 1, 2025.

The Chair's duties include setting the agenda of the Board meetings jointly with the President and Chief Executive Officer. The Chair calls and presides over Board meetings as well as presides over Board sessions that are held without management being present to give directors an opportunity to fully and freely discuss certain issues and provide feedback and direction to management.

15.2 Charter of the Audit Committee

The latest version of Transat's Charter of the Audit Committee was approved at the meeting of such committee held on March 8, 2022. The Board of Directors of Transat adopted and ratified the Charter of the Audit Committee on March 9, 2022. A copy of the Charter of the Audit Committee is attached as Schedule A to this AIF.

15.3 Composition of our Audit Committee

Our Audit Committee is currently composed of unrelated, independent and financially literate directors. The members of the Audit Committee are Ms. Lucie Chabot (Chair), Mr. Robert Coallier, Mr. Daniel Desjardins and Ms. Susan Kudzman.

15.4 Financial Literacy

Lucie Chabot. Ms. Lucie Chabot is a corporate director. Since April 2020, she has also been a member of the board of directors and the audit committee of Richelieu Hardware Ltd., a world-class importer, manufacturer and distributor of specialty hardware and complementary products. Moreover, from May 2019 to June 2023, she was a member of the board of directors and Chair of the audit committee of Albecour Inc., an aluminum company and an Investissement Québec subsidiary. From May 2019 to May 2022, Ms. Chabot was a member of the board of directors and Chair of the audit committee and governance committee of Tourisme Montréal, an organization responsible for promoting tourism in the city of Montreal. From 2017 to 2021, Ms. Chabot was Chair of the Board, Chair of the Audit Committee and Chair of the Information Technology Committee and a member of the Human Resources Committee of CDMV Inc., a Canada-wide distributor of products and services dedicated to veterinarians. Ms. Chabot was Vice-President and Chief Financial Officer of SAIL Outdoors Inc., a major Canadian retailer of sporting goods and outdoor equipment, from 2014 to 2018, and as such was responsible for the firm's accounting and financial services, human resources and information technology. She previously served as President of

Distribution Vinearius Inc., a wine accessories distributor she founded. She also worked at Intertrade Systems Inc. from 2004 to 2007 as General Manager, Operations and Managed Services, after having served as the company's Vice-President, Finance and Human Resources. For more than a decade, she was a co-shareholder of Strator Consulting Group Inc., a consulting firm in the retail, distribution and services field. In this capacity, she was involved in several accounts, such as Motovan, The Hockey Company, Chapters and Rona, which gave her a better understanding of the objectives of financial institutions, their risk analysis, the returns sought and how to structure major transactions. From 1986 to 1994, she worked as Director and Vice-President, Finance, of Sports Experts Inc., the Canadian leader in sporting goods and sportswear retailing. She began her career at Clarkson Gordon (EY) as an auditor in 1981 and joined the Provigo Group in 1984. Ms. Chabot is a graduate of Université Laval and a member of the Ordre des comptables agréés du Québec. She was named to the National Honour Roll of the Canadian Institute of Chartered Accountants, ranking 11th in Canada in 1982.

This experience allowed Ms. Chabot to acquire the necessary skills to assess Transat's accounting practices and internal controls in the preparation of its financial statements.

Robert Coallier. Mr. Coallier is an independent director. Mr. Coallier was Chief Executive Officer of Agropur Cooperative, a dairy processor, from 2012 to 2019. He has over 30 years' experience in, among other things, creating and managing businesses, organizational development, human resources management, business and financial turnaround and the development of customized IT and technology solutions. Mr. Coallier also held senior management positions, including Vice-President and Chief Financial Officer, at Dollarama L.P. from 2005 to 2010, at Molson Coors from 2000 to 2005, at C-MAC Industries Inc. from 1996 to 2000 and at Caisse de dépôt et placement du Québec from 1988 to 1996. Mr. Coallier serves on the Board of Directors of Sanimax and has been Chairman of the Board since 2020, and on the Board of Directors of Stella-Jones since 2020 where he has also been a member of the Audit Committee and Chair of the Human Resources Committee. He is also Chairman of the Boards of Dose Juice and Posi-Plus, two privately-held corporations. Previously, he served as a member of the Board of Directors, Chair of the Human Resources Committee, Chair of the Special Committee appointing the new Chief Executive Officer, member of the Audit Committee and member of the Corporate Governance Committee of Industrial Alliance from 2008 to 2019. Mr. Coallier graduated from McGill University in 1982 with a Bachelor of Arts degree in Economics and also holds an MBA from Concordia University.

Daniel Desjardins, Ad.E. Mr. Desjardins is an independent director. He has been a member of the Board of Directors of Velan Inc. since 2024. He was a member of the Board of Directors of the Noranda Income Fund and a member of its Audit Committee and Independent Committee of the Board until the privatization of the Fund in March 2023. Mr. Desjardins is an accomplished business lawyer and executive with extensive expertise in business law, compliance and risk management as well as decades of experience in financing and complex mergers and acquisitions. For more than 20 years, until December 2019, Mr. Desjardins was Senior Vice-President, General Counsel and Corporate Secretary at Bombardier Inc. In this role, he was responsible for legal affairs, compliance, internal audit, insurance and risk management for the entire company. From 2018 to January 2021, he served as Chair of the Board of Directors of Bombardier Transportation. He has been Chair of the Board of the Legal Leaders for Diversity Trust Fund since 2014 and is Chair of the Board of Directors of the Pointe-à-Callière Museum. Mr. Desjardins has received numerous professional awards and has twice been named one of Canada's 25 most influential lawyers. In 2017, the Barreau du Québec awarded him the Advocatus Emeritus distinction in recognition of his exceptional professional career. Mr. Desjardins holds a law degree from the Université de Montréal and a Master of Laws degree from McGill University.

Susan Kudzman. Ms. Kudzman is a corporate director and an actuary by profession. She was Executive Vice President and Chief Risk Officer and Corporate Affairs of the Laurentian Bank of Canada from 2015 to 2018. Previously, she was Executive Vice-President and Chief Risk Officer at Caisse de dépôt et placement du Québec from 2005 to 2010. Ms. Kudzman was appointed in 2020 to the Board of Directors of PSP Investments, a Canadian Crown corporation that invests funds for the pension plans of the federal public

service. Since 2018, she has also been a member of the Board of Directors of Medavie, an organization operating in the areas of insurance (Blue Cross) and health. In March 2025, she joined the Board of Directors of Nesto, a fintech company in the mortgage sector. She chaired the Board of Directors of Yellow Pages until the fall of 2024, served on the Board of Directors of Nomad, a mining royalty company, from August 2020 to August 2022, and also served on the Board of Directors of Financeit, a fintech company, from June 2020 to February 2022. Ms. Kudzman has also been a member of various organizations and associations including Les Grands Ballets Canadiens de Montréal (2000–2015) and Montreal’s International District (2006–2013). She was Vice-Chair of the Board of Directors of the Montreal Heart Institute Foundation from 2012 to 2020. Ms. Kudzman holds a bachelor’s degree in Actuarial Sciences from Université Laval (1984). She is a Fellow of the Canadian Institute of Actuaries (FCIA) (1987), Fellow of the Society of Actuaries (FSA) (1987) and a Certified Enterprise Risk Analyst (CERA) (2009).

15.5 Complaint Procedures for Accounting and Auditing Matters

In compliance with *Regulation 52-110 respecting Audit Committees*, and as part of our efforts to maintain a high standard of good corporate governance, we developed a whistleblower policy and reporting procedures that allow Transat employees to report, in a confidential manner, any concerns they may have regarding questionable accounting practices, internal accounting controls or auditing matters. Complaints may be addressed separately to the attention of the Chief Legal and Government Relations Officer and Corporate Secretary of Transat at “Ethic@transat.com.” At each Audit Committee meeting, members receive a report indicating whether any complaints have been filed regarding accounting or auditing matters. All reports are reviewed and handled by the responsible person or persons.

15.6 Policy Respecting the Pre-Approval of Audit and Non-Audit Services

Transat’s Audit Committee has a Policy Respecting the Pre-Approval of Audit and Non-Audit Services, which has been approved by the Corporation’s Board of Directors. This policy prohibits the Corporation from engaging the external auditors to provide certain non-audit services to the Corporation and its subsidiaries, including bookkeeping, or other services related to the accounting records or financial statements, financial information systems design and implementation, appraisal or valuation services, actuarial services, internal audit outsourcing services, investment banking services, management or human resources functions, legal services and expert services unrelated to the audit. The policy allows the Corporation to engage the external auditors to provide non-audit services, other than the prohibited services, only if the services have specifically been pre-approved by the Audit Committee.

15.7 External Auditor Service Fees

Ernst & Young LLP have been Transat’s auditors since its incorporation. They have confirmed their independence with Transat’s Audit Committee.

For the fiscal years ended October 31, 2025, and October 31, 2024, Ernst & Young LLP billed the following fees for audit, audit-related, tax and all other services provided to the Corporation:

	2025	2024
Audit Fees ⁽¹⁾	\$1,411,000	\$1,441,000
Audit-Related Fees ⁽²⁾	\$296,000	\$288,000
Tax Fees ⁽³⁾	\$149,000	\$184,000
Other Fees ⁽⁴⁾	—	—
TOTAL	\$1,856,000	\$1,913,000

- (1) Audit fees include fees for professional services rendered by the external auditors for the audit of the Corporation's financial statements or other services that are normally provided by the external auditors in connection with statutory or regulatory filings or engagements. These fees also include fees for services rendered in connection with the interpretation of accounting and financial reporting standards.
- (2) Audit-related fees include fees for assurance and related services that are performed by the Corporation's external auditors. These services include accounting consultations in connection with acquisitions, special audits and due diligence.
- (3) Tax fees include fees for assistance with tax planning (restructuring and discontinued operations), tax opinions as well as the preparation and review of income and other tax returns.
- (4) This category of fees would normally include professional services rendered by the Corporation's external auditors, which are not reported under the captions "audit fees," "audit-related fees" and "tax fees." No such services were rendered to the Corporation for the fiscal years ended October 31, 2025, and October 31, 2024.

16. ADDITIONAL INFORMATION

Additional financial information may be found in our comparative financial statements and Management's Discussion and Analysis for the year ended October 31, 2025, which are included in our 2025 Annual Report. Additional information, including directors' and officers' remuneration and indebtedness, principal holders of Transat securities and securities authorized for issuance under equity compensation plans, will be contained in our Management Proxy Circular for the next Annual Meeting of the Shareholders, or, where applicable, in our most recent Management Proxy Circular for the meeting held on May 1, 2025.

Copies of these documents and additional information relating to Transat may be found on SEDAR+ (www.sedarplus.ca) or upon request from the Corporate Secretary of the Corporation at the following address: Place du Parc, 300 Léo-Pariseau St., Suite 600, Montreal, Quebec, Canada H2X 4C2.

SCHEDULE A

CHARTER OF THE AUDIT COMMITTEE OF TRANSAT A.T. INC.

Constitution

The Board of Directors established an audit committee (the “**Audit Committee**”) composed solely of independent directors, that is, who have no direct or indirect material relationship with the Corporation¹ and whose members and Chair are appointed by the Board of Directors. The Audit Committee is composed of no fewer than three (3) members.

The Audit Committee helps the Board of Directors discharge the oversight responsibilities it owes to shareholders, employees and all interested parties. Such oversight responsibilities pertain to the financial statements of the Corporation, internal control systems, identification of risks (in collaboration with the Risk Management and Corporate Responsibility Committee), the statutory audit of the annual financial statements and compliance with the laws, regulations and codes as established by management and the Board.

Role of the Stakeholders

Management is responsible for ensuring the integrity of the financial information and the efficiency of the Corporation’s internal controls. The external auditors are responsible for auditing and certifying the fair presentation of the Corporation’s financial statements and, in carrying out this mission, for evaluating the internal control procedures to determine the nature, scope and chronology of the audit procedures used. The Audit Committee is responsible for supervising the participants in the preparation procedure of the financial information and reporting thereon to the Board of Directors of the Corporation.

The President and Chief Executive Officer and the Chief Financial Officer of the Corporation are invited to and heard at the meetings of the Audit Committee. From time to time, the President and Chief Executive Officer or the Chief Financial Officer or any other officer of the Corporation shall appear before the Audit Committee when required to do so. Moreover, the Audit Committee meets on a quarterly and annual basis with the Corporation’s external and internal auditors, at the committee’s option (but no less than once a year), without the presence of management. Each meeting of the Audit Committee provides for an in-camera session to be held, as needed, without the presence of the President and Chief Executive Officer and the Chief Financial Officer or of any other officer.

¹. A material relationship means a relationship that could, in the opinion of the Board of Directors, be reasonably expected to interfere with the exercise of independent judgment of a member of the committee. The following individuals are considered to have a material relationship with the Corporation: (a) an individual who is, or has been, an employee or executive officer of the Corporation in the past three (3) years, or whose immediate family member is, or has been, an executive officer or employee of the Corporation in the past three (3) years; (b) an individual who is, or has been, or whose immediate family member is, or has been, a member of an affiliated entity or a partner of, or employed by, a current or former internal or external auditor of the Corporation, unless a period of three (3) years has elapsed since the end of such individual’s relationship with the internal or external auditor, or of the auditing relationship; (c) an individual who is, or has been, or whose immediate family member is or has been, an executive officer of an entity if any of the current executive officers of the Corporation serves on the compensation committee of such entity, unless a period of three (3) years has elapsed since the end of the service or employment; (d) an individual who has a relationship with the Corporation pursuant to which the individual may accept, directly or indirectly, any consulting, advisory or other compensation fee from the Corporation or any subsidiary of the Corporation, other than remuneration for acting in his or her capacity as a member of the Board of Directors or of any committee of the Board of Directors, or as a part-time Chair or Vice-Chair of the Board of Directors or of any committee of the Board of Directors; (e) an individual who receives, or whose immediate family member who is employed as an executive officer of the Corporation receives, more than seventy-five thousand dollars (\$75,000.00) per year in direct compensation from the Corporation, other than as remuneration for acting in his or her capacity as a member of the Board of Directors or of any committee of the Board of Directors, or as a part-time Chair or Vice-Chair of the Board of Directors or of any committee of the Board of Directors, unless a period of three (3) years has elapsed since he or she ceased to receive more than seventy-five thousand dollars (\$75,000.00) a year in such compensation; (f) an individual who is a member of an affiliated entity of the Corporation or any of its subsidiaries. The foregoing is a summary of the rule. For more details, see section 1.4 of *Regulation 52-110 respecting Audit Committees*.

The Audit Committee shall ensure, with the assistance of management and the external auditors, that the financial statements fairly present the Corporation's financial position in accordance with International Financial Reporting Standards ("IFRS"), including their evaluation of the quality of the accounting principles and policies adopted, the consistency of the accounting estimates and the clarity of the financial information disclosed. Furthermore, the Audit Committee shall enquire of the external auditors about the results of the annual audit and any other matters, which must be disclosed to it pursuant to Canadian generally accepted auditing standards ("GAAS").

The auditors are appointed each year by the shareholders at the annual meeting based on the recommendation of the Board of Directors, following the Audit Committee's opinion. Only shareholders may remove the auditors from office.

When the auditors resign or are about to be removed or replaced, they should deliver to the Corporation, with a copy to the Audit Committee, a written declaration indicating the grounds for their resignation or their objection to the removal or replacement.²

The directors shall promptly fill any vacancy in the position of external auditor.

Powers

The Audit Committee has all the powers and duties conferred on it by the laws governing the Corporation. Within the performance of its duties, the Audit Committee has the right to examine the books, registers, and accounts of the Corporation and its subsidiaries and to discuss them, as well as any other matter regarding the financial situation of the Corporation and its subsidiaries, with the officers and auditors of the Corporation and its subsidiaries.

The Audit Committee has the power to communicate directly with the internal auditors and the external auditors.

Financial Literacy

All members of the Audit Committee are financially literate.³

Mandate

The duties of the Audit Committee are as follows:

- I. Recommend to the Board of Directors the external auditors to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or certification services;
- II. Recommend to the Board of Directors the compensation of the external auditors;
- III. Review, with the Corporation's external auditors, the approach and the scope of their audit plan and report to the Board of Directors on any material reservations the Audit Committee may have, or which the external auditors may have expressed regarding their work;
- IV. Resolve disagreements between management and the external auditors regarding financial information;

^{2.} Under the rules stated in *Regulation 51-102 respecting Continuous Disclosure Obligations*.

^{3.} An individual is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the financial statements of the Corporation.



- V. Review and recommend acceptance to the Board of Directors of the audited annual financial statements, as well as all other financial statements and reports that may require review by the Audit Committee under the applicable laws or in respect of which the Board of Directors requests a review and any financial information pertaining thereto; including the press release, message to shareholders and management's discussion and analysis for annual report purposes, prior to publication;
- VI. Obtain the annual certificate signed personally by the Chief Financial Officer and by the President and Chief Executive Officer pursuant to *Regulation 52-109 respecting Certification of Disclosure in Issuers' Annual and Interim Filings*;
- VII. Review and recommend acceptance to the Board of Directors of the unaudited quarterly financial statements and any related financial information, including the press release, message to shareholders and management's discussion and analysis for quarterly report purposes;
- VIII. Obtain the certification of the interim (quarterly) documents signed personally by the Chief Financial Officer and by the President and Chief Executive Officer pursuant to the *Regulation 52-109 respecting Certification of Disclosure in Issuers' Annual and Interim Filings*;
- IX. Receive and examine the reports of the external auditors following their year-end audit and their interim review, as the case may be, and ensure follow-up on the letter they subsequently address to management containing the latter's comments. Also ensure, with the assistance of management and the external auditors, that these financial statements fairly present the financial position of the Corporation according to IFRS. Furthermore, the Audit Committee evaluates the work of the external auditors as to quality, and not just acceptability, of the accounting principles and policies adopted by the Corporation, the consistency of the accounting estimates and the clarity of the financial information disclosed in the financial statements. The Audit Committee ensures that the procedures performed by the external auditors for the audit and the interim review, as the case may be, as well as the nature of the items communicated to the Audit Committee, are in accordance with GAAS;
- X. Supervise the internal auditor and monitor the scope of the plan and review the work of the internal audit functions. The internal auditor has the responsibility, among others, to assess the internal controls put in place by management to:
 - determine whether they are effective and efficient; and
 - identify and disclose any weaknesses noted to the Audit Committee and the parties concerned;
- XI. Oversee follow-up of the policy respecting the external communication of financial information and ensure that the quality, scope and communication process are in keeping with the said policy;
- XII. Draft and ensure follow-up of a policy on complaint procedures for accounting and auditing matters for the Corporation and its subsidiaries and ensure compliance therewith;
- XIII. Establish procedures for the confidential submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters;
- XIV. Evaluate annually the competence and independence and quality of the work of the external auditors in the performance of their duties and recommend to the Board of Directors, if it is deemed appropriate, to call a shareholders' meeting in order to consider the removal of the external auditors;

- XV. Obtain annual confirmation of the independence of the Corporation's external auditors, including the filing of any written confirmation required by the standards and by-laws;
- XVI. Receive and review the quarterly report of the Chief Financial Officer and study, if applicable, the contingent liabilities of the Corporation and its subsidiaries, the acquisition and disposition of assets, the risk factors that could influence the financial results or financial structure of the Corporation, the redemption of shares and derivatives, and review the level of provisions recorded in the Corporation's accounts and assess their reasonableness;
- XVII. Identify and evaluate, in collaboration with the Risk Management and Corporate Responsibility Committee, the principal financial risk factors pertaining to the Corporation's business and approve the strategies and measures proposed to manage such risks, including, in particular, those related to the derivatives relating to fuel, foreign currency and interest and any other factor considered relevant. Furthermore, the Audit Committee shall be kept informed by management, either on request or periodically, regarding the management of the Corporation's other material risks;
- XVIII. Review the status of capital expenditures;
- XIX. Review the status of current and potential litigation and insurance coverage;
- XX. Retain independent counsel and external advisors or consultants, whose compensation it sets, to assist it in its duties, when necessary;
- XXI. Review, with management and the external auditor, the new financial or regulatory requirements that could affect the Corporation's financial reporting;
- XXII. Ensure that management of the Corporation maintains effective internal control and risk management systems, see to the efficient operation of the internal control system and periodically receive from management and, as the case may be, from the internal auditor, confirmation as to:
- the efficiency of operations;
 - the reliability of the financial information disclosed;
 - compliance with laws and regulations;
- XXIII. Review the loans, financings, granting of security, guarantees and other material financial commitments and ensure that the Corporation and its subsidiaries are in compliance with their obligations;
- XXIV. Maintain structures and procedures in place to meet separately with the President and Chief Executive Officer and the Chief Financial Officer, and the internal auditor and the external auditors;
- XXV. Review and approve the hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Corporation;
- XXVI. Approve the audit services, which may be provided by the external auditors within the framework of their independence and the restrictions imposed on non-audit services. "Audit services" means the professional services rendered by the external auditors for the audit and review of the issuer's financial statements or services that are normally provided by the external auditors in connection with statutory and regulatory filings or engagements;



The external auditors may perform all other non-audit services, including taxation services, provided that the services offered are pre-approved by the Audit Committee;⁴

Moreover, the Audit Committee shall oversee the audit engagement, as needed, and approve, where applicable, any change in the conditions and fees resulting from a change in the scope of the audit, the corporate structure, or any other element;

The non-audit services that are prohibited include, on the date hereof:

- bookkeeping or other services related to the accounting records or the financial statements;
- valuation services, opinions on the fairness of the price offered or reports on contributions in kind;
- internal audit outsourcing services;
- management functions;
- human resources services;
- expert services prohibited by regulatory authorities;
- design and implementation of a financial information system;
- legal services;
- actuarial services; and
- brokerage, investment counsel and investment agreement services.

XXVII. Review, with the Corporation's external auditors, the findings resulting from their audit, if any, and report to the Board of Directors on the following points:

- the effectiveness of the registers and the accounting, internal control and information systems of the Corporation and the extent to which such registers are appropriately kept and such systems are uniformly applied;
- in collaboration with the Human Resources and Compensation Committee, the competence and efficiency of personnel assigned to finance, accounting and internal control of the activities of the Corporation; and
- examine any other issue or perform any other work that the Board of Directors may deem appropriate to entrust to the Audit Committee from time to time.

Annual Work Program

The Audit Committee has elaborated and adopted its annual work program, which appears in the Corporation's Corporate Governance Manual.

Additional Comments

The Audit Committee approves the disclosure policy and reviews it periodically. When a follow-up is required of the Audit Committee, the latter coordinates the appropriate solution and supervises disclosure to ensure the consistency of any information that is disseminated regarding the Corporation.

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For this purpose, the Audit Committee has adopted a Policy Respecting the Pre-Approval of Audit Services and Non-Audit Services.



