Investor Presentation

Results for the quarter ended July 31, 2023

Transat Achieves Record Q3 Profitability

Caution regarding forward-looking statements

This presentation contains certain forward-looking statements with respect to the Corporation, including those regarding its results, its financial position 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, real or perceived terrorism, outbreaks of epidemics or disease and the lingering effects of the COVID-19 pandemic, consumer preferences and consumer habits, consumers’ perceptions of the safety of destination services and aviation safety, demographic trends, disruptions to the air traffic control system, the cost of protective, safety and environmental measures, competition, the Corporation’s ability to maintain and grow its reputation and brand, the availability of funding in the future, fluctuations in fuel prices and exchange rates and interest rates, the Corporation’s dependence on key suppliers, the availability and fluctuation of costs related to our aircraft, information technology and telecommunications, cybersecurity risks, changes in legislation, unfavourable regulatory developments or procedures, pending litigation and third party lawsuits, the ability to reduce operating costs, the Corporation’s ability to attract and retain skilled resources, labour relations, collective bargaining and labour disputes, pension issues, maintaining insurance coverage at favourable levels and conditions and at an acceptable cost, and other risks detailed in the Risks and Uncertainties section of the MD&A included in our 2022 Annual Report.

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

The forward-looking statements in this presentation are based on a number of assumptions relating to economic and market conditions as well as the Corporation’s operations, financial position and transactions. Examples of such forward-looking statements include, but are not limited to, statements concerning:

The outlook whereby, the Corporation will be able to meet its obligations with cash on hand, cash flows from operations and drawdowns under existing credit facilities.

The outlook whereby, the combination of sustained demand and firm pricing will allow the Corporation to cope with a cost environment that remains generally higher and volatile.

The outlook whereby, the Corporation is raising the target for adjusted EBITDA margin from a range of 5.5% to 7% to a target of 7.5% to 8% for the year.

The outlook whereby, for the upcoming winter season, the recent addition of four aircraft (3 A321LR and 1 A321ceo) and enhanced fleet utilization will contribute to increasing available capacity by 23%.

In making these 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. If these assumptions prove incorrect, actual results and developments may differ materially from those contemplated by the forward-looking statements contained in this presentation.

The Corporation considers that the assumptions on which these forward-looking statements are based are reasonable. These statements reflect current expectations regarding future events and operating performance, speak only as of the date this presentation is issued, and represent the Corporation’s expectations as of that date. The Corporation disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, other than as required by applicable securities legislation..

Non-IFRS financial measures

We report our financial results in accordance with IFRS. This presentation was prepared using results and financial information determined under IFRS. In addition to IFRS financial measures, this presentation also contains non-IFRS financial measures, non-IFRS ratios, capital management measures and supplementary financial measures used by management to assess the Corporation's operational performance including adjusted operating loss, adjusted net loss, adjusted loss per share, total net debt, net cash burn, current ratio, free cash flow and unrestricted liquidity. These measures do not have a standardized meaning under IFRS. It is likely that the non-IFRS financial measures used by the Corporation will not be comparable to similar measures reported by other issuers or those used by financial analysts as their measures may have different definitions. The measures used by the Corporation are intended to provide additional information and should not be considered in isolation or as a substitute for IFRS financial performance measures.

Generally, a non-IFRS financial measure is a numerical measure of an entity's historical or future financial performance, financial position or cash flows that is neither calculated nor recognized under IFRS. Management believes that such non-IFRS financial measures are important as they provide users of our consolidated financial statements with a better understanding of the results of our recurring operations and their related trends, while increasing transparency and clarity into our operating results. Management also believes these measures to be useful in assessing the Corporation's capacity to fulfil its financial obligations.

By excluding from our results items that arise mainly from long-term strategic decisions and/or do not, in our opinion, reflect our operating performance for the period, such as the change in fair value of derivatives, gain (loss) on business disposals, restructuring costs, asset impairment, depreciation and amortization, foreign exchange gains (losses), gain (loss) on long-term debt modification and other significant unusual items, and by including premiums related to derivatives that matured during the period, we believe this presentation helps users to better analyze our results, as well as our ability to generate cash flows from operations. Furthermore, the use of non-IFRS measures helps users by enabling better comparability of results from one period to another and better comparability with other businesses in our industry.

See the Non-IFRS financial measures slide in the Appendix for more information including a description of such measures and a reconciliation to the most directly comparable IFRS measures.

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FY23 Q3 Highlights & Outlook

FY23 Q3 Highlights & Outlook

Delivering further operational and financial improvements

- **Revenues of $746 million were up 47% YoY and 7% compared to Q3 2019**
- **Capacity of 86% vs. 2019 across all networks and 81% for Transatlantic program**
  - Revenue per passenger mile (or yield) for the quarter exceeded yield for the same period in 2019 by 29%
- **Benefitted from strong demand for travel**
  - The combination of strong demand and operational initiatives drove up yield, which helped us cover higher costs
  - Fuel prices were 41% lower in the quarter compared to a year ago but still higher than 2019 levels
- **Record Q3 adjusted EBITDA[1] of $115 million was 299% higher than Q3 2022 and 85% higher than Q3 2019**
  - Positive net income of $57 million. First time since fourth quarter of 2019
- **Unrestricted liquidity[1] and customer deposits stood at $671 million and $820 million, respectively**
  - Demonstrates the strong demand and the increase in average selling prices
- **Raising adjusted EBITDA[1] margin target from 5.5-7% to 7.5-8% for FY2023[2]**

1. Refer to Non-IFRS Financial Measures in the Appendix; $571M of cash & cash equivalents + $100M of undrawn credit facilities = unrestricted liquidity of $671M
2. In making such outlook, the Corporation has used a combination of assumptions such as moderate growth in Canada’s GDP, exchange rate at C$1.35 to US$1 and jet fuel price per gallon of C$4.25

Strong Demand Reflected on Both Bookings and Pricing

Travel & Airline
(Capacity, Load Factor % and Yield)

Key Indicators for Third Quarter of 2023

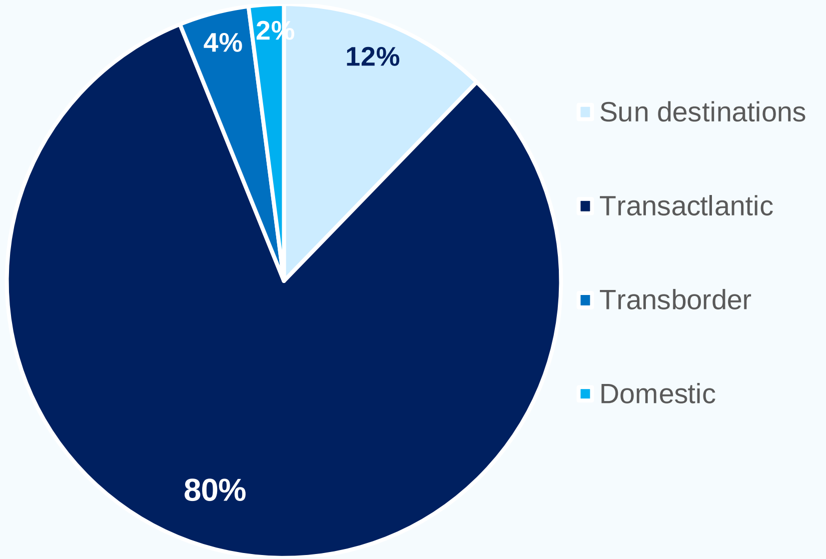
Versus 2019	Global Network	Transatlantic (Main Network)
Load Factor	Similar (89% LF)	+ 3% (91% LF)
Yield [1]	+ 29%	+ 34%
Capacity (ASM [2])	- 14%	- 19%
Capacity (Seats)	- 6%	- 16%

Significant increase in yield compared to 2019, continuing the trend of previous quarters

Lower capacity deployed on main network but achieved record key performance indicators

Capacity Allocation

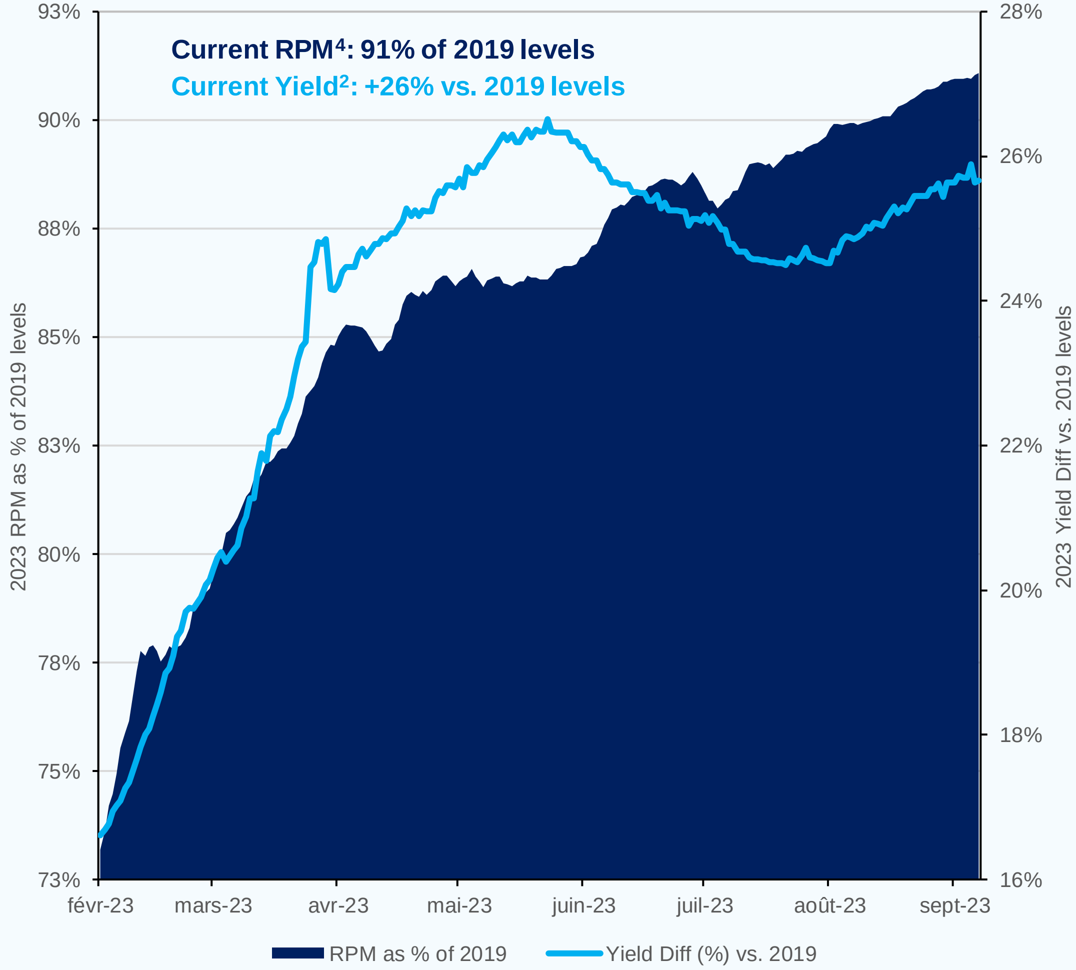
Versus 2019	Capacity (ASM[1])
Sun Destinations	+ 20%
Transatlantic	- 19%
Transborder	+ 429%
Domestic	- 43%



1. Airline unit revenues expressed in revenue per passenger-mile
2. Available seat miles

Strong Leisure Travel Momentum Continues in Q4

Q4 2023 Booking and Pricing trends[1] vs. 2019



1. Cumulative bookings net of cancellation and Yield[2]
2. Airline unit revenues expressed in revenue per passenger-mile
3. Available seat miles
4. Revenue passenger miles

Indicators across the network (as of September 7, 2023)

	Q4 23 vs. 19	S23 vs. 19	W24 vs. 23
Load Factor	- 2% (82% LF)	- 1% (86% LF)	+ 2% (23% LF)
Yield [2]	+ 26%	+ 28%	+ 7%
Capacity (ASM [3])	- 7%	- 10%	+ 23%
Capacity (Seats)	- 2%	- 4%	+ 16%

Glimpse into booking trends, pricing and costs in Q4 2023

- The Corporation will deploy capacity representing 93% of its 2019 level, with Europe comprising 80% of the activity, leveraging the most profitable routes
- To date, load factors are lower than 2019 levels but already 82% of our capacity deployed is sold
- Airline unit revenues (yield[2]) are 26% higher than 2019 level
- Following closely the recent hike in fuel prices, because it will impact negatively our operational costs compared to previous quarter but limited by our hedging program in place

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FY23 Q3 and Year-to-Date Results

Financial Results Gaining Further Momentum:
Q3-23 and YTD[1]

Third Quarter Highlights

- Revenues were up **$238 million** vs. 2022 driven by:
  - Increase capacity by +19%
  - Strong demand which impacted positively our load factor by +9% and yield by +13%
- Adjusted EBITDA [2] improved by **$173 million** vs. 2022 explained by:
  - Significant increase in average selling prices combined with a fuel price decrease of -41%
- Positive adjusted net income [2] for the first time since fourth quarter of 2019

Cash Flow Generation

- Net change in cash and cash equivalents during the quarter of **- $53 million** and + **$248 million** for the last nine months
  - Cash & cash equivalents stood at $571 million
  - On a rolling 12-month basis, positive free cash flow [2] of **+$153 million** which includes $10 million of consideration received for assets held for sale
  - Expected to be free cash flow [2] positive in FY2023

(in millions of C$, except per share amounts)	Quarter ended July 31			9-month period ended July 31		
	2023	2022	Change	2023	2022	Change
Consolidated Statements of Loss						
Revenues	**746.3**	**508.3**	**238.0**	**2,283.9**	**1,068.9**	**1,215.0**
Operating income (loss)	64.4	(93.2)	157.6	45.0	(254.3)	299.3
Adjusted operating income (loss) [2]	**114.8**	**(57.8)**	**172.6**	**174.3**	**(145.2)**	**319.5**
Net income (loss)	57.3	(106.5)	163.8	(28.5)	(319.1)	290.6
Adjusted net income (loss) [2]	**42.3**	**(120.9)**	**163.2**	**(27.2)**	**(327.8)**	**300.6**
per share [2]	*$1.10*	*($3.20)*	*$4.30*	*($0.71)*	*($8.67)*	*$7.96*
Consolidated Statements of Cash Flows						
Cash flows related to operating activities	(7.5)	(62.7)	55.2	378.1	(117.8)	495.9
Cash flows related to investing activities	(4.1)	(10.0)	5.9	(21.9)	(25.0)	3.1
Repayment of lease liabilities	(40.4)	(24.2)	(16.2)	(109.9)	(83.6)	(26.3)
Free cash flow [2]	**(52.1)**	**(96.9)**	**44.8**	**246.3**	**(226.4)**	**472.7**
Other cash flow items [3]	(0.9)	(3.0)	2.1	1.8	204.6	(202.8)
Net change in cash and cash equivalents	**(53.0)**	**(99.9)**	**46.9**	**248.1**	**(21.8)**	**269.9**

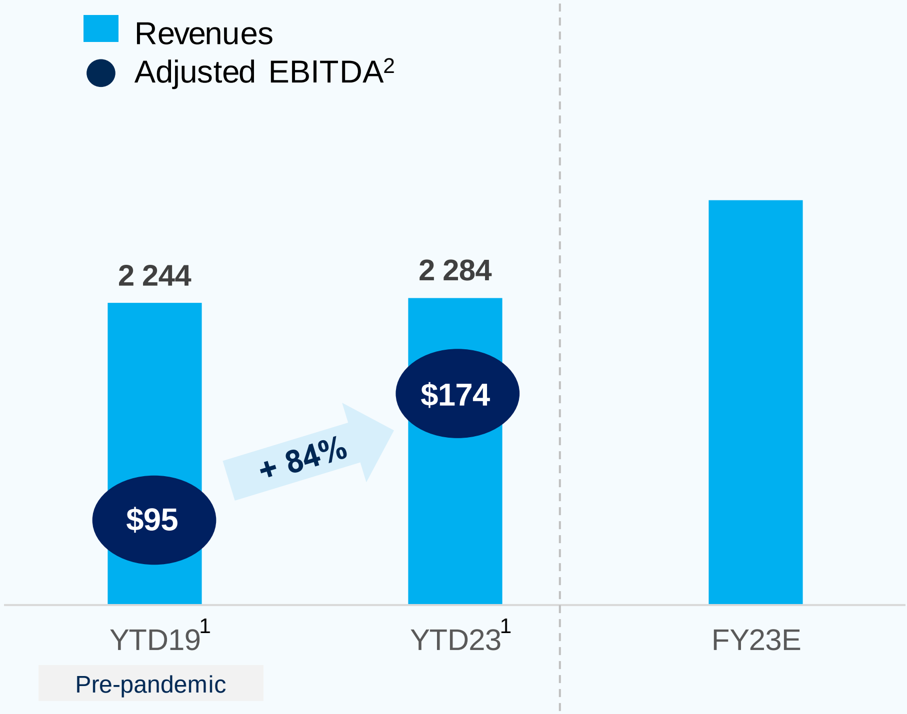
1. YTD: The 9-month period ended July 31, 2023, and 2022
2. Refer to Non-IFRS Financial Measures in the Appendix.
3. Proceeds from issuance of shares, proceeds from borrowings, transaction costs and effect of exchange rate changes on cash and cash equivalents

Financial Results Gaining Further Momentum:
YTD23[1] vs. YTD19[1]

Factors that Improved Profitability

1. Strong demand recovery leading to higher yields and load factors
2. Increased efficiency through permanent and simplified fleet strategy during winter (*as opposed to seasonal fleet strategy*)
3. Costs containment initiatives counter inflationary pressures
4. Despite operational third-party challenges at airport, strong operational execution and customer service delivery

Momentum in Line with 2019 Levels



	YTD19[1]	YTD23[1]	FY23E
Adj. EBITDA margin[2]	4.2%	7.6%	**Target: 7.5-8%**

Key Stats: YTD23[1] vs. YTD19[1]

- 8% ASM[3]

+ 26% Yield[3]

Increased network density and better revenue management practices lead to improve economics with less capacity deployed (ASM)[3]

+ 8% Adj. CASM[3] excl. fuel

Strong focus on cost containment and optimize fixed cost base

+ 42% Jet fuel price

+ 3% USD/CAD FX rate

Challenging market environment; Despite the drop in fuel prices in Q3, it was still 21% higher than 2019

1. YTD: The 9-month period ended July 31, 2023, and 2019
2. Refer to Non-IFRS Financial Measures in the Appendix.
3. ASM: Available seat mile.
   Yield: Passenger revenue / (number of carried passengers x miles traveled).
   Adj. CASM excl. fuel: Cost per available seat mile adjusted to exclude fuel cost and cost of providing tourism services

Key Ongoing Financing Initiatives

Close the transaction in August and net proceeds of CA$50M from land sale in Mexico to be applied to debt reduction

Pursue positive free cash flow[1] for the full year 2023

Closest debt maturity is April 2025 for an amount of $198M and expect to meet our financial covenants at the end of Q4 2023 (*first quarter in force since the beginning of the pandemic*)

Continue to evaluate alternatives to reduce leverage and debt service

Improvement in Financial Profile

Q3 2023

$671M
Unrestricted liquidity[1,2]

$571M
Cash and cash equivalents

$820M
Customer deposits; 34% more than Q3 2019

1. Refer to Non-IFRS Financial Measures in the Appendix
2. $571M of cash & cash equivalents + $100M of undrawn credit facilities = unrestricted liquidity of $671M

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Strategic Initiatives and Targets

Advanced Progress on Our Strategic Plan to Achieve our Short-Term Objectives

Optimize revenue management practices, increase fleet utilization and build strategic partnerships to **improve yield**

Enhance business processes in airline operations, optimize fixed costs base and invest in technology to **improve productivity**

Focus on customer experience and loyalty; Implement clear decarbonization and corporate responsibility objectives to **increase awareness**

Improve our capital structure by deleveraging the company through various initiatives to **support our strategic plan**

FY2023 Target

- **Capacity (ASM[1]): 93**% of 2019 capacity
- **Increase the adjusted EBITDA[2] margin target from 5.5-7% to 7.5-8%** and in making such outlook, the Corporation has used a **combination of assumptions** such as:
  - Moderate growth in Canada's GDP
  - Exchange rate at C$1.35 to US$1
  - Jet fuel price per gallon of C$4.25

Set the basis for sustainable performance and future growth

1. Available seat miles
2. Refer to Non-IFRS Financial Measures in the Appendix

Clear Decarbonization and Corporate Responsibility Focus

Planet

Reduce the environmental impacts of our activities across our value chain

People

Create a positive impact on our people, our customers and our communities

Sustainable Practices

Integrate sustainability into our business practices

PRIORITIES

Decarbonize our activities to achieve net-zero by 2050

- ✓ Delivery or order of 19 A321LR and 4 XLR that emit 15% less emissions than equivalent aircrafts
- ✓ Offtake agreement with SAF+ in Québec
- ✓ Continued focus on fuel management in our flight, ground, technical and inflight operations
- ✓ Offset growth in CO_2 emissions above 2019 levels, as per CORSIA[1]

Identified emission intensity target (24% reduction by 2030) and uptake 10% SAF[2]

Foster a diverse and equitable workplace and support our communities

- ✓ 41% of management positions held by women
- ✓ Commitment to provide DEI[3] training to employees and to define DEI targets in 2023
- ✓ Employee giving campaign in support of *United Way* and *SOS Children's Village*
- ✓ Helped more than 600 Ukrainians travel to Canada, in partnership with *4ukraine.ca*

Achieved gender parity of the board of directors

Strong corporate gouvernance and stakeholder engagement

- ✓ Established a VP and a dedicated corporate responsibility team
- ✓ Integrated ESG criteria into executive compensation
- ✓ Integrated ESG criteria into employee retirement savings plan
- ✓ Renewed Travelife certification in 2022

Completed 3rd annual TCFD[4] report

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

1. Carbon Offsetting and Reduction Scheme for International Aviation.
2. Sustainable aviation fuel.
3. Diversity, equity and inclusion.
4. Task Force on Climate-Related Financial Disclosure.

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Appendix

Debt Breakdown[1]

Sources of capital	Type of instruments	Accounting policies		Facility amount[2]			Maturity date	Considerations
		Accounts	Carrying amount[2]	Available	Used	Unused		
Bank Facilities	Revolving Credit Facility (1st lien secured)	Long-term debt	49.6	50.0	50.0	-	April 2025	**Interest rate**: Banker's acceptance plus a premium of 4.5% **Financial covenants**: Temporary suspended until Oct 29, 2023
	Subordinated Credit Facility (2nd lien secured)	Long-term debt	71.9	70.0	70.0	-	April 2025	**Interest rate**: Banker's acceptance plus a premium of 9.75% which 3.75% is PIK until Oct 29, 2023 **Financial covenants**: Temporary suspended until Oct 29, 2023
Government Facilities	LEEFF Secured Credit Facility (1st lien secured)	Long-term debt	77.2	98.0	78.0	20.0	April 2025	**Replicate** terms and conditions of Revolving Credit Facility **Term loan**: Possibility to draw the unused portion until Oct 29, 2023
	LEEFF Unsecured Credit Facility	Long-term debt	312.8	392.0	312.0	80.0	Tranche 1 April 2026	**Interest rate**: Fixed at 5.0% until December 31, 2023, increasing to 8.0% until December 31, 2024, and increasing by 2.0% every year thereafter. **PIK**: May be capitalized (PIK) until December 31, 2024 **Term loan**: Possibility to draw the unused portion until Oct 29, 2023 **Additional financing available**: $50 million subject to certain conditions that must be met no later than July 29, 2023
		Deferred financing costs	(12.7)				Tranche 2 July 2027	
	Unsecured Credit Facility related to travel credits	Long-term debt	199.2	353.3	353.3	-	April 2028	**Interest rate**: Fixed at 1.2% until maturity date
		Deferred government grant	152.6					
Long-term debt and deferred government grant net of deferred financing costs			**850.6**	**963.3**	**863.3**	**100.0**		
Lease liabilities	Fleet	Lease liabilities	1,089.0	-	1,089.0	-	2023-2034	Additionally, $895 millions of off-balance sheet arrangements (not discounted) mainly related to 5 undelivered A321LR and 4 A321XLR
	Real estate	Lease liabilities	42.7	-	42.7	-	2023-2037	
Government equity derivatives	Warrants	Current portion of liability related to warrants (vested)	40.0	-	40.0	-	Tranche 1 April 2031	Holder can exercise in stock up to 19.9% ownership and the excess will be payable in cash on the basis of the difference between the market price of Transat 's shares and the exercise price. The warrants are to vest in proportion to the drawings that will be made, but 50% of vested warrants will be forfeited if the loan were to be repaid in full by **December 31, 2023**
		Liability related to warrants (not vested)	16.3	-	16.3	-	Tranche 2 July 2032	
Total debt[2]			**2,038.6**		**2,051.3**	**100.0**		
Cash[3]	Unrestricted cash	Cash & cash equivalents	(570.6)	-	(570.6)	570.6		
Total net debt[2, 3]			**1,468.0**		**1,480.7**	**670.6**		

1. As at July 31, 2023
2. Amount in millions of C$.
3. Refer to Non-IFRS Financial Measures in the Appendix

Non-IFRS Financial Measures

The non-IFRS measures, non-IFRS ratios, total of segment measures, capital measures and/or other financial measures used by the Corporation are as follows:

- **Adjusted operating income (loss) or Adjusted EBITDA[1]:** Operating income (loss) before depreciation, amortization and asset impairment expense, restructuring costs, other significant unusual items, and including premiums related to derivatives that matured during the period. The Corporation uses this measure to assess the operational performance of its activities before the aforementioned items to ensure better comparability of financial results.
- **Adjusted pre-tax income (loss) or Adjusted EBT[1] :** Income (loss) before income tax expense before change in fair value of derivatives, revaluation of liability related to warrants, gain (loss) on business disposals, gain (loss) on asset disposals, restructuring costs, asset impairment, foreign exchange gain (loss) and other significant unusual items, and including premiums related to derivatives that matured during the period. The Corporation uses this measure to assess the financial performance of its activities before the aforementioned items to ensure better comparability of financial results.
- **Adjusted net income (loss)[1]:** Net income (loss) attributable to shareholders before net income (loss) from discontinued operations, change in fair value of derivatives, revaluation of liability related to warrants, gain (loss) on long-term debt modification, gain (loss) on business disposals, gain (loss) on asset disposals, restructuring costs, asset impairment, foreign exchange gain (loss), reduction in the carrying amount of deferred tax assets and other significant unusual items, and including premiums related to derivatives that matured during the period, net of related taxes. The Corporation uses this measure to assess the financial performance of its activities before the aforementioned items to ensure better comparability of financial results. Adjusted net income (loss) is also used in calculating the variable compensation of employees and senior executives.
- **Adjusted net income (loss) per share[1]:** Adjusted net income (loss) divided by the adjusted weighted average number of outstanding shares used in computing diluted earnings (loss) per share.
- **Unrestricted liquidity[3]:** Cash & cash equivalents plus available undrawn funds from credit facilities. The Corporation uses this measure to assess the total potential cash available in the short term.
- **Free cash flow[2]:** Cash flows related to operating activities minus cash flows related to investing activities and repayment of lease liabilities. The Corporation uses this measures to demonstrate the cash that's available to be distributed in a discretionary way such as repayment of long-term debt or government deferred grant, distribution of dividend to shareholders, etc.
- **Total debt[1]:** Long-term debt plus lease liabilities, deferred government grant and liability related to warrants, net of deferred financing cost related to the unsecured debt - LEEFF. Management uses total debt to assess the Corporation's debt level, future cash needs and financial leverage ratio. Management believes this measure is useful in assessing the Corporation's capacity to meet its current and future financial obligations.
- **Total net debt[1]**: Total debt (described above) less cash and cash equivalents. Total net debt is used to assess the cash position relative to the Corporation's debt level. Management believes this measure is useful in assessing the Corporation's capacity to meet its current and future financial obligations.

Note 1: The reconciliations between IFRS financial measures and non-IFRS financial measures are incorporated by reference in Section 2 Non-IFRS financial measures of our MD&A in our Third Quarter Report 2023, which is available on SEDAR+ at www.sedarplus.ca

Note 2: Refer to page 9 of this presentation for the reconciliations

Note 3: Refer to page 11 of this presentation for the reconciliations