Results for the quarter ended October 31, 2023

Q4 2023 Presentation

transat

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 adequately mitigate the Pratt & Whitney engine issues, 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.

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 news release 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 current demand and pricing conditions should allow the Corporation to cope with a cost environment that remains volatile and subject to inflationary pressures.

The outlook whereby, the Corporation is setting a fiscal 2024 adjusted EBITDA margin target range of 7.5% to 9%.

The outlook whereby, for fiscal 2024, the Corporation intends to increase available capacity by 19% through recent and planned aircraft additions, as well as further improvements in fleet utilization

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.

General Overview

FY 2023 and Q4 2023

FY 2023 Highlights

$3.0B Revenues	**$263.3M** Adjusted EBITDA[1]
$25.3M Net Loss	**$162.4M** 2023 Free Cash Flow[1]

Adjusted EBITDA[1] margin of 8.6% exceeded annual guidance

1. Refer to Non-IFRS Financial Measures in the Appendix.

Operating Metrics

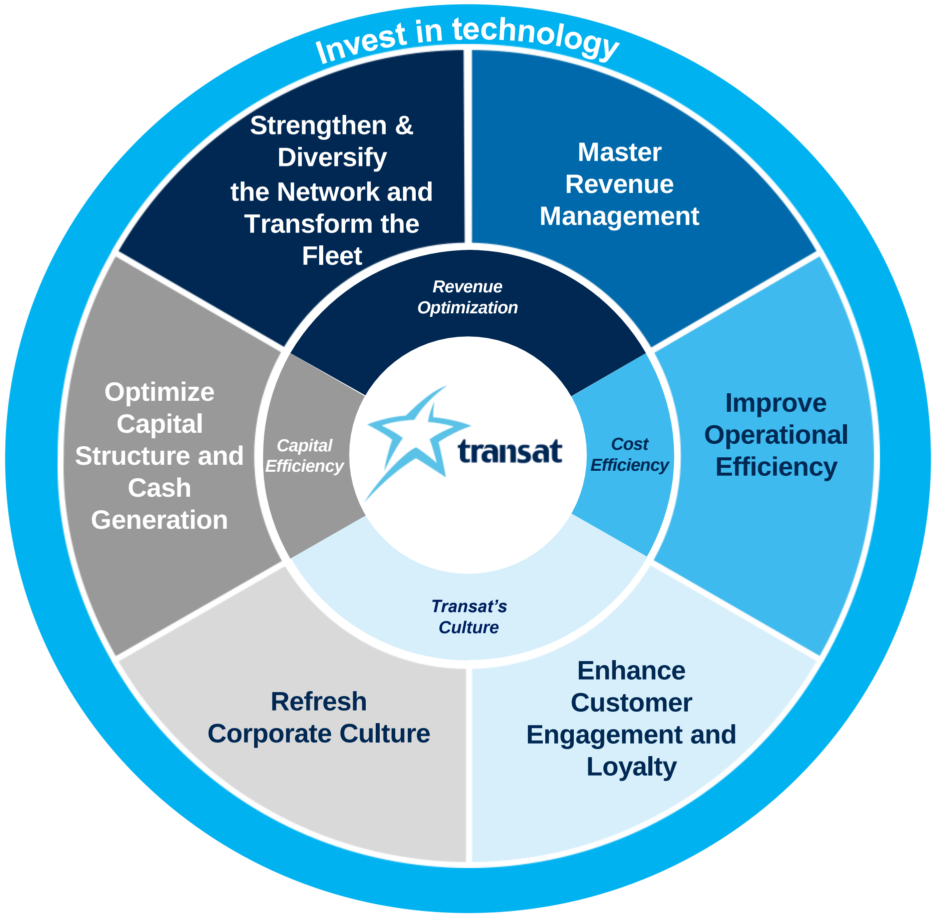
- **Demand remained healthy throughout the fourth quarter, resulting in a solid load factor of 88.3%, comparable to 2019 levels**
- **Yield[1] up 25% during the quarter compared to 2019**
  - +28% on the main network
- **To date, load factor for the winter season is 1.3 percentage points lower than in fiscal 2023, while yield remains 2.4% higher**

Key Indicators for Fourth Quarter 2023

Versus 2019	Global Network	Transatlantic (Main Network)
Load Factor	Similar (88% LF)	+ 1pp (89% LF)
Yield[1]	+ 25%	+ 28%
Capacity (ASM[2])	- 7%	- 11%
Capacity (Seats)	- 3%	- 8%
	Gradually returning to 2019 capacity (seats) and load factor levels, with increased yields	Capacity on the main network still tracking below 2019

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

Significant Progress in the Execution of our Strategic Plan



1

Establish strategic partnerships
- ✓ Announced Joint Venture with Porter
- ✓ Expansion of virtual interline service

2

Increase revenue per available seat mile
- ✓ Implementation of PROs

Accelerate ancillary revenue growth
- ✓ Launch of the Plusgrade tool

3

Maximize fleet utilization
- ✓ +14% utilization versus 2019

Implement the operational transformation program Polaris
- ✓ Deployment of the program in 2023

4

Evaluate the opportunity to implement a customer loyalty program
- ✓ In the process

Improve call center service
- ✓ Improved service level in Q4: 83% of B2C calls answered within 90 seconds

5

Implement decarbonization and corporate responsibility objectives
- ✓ Publication of 2022-2023 ESG report on December 15th, 2023

6

Divest non-core assets
- ✓ Completed the sale of land in Mexico

Improve liquidity and focus on free cash flow[1] generation
- ✓ Free cash flow[1] positive in 2023
- ✓ Improved cash position

Develop and execute the refinancing plan
- ✓ In the process

1. Refer to Non-IFRS Financial Measures in the Appendix.

Transat-Porter Joint Venture

- **Key pillar of strategic plan consists of growing customer traffic through alliances**
  - Agreement with Porter expected to gradually increase passenger traffic
- **Combining both airlines' networks will offer enhanced travel possibilities for travellers**
- **Feeder strategy designed to accelerate expansion in respective markets**
  - Transat: Transatlantic and leisure destinations
  - Porter: Domestic and transborder flights
- **Joint Venture is a natural evolution of code-sharing agreement implemented in October 2022**
  - Revenue-sharing mechanisms will be implemented in 2024
  - At full potential, Porter connecting flights expected to account for 15-18% of Transat passenger traffic

Capacity Increase and Fleet Overview

- **Anticipate 19% increase in available seat miles (ASM) for 2024**
  - Continuing to improve fleet utilization
  - Increasing frequency of best-performing routes to Southern and European destinations from Montreal and Toronto
  - Extending flights year-round to certain destinations such as Lyon and Marseille in France, along with Costa Rica and El Salvador
  - Beginning service to new promising destinations such as Lima, Peru and Marrakesh, Morocco
- **Expecting delivery of four additional A321LRs between April and June 2024**

Winter Fleet[1]			
	2019	2023	2024 Forecast
A330	26[2]	12	14
A321LR	0	12	15
Medium-haul[3]	29	10	15
Total	**55**	**34**	**44**

1. Includes ACMI agreements.
2. Fleet included A310 aircraft in 2019.
3. Mainly includes A321CEO and B737.

Potential Headwinds in 2024

- **Pratt & Whitney engine issue**
  - Anticipated inspections and removals of certain engines that power Transat's A321LR aircraft
  - Out of a fleet of 15 LRs, three aircraft currently impacted by this situation and the number should reach five or six aircraft by the end of fiscal 2024
  - Contingency plans in place to mitigate impacts
    - Extending the leases of certain aircraft, using spare engines, assessing options for short-term leases and further optimizing fleet utilization
  - Working in close collaboration with Pratt & Whitney on all aspects including financial compensation
- **Negotiating collective bargaining agreement with flight attendants**
  - Confident to reach an agreement that will not affect customers' travel plans

Summary

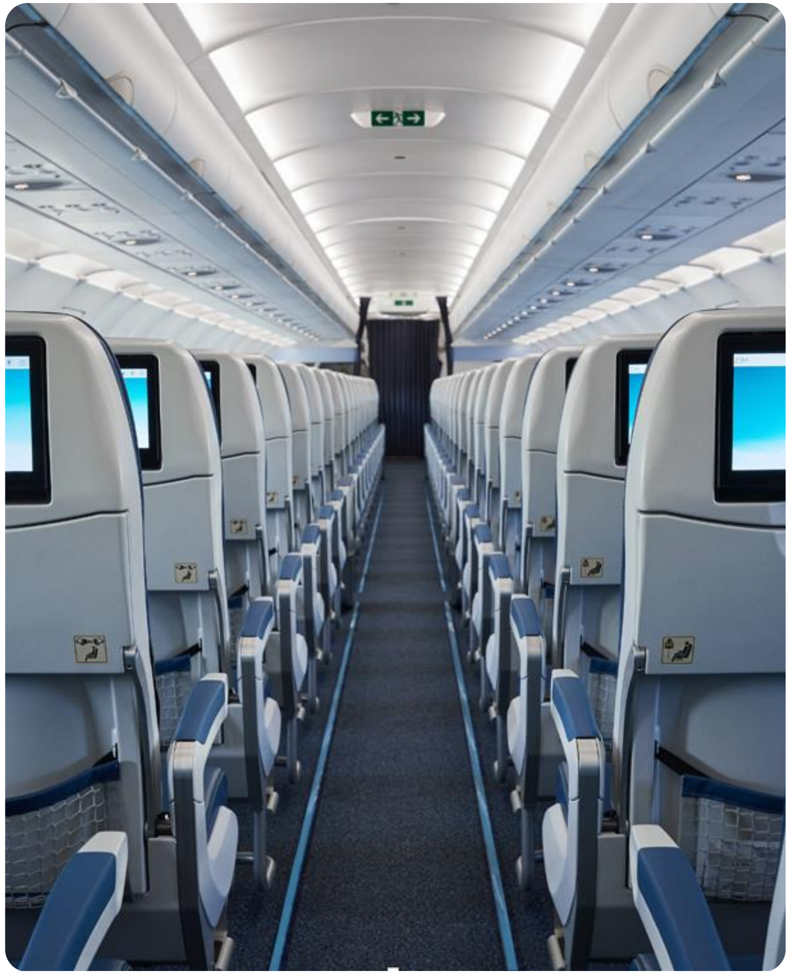
- **Delivered solid financial results in 2023**
  - Based on the dedication and hard work of 5,000-plus employees
- **Well positioned for accelerated growth in 2024**
  - Joint venture with Porter
  - Capacity expansion initiatives
  - Increased operational efficiency

Financial Review

Q4 2023

Financial Highlights

- **Fourth-quarter results exceeded expectations**
  - Load factor of 88.3%, comparable to 2019
  - Favourable pricing produced yields that exceeded 2019 levels by 25%
- **Concluded fiscal year with positive cash flow**
  - Free cash flow[1] generation to play increasing role in deleveraging balance sheet
- **Diligently pursuing a refinancing agreement**

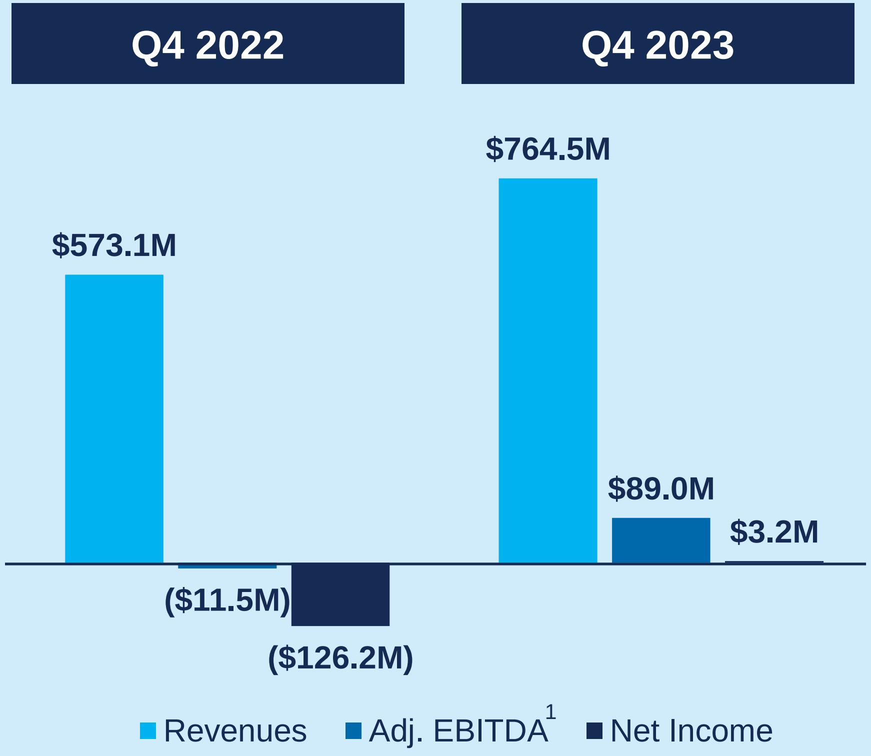


1. Refer to Non-IFRS Financial Measures in the Appendix.

Q4 2023 Results

- **Revenues increased 33.4% YoY to $764.5M**
  - Reflects improved market conditions driven by sustained customer demand and higher selling prices YoY
- **Adjusted EBITDA[1] reached $89.0M compared to a loss of $11.5M in Q4 2022**
  - Significant improvement despite higher fuel costs and weaker Canadian dollar YoY
- **Net income improved to $3.2M from net loss of $126.2M in Q4 2022**
  - Net income was positive for the second consecutive quarter
- **Adjusted net income[1] totaled $15.7M versus loss of $75.9M in Q4 2022**

Improvement Across Key Financial Metrics

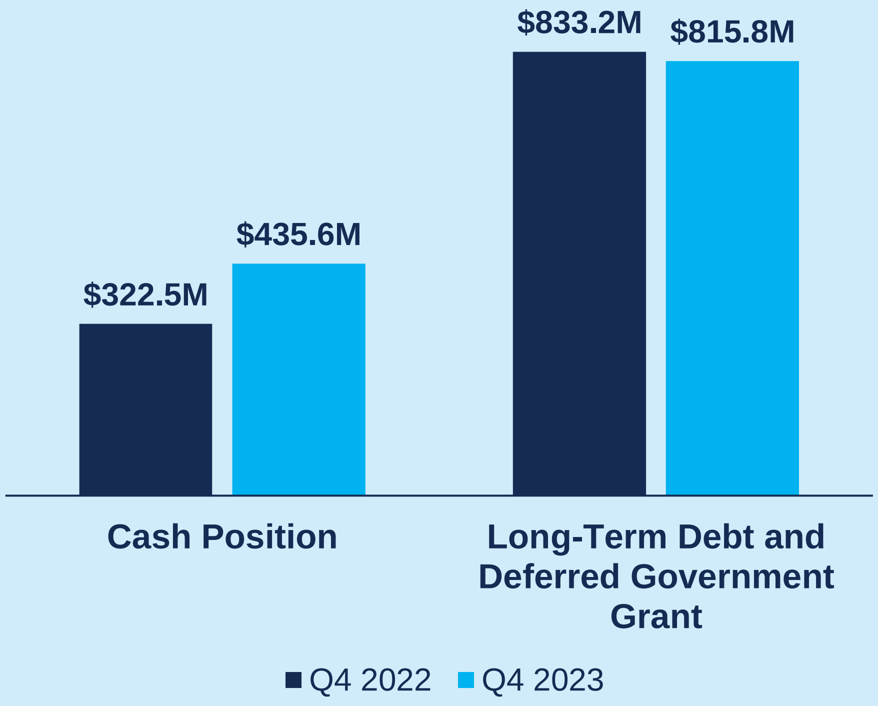


1. Refer to Non-IFRS Financial Measures in the Appendix.

Improved Financial Profile

- **Cash flows from operations totaled $321.8M in FY2023 compared to negative $177.9M in 2022**
  - Mainly driven by improved profitability and better working capital
  - Free cash flow[1] of $162.4M including proceeds from land sale in Mexico applied to debt
- **Cash position of $435.6M at year-end compared to $322.5M at the end of 2022**
- **Customer deposits for future travel totaled $754.2M, up 25% from last year**
- **Long-term debt and deferred government grant of $815.8M compared to $833.2M last year**
  - Net of cash represents $380.2M, down from $510.7M last year

Stronger Cash Position and Lower Long-Term Debt



1. Refer to Non-IFRS Financial Measures in the Appendix.

Outlook

- **Adjusted EBITDA[1] margin target of 7.5%-9% for FY2024**
- **Anticipating 19% increase in available capacity for fiscal year**
  - Driven by planned aircraft additions as well as fleet utilization improvements
- **Main assumptions for forecast**
  - Weak growth in Canada's GDP
  - Exchange rate of C$1.33 to US$1.00
  - Average price per gallon of jet fuel of C$4.00
  - Satisfactory resolution to renew the collective bargaining agreement with flight attendants
  - Pratt & Whitney engine issue follows the planned schedule, which currently involves three grounded aircraft, and should increase to five or six aircraft by the end of the fiscal year

1. Refer to Non-IFRS Financial Measures in the Appendix.

Appendix

Debt Breakdown

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**: Bankers' acceptance plus a premium of 4.5%
	Subordinated Credit Facility (2nd lien secured)	Long-term debt	45.3	46.0	46.0	-	April 2025	**Interest rate**: Bankers' acceptance plus a premium of 9.75%
Government facilities	LEEFF Secured Credit Facility (1st lien secured)	Long-term debt	51.9	52.4	52.4	-	April 2025	Reflect terms and conditions of Revolving Credit Facility
	LEEFF Unsecured Credit Facility	Long-term debt	317.2	312.0	312.0	-	April 2026	Face value of $312M. Bears interest at 5.0% until December 31, 2023, increasing to 8.0% until December 31, 2024, increasing by 2.0% every year thereafter. Interest may be capitalized (PIK) until December 31, 2024.
	Unsecured Credit Facility related to travel credits	Long-term debt	205.2	353.3	353.3	-	April 2028	**Interest rate:** fixed at 1.22%
		Deferred government grant	146.6					
Long-term debt and deferred government grant			**815.8**	**813.7**	**813.7**	**-**		
Lease liabilities	Fleet	Lease liabilities	1,178.8		1,178.8	-	2024-2034	Additionnally, $852 million of off-balance sheet arrangements (not discounted) related to 4 undelivered A321LR and 4 A321XLR
	Real Estate	Lease liabilities	42.7		42.7	-	2024-2037	
Government facilities	Warrants (equity derivatives)	Current portion of liability related to warrants	20.8		20.8	-	April 2031	19.9% exercisable in stock 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. 50% of vested warrants will be forfeited if the loan were to be repaid in full by December 31, 2023
Total debt[1]			**2,058.1**		**2,056.0**	**-**		
Cash	Unrestricted cash	Cash & cash equivalents	(435.6)		(435.6)	435.6		
Total net debt[1]			**1,622.5**		**1,620.4**	**435.6**		

Note: as of October 31, 2023.
1. Refer to Non-IFRS Financial Measures in the Appendix.
2. Amount in millions of C$.

Clear Decarbonization and Corporate Responsibility Focus

People
Fostering a safe, caring and accessible customer experience and work environment

Planet
Reducing the environmental impact of our activities at home and abroad

Sustainable Practices
Being a catalyst for positive change in our value chain

Promoting DEI and ensuring the wellbeing, health and safety of our people

- ✓ 90% of employees participated in the DEI[1] training in 2023
- ✓ 44.5% middle and upper management positions held by women
- ✓ Employee self-identification survey deployed during Fall 2023
- ✓ Renewal of IOSA certification in December 2023

Achieved gender parity of the board of directors

Reducing the GHG emissions and waste generated by our operations

- ✓ Addition of 19 Airbus A321LR and 4 A321XLRs to our fleet, recognized as the most fuel-efficient in their category
- ✓ Offtake agreement with SAF+[2] in Québec
- ✓ Offset growth in CO2 emissions above 2019 levels, as per CORSIA[3]
- ✓ Continued focus on fuel management in our operations
- ✓ Launch of our Act on your carbon footprint program, in partnership with CHOOOSE (clients carbon offsets)

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

Engaging our stakeholders and supporting our communities

- ✓ Integrated ESG criteria into executive compensation
- ✓ Integrated ESG criteria into employee retirement savings plan
- ✓ Adoption of a new supplier code of conduct
- ✓ Helped more than 1,000 Ukrainians travel to Canada, in partnership with 4Ukraine.ca
- ✓ Renewed Travelife certification in 2022

December 15th, 2023: Publication of ESG report for 2022-2023

1. Diversity, equity and inclusion
2. Sustainable aviation fuel
3. Carbon Offsetting and Reduction Scheme for International Aviation

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.
- **Free cash flow[2]:** Cash flow from operating activities minus cash flow from 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.

Free Cash Flow

	Fourth quarter			Year		
	2023	2022	Difference	2023	2022	Difference
(In thousands of Canadian dollars)	$	$	$	$	$	$
Cash flows related to operating activities	(56,363)	(60,061)	3,698	321,750	(177,854)	499,604
Cash flows related to investing activities	13,961	(8,782)	22,743	(7,935)	(33,783)	25,848
Repayment of lease liabilities	(41,442)	(24,736)	(16,706)	(151,389)	(108,336)	(43,053)
Free cash flow	(83,844)	(93,579)	9,735	162,426	(319,973)	482,399

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 Fourth Quarter Report 2023, which is available on SEDAR+ at www.sedarplus.ca.
Note 2: See table above.