Results for the quarter ended January 31, 2024

Q1 2024 Investor 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 GTF 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 Corporation does not foresee the same uplift in yields that was exhibited throughout the summer season last year, it will remain proactive in managing costs under its control, while actively seeking to mitigate the structural cost increases affecting the industry.

The outlook whereby, the Corporation now expects an adjusted EBITDA margin for the full year 2024 to be at the lower end of the range of 7.5% to 9.0% announced last December.

The outlook whereby, the Corporation revised its fiscal 2024 capacity expansion plans to 13%, versus 19% previously.

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, and the Corporation will be able to adequately mitigate the Pratt & Whitney GTF engine issue. 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
Q1 2024

Q1 2024 Highlights

OFFICIAL PARTNER OF CF MONTREAL

$785.5M
Revenues

($8.6M)
Adjusted EBITDA[1]

($61.0M)
Net Loss

$39.1M
Free Cash Flow[1]

Revenues grew 17.7% versus Q1 2023

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

Operating Metrics

- **Achieved a 20% increase in traffic compared to Q1 2023**
- **Expanded capacity for South destinations, the period's main program, by 30%**
- **Experienced a decline in yields[1] and load factors**
  - Faced lower than anticipated bookings and yield in the second half of the quarter primarily attributed to the potential strike of flight attendants
  - Encountered yield pressure in the South market
- **Early trends for summer 2024**
  - Yield and load factor are largely in line with last year
  - However, uplift trend exhibited last year is not expected

Key Indicators for First Quarter 2024

Versus 2023	Global Network	South (Main Network)
Load Factor	- 3.5 pp (80.2%)	- 3.0 pp (80.0%)
Yield[1]	- 3.1%	- 5.8%
Capacity (ASM[2])	+ 25.0%	+ 30.0 %
Capacity (Seats)	+ 18.5%	+ 27.5%

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

Capacity Increase and Fleet Overview

- **Revised capacity increase from +19% to +13% in 2024**
  - Necessary adjustments required due to structural issues affecting the industry and supply and demand dynamic for leisure travel
  - Aircraft leasing market has considerably tightened putting important pressures on availability and cost of short-term aircraft rental
  - Recently secured three A330 aircraft leases to support network needs in light of expected grounded A321 aircraft
- **New routes (Marrakesh and Lima) and annualized destinations (Lyon and Marseilles) are exceeding expectations in terms of both bookings and yields**

Fleet Overview[1]

	2023		2024	
	Winter	Summer	Winter	Summer
A330	12	15	13	16
A321LR	12	15	15	19
Medium-haul[2]	10	10	15	8
Total	**34**	**40**	**43**	**43**

1. Includes ACMI agreements and reflects the fleet at the peak of the season.
2. Mainly includes A321CEO and B737.

Headwinds in 2024

- **The Pratt & Whitney GTF engine issue currently grounding four aircraft**
  - Expect the number to increase up to six by the end of fiscal year
  - Anticipating up to eight aircraft grounded in 2025
  - Mitigation efforts face limitations given industry-wide supply chain challenges, resulting in higher costs anticipated to persist throughout the year
  - Actively engaged in discussions around compensation
- **Uncertainty surrounding negotiations with flight attendants had an impact on bookings, spanning both Q1 and Q2**
  - Have since resulted in a new adopted collective agreement, removing uncertainty

Summary

- **Faced a challenging start to fiscal 2024**
- **Committed to pursuing Transat's strategic plan amid the prevailing challenges**
  - Implementing the commercial joint venture with Porter
  - Strengthening historic routes and ensuring the success of new ones
  - Pursuing the deployment of the internal optimization program (Polaris)
  - Deploying solutions to improve revenue management
  - Executing the refinancing plan
- **Encouraged by record customer deposits for future travel and the sustained demand for leisure travel**

Financial Review

Q1 2024

Financial Highlights

- Achieved a solid 17.7% growth in revenue, fueled by a substantial rise in traffic
- Experienced elevated costs, relative to revenue growth, attributable to the increase in capacity, unfavorable year-over year maintenance calendar and the Pratt & Whitney GTF engine issue, leading to a negative adjusted EBITDA[1]
- Reduced secured credit facilities by $20.7 million through the sale of an investment in a hotel in Mexico
- Aim to defer April 2025 maturities to enhance flexibility in executing the refinancing plan

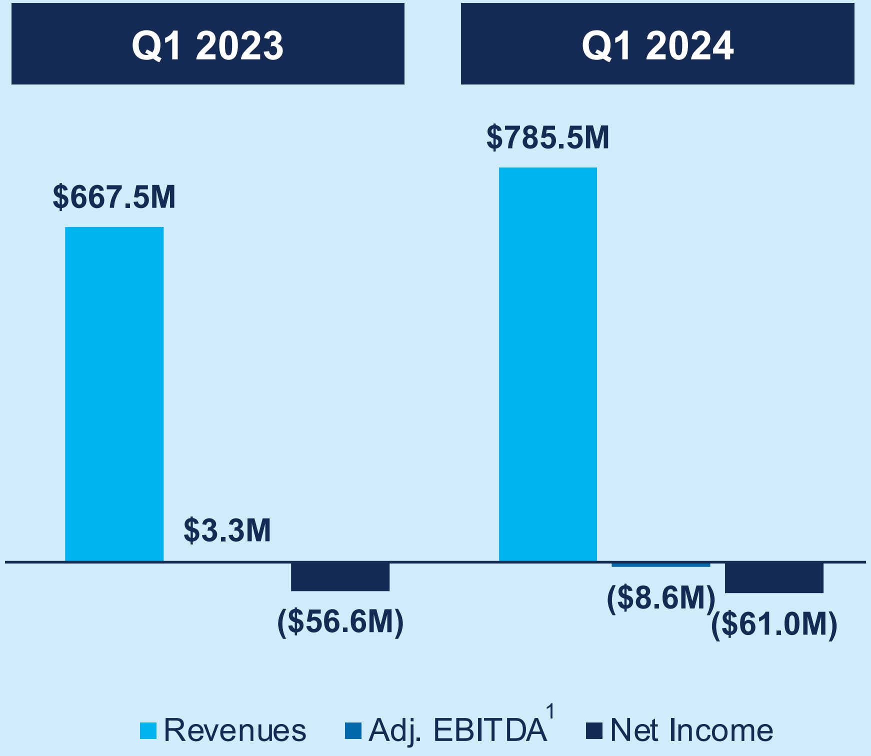
1. Refer to Non-IFRS Financial Measures in the Appendix.

Q1 2024 Results

- **Revenues increased 17.7% YoY to $785.5M**
  - Reflects sustained demand for leisure travel and capacity increase
- **Adjusted EBITDA[1] of ($8.6M) compared to $3.3M in Q1 2023**
  - Variation mainly due to softer yields, unfavorable year-over-year maintenance calendar and the Pratt & Whitney GTF engine issue
  - Partially offset by lower fuel costs
- **Net loss of $61.0M compared to a net loss of $56.6M in Q1 2023**
- **Adjusted net loss[1] totaled $81.3M versus loss of $61.6M in Q1 2023**

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

Significant Increase in Revenues

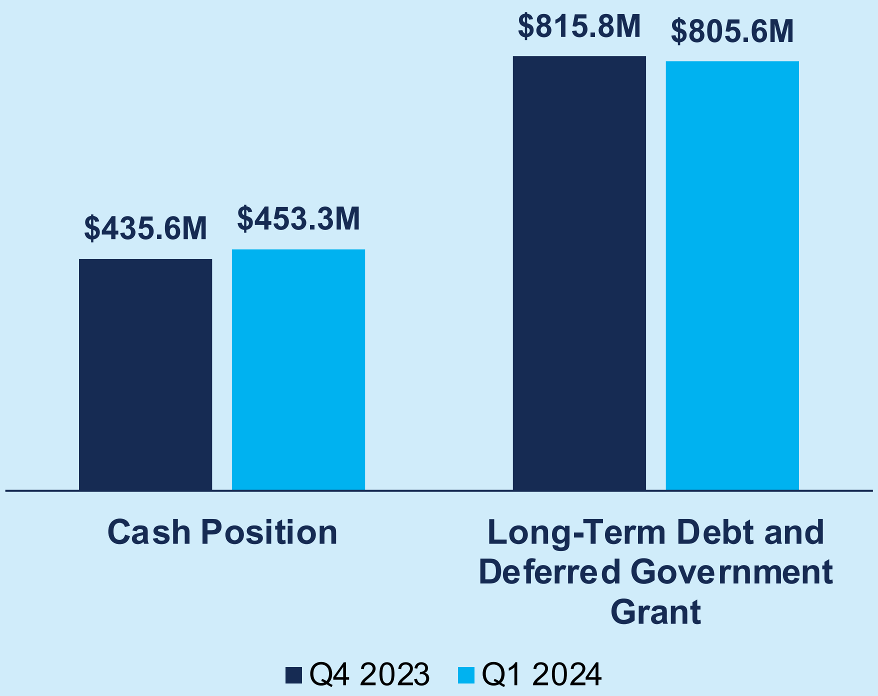


Improved Financial Profile

- **Free cash flow[1] of $39.1M compared to $144.2M in Q1 2023**
  - Cash flows from operations totaled $110.7M in the quarter compared to $195.1M in 2023
  - Favorable change in working capital in 2023 related to easing in credit conditions by credit card processors
- **Cash position of $453.3M at the end of the quarter compared to $435.6M at the end of 2023**
- **Record level of customer deposits for future travel, reaching $1,026.9M, a 14% increase from the same period last year**
- **Long-term debt and deferred government grant of $805.6M compared to $815.8M at the end of 2023**
  - Net of cash represents $352.3M, down $27.9M from $380.2M at the end of 2023
  - Repayments of $20.7 million on secured credit facilities

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

Strong Cash Position and Lower Long-Term Debt



Refinancing Plan Update

- Ongoing discussions with stakeholders
- Process has been slowed by the change in CFO
- Top priority of the organization
- Seeking for a 1-year extension of secured credit facilities to provide flexibility

Outlook

- **Adjusted EBITDA[1] margin for the full year 2024 expected at the lower end of the range of 7.5% to 9.0% announced last December**
- **Anticipating 13% increase in available capacity for the year**
- **Main assumptions for forecast**
    - Weak growth in Canada's GDP
    - Exchange rate of C$1.34 to US$1.00
    - Average price per gallon of jet fuel of C$4.00

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	35.7	36.3	36.3	-	April 2025	**Interest rate**: Bankers' acceptance plus a premium of 9.75%
Government facilities	LEEFF Secured Credit Facility (1st lien secured)	Long-term debt	41.0	41.4	41.4	-	April 2025	Reflect terms and conditions of Revolving Credit Facility
	LEEFF Unsecured Credit Facility	Long-term debt	327.4	350.9	350.9	-	April 2026	Face value of $312M. Bears interest at 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	211.4	353.2	353.2	-	April 2028	**Interest rate:** fixed at 1.22%
		Deferred government grant	140,5					
Long-term debt and deferred government grant			**805.6**	**831.8**	**831.8**	-		
Lease liabilities	Fleet	Lease liabilities	1,097.1		1,097.1	-	2024-2035	Additionally, $807 million of off-balance sheet arrangements (not discounted) related to 4 undelivered A321LR and 4 A321XLR
	Real Estate	Lease liabilities	41.3		41.3	-	2024-2037	
Government facilities	Warrants (equity derivatives)	Current portion of liability related to warrants	32.6		32.6	-	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.
Total debt[1]			**1,976.6**		**2,002.8**			
Cash	Unrestricted cash	Cash & cash equivalents	(453.3)		(453.3)	453.3		
Total net debt[1]			**1,523.3**		**1,549.5**	453.3		

Note: as of January 31, 2024.

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

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

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

Reducing the GHG emissions

- ✓ Addition of 19 Airbus A321LR and 4 A321XLRs to our fleet, recognized as the most fuel-efficient in their category
- ✓ Intensive focus on fuel management
- ✓ Deployment of our *Act on your carbon footprint* program, in partnership with CHOOOSE (clients carbon offsets)
- ✓ Optimizing hazardous waste generated by our ground activities

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

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

Engaging our stakeholders and supporting our communities

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

February 2nd: publication of first report under the Fighting against forced labour and child labour in supply chains act

1. Diversity, equity and inclusion

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, reversal of impairment of the investment in a joint venture, 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 long-term debt modification, gain (loss) on business disposals, gain on disposal of investment, gain (loss) on asset disposals, restructuring and transaction 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) before 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 on disposal of investment, gain (loss) on asset disposals, restructuring and transaction costs, write-off of assets, reversal of impairment of the investment in a joint venture, 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

	First quarter		
	2024	2023	Difference
(In thousands of Canadian dollars)	$	$	$
Cash flows related to operating activities	110,702	195,088	(84,386)
Cash flows related to investing activities	(28,745)	(10,481)	(18,264)
Repayment of lease liabilities	(42,864)	(40,457)	(2,407)
Free cash flow	39,093	144,150	(105,057)

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 First Quarter Report 2024, which is available on SEDAR+ at www.sedarplus.ca.
Note 2: See table above.