Results for the second quarter ended April 30, 2024

Supplementary Disclosure

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, 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 repay its debt, 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, 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 made a slight adjustment to its fiscal 2024 capacity expansion plans, which now stands at 11%, versus 13% 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, the revaluation of the liability related to warrants, gain (loss) on business disposals and/or asset disposals, restructuring costs, asset write-offs and impairment, reversal of impairment of the investment in a joint venture, 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

Q2 2024

Highlights – 6M FY2024

Air transat | porter

LAUNCH OF PHASE ONE OF THE JOINT VENTURE

$1,759M Revenues	**$29M** Adjusted EBITDA[1]
($115M) Net Loss	**$149M** Free Cash Flow[1]

Revenues grew 14% versus 2023

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

Operating Metrics

- **Solid increase in traffic**
  - +12% in Q2 2024
  - +16% in 6M 2024
- **Load factors remain in line with last year, but yields are under downward pressure due to:**
  - Increased competition
  - Economic slowdown
  - Inefficiencies from engine issue impacting revenue management
- **2024 summer trends**
  - The yield environment is expected to remain challenging this summer
  - Load factors for the summer period are currently 2 percentage points lower compared to the same date in fiscal 2023, while yields are 8% lower

Key Indicators for Q2 2024

Versus 2023	Global Network	South (Main Network)
Load Factor	- 0.6 pp (85.5%)	- 0.8 pp (84.5%)
Yield[1]	- 7.5 %	- 8.1 %
Capacity (ASM[2])	+ 13.1 %	+ 12.9 %
Capacity (Seats)	+ 8.9 %	+ 11.3 %

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

Capacity Increase and Fleet Overview

- **Revised capacity for 2024 over 2023 from +13% to +11%**
  - Minimal adjustments during the off-peak season
- **Grounded aircraft in Winter 2024 and delayed delivery of A321LRs required the temporary leasing of aircraft and the reallocation of aircraft between routes**
- **No ACMIs needed for summer 2024**
  - Delivery of four A321LR aircraft, pivotal to the fleet optimization and growth strategy
  - Delivery of three A330s will help mitigate the impact of grounded aircraft

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.

Summary

- **Fully prepared from an operational standpoint to welcome passengers for the upcoming summer season**
  - Completed the process of bringing in-house passenger and ramp services at Montreal's Pierre Elliott Trudeau International Airport
  - Progressing on the implementation of the commercial joint venture with Porter, with the launch of phase one and the first passengers expected in the coming weeks
  - Delivery of seven aircraft for the summer season, including four A321LRs, which are the cornerstone of Transat's fleet and growth strategy

Financial Review

Q2 2024

Financial Highlights

- **Revenue growth of 12% driven by a strong increase in traffic**
- **Achieved adjusted EBITDA[1] of $38M**
- **Extended April 2025 maturities (principal of $91M) to 2026, providing additional flexibility**
  - No debt maturity scheduled before 2026
- **Early repayment of the outstanding principal balance of $36M due in April 2025**
- **Total debt repayment of $110M over the last three quarters**

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

Q2 2024 Results

- **Revenues increased 12% to $973M**
- **Adjusted EBITDA[1] of $38M compared to $56M in Q2 2023**
  - Variation mainly due softer yields, higher operating expenses associated with capacity expansion and the engine issue
  - Partially offset by lower fuel expenses
- **Net loss of $54M compared to a net loss of $29M in Q2 2023**
- **Adjusted net loss[1] totaled $39M versus loss of $8M in Q2 2023**

Solid Increase in Revenues

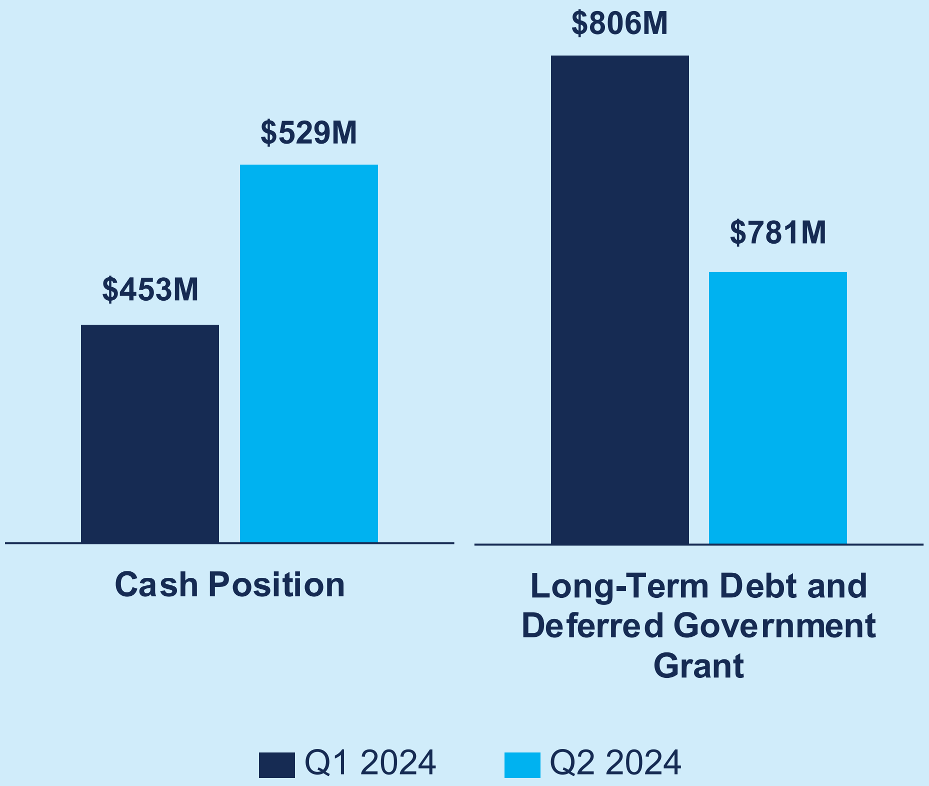
1. Refer to Non-IFRS Financial Measures in the Appendix.

Improved Financial Profile

- **Free cash flow[1] of $110M compared to $154M in Q2 2023**
  - Cash flows from operations totaled $183M in the quarter compared to $191M in 2023
- **Cash position of $529M at the end of the quarter compared to $453M in Q1**
- **Long-term debt and deferred government grant of $781M compared to $806M in Q1**
  - Net of cash represents $252M, down $100M from $352M at the end of Q1
  - Repayment of subordinated credit facility of $36M

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

Strong Cash Position and Lower Long-Term Debt



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	50	50	50	-	February 2026	**Interest rate**: CORRA plus a premium of 4.5%
Government facilities	LEEFF Secured Credit Facility (1st lien secured)	Long-term debt	41	41	41	-	February 2026	Reflect terms and conditions of Revolving Credit Facility
	LEEFF Unsecured Credit Facility	Long-term debt	338	358	358	-	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	218	353	353	-	April 2028	**Interest rate:** fixed at 1.22%
		Deferred government grant	134					
Long-term debt and deferred government grant			**781**	**802**	**802**	-		
Lease liabilities	Fleet	Lease liabilities	1,096		1,096	-	2024-2035	Additionally, $874 million of off-balance sheet arrangements (not discounted) related to 3 undelivered A330, 4 A321LR and 4 A321XLR
	Real Estate	Lease liabilities	40		40	-	2024-2037	
Government facilities	Warrants (equity derivatives)	Current portion of liability related to warrants	26		26	-	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]			**1,944**		**1,964**			
Cash	Unrestricted cash	Cash & cash equivalents	(529)		(529)	529		
Total net debt[1]			**1,415**		**1,436**	529		

Note: as of April 30, 2024.
1. Refer to Non-IFRS Financial Measures in the Appendix.
2. Amount in millions of C$.

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 and transaction 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, write-off of assets, reversal of impairment of the investment in a joint venture, 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

(In thousands of Canadian dollars)	Quarters ended April 30			Six-month periods ended April 30		
	2024	2023	Difference	2024	2023	Difference
	$	$	$	$	$	$
Cash flows related to operating activities	183,216	190,559	(7,343)	293,918	385,647	(91,729)
Cash flows related to investing activities	(31,247)	(7,279)	(23,968)	(59,992)	(17,760)	(42,232)
Repayment of lease liabilities	(42,184)	(29,083)	(13,101)	(85,048)	(69,540)	(15,508)
Free cash flow	109,785	154,197	(44,412)	148,878	298,347	(149,469)

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