Results for the third quarter ended July 31, 2024

Supplementary Disclosure

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 is targeting an improvement in annual adjusted EBITDA[1] of $100 million over the next 18 months as a result of the Elevation Program.

The outlook whereby the initiatives from the Elevation Program will gradually place the Corporation on the path to sustaining an improved financial performance.

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, the Corporation will be able to adequately mitigate the Pratt & Whitney GTF engine issues and that the initiatives identified to improve adjusted operating income (adjusted EBITDA) can be implemented as planned, and will result in cost reductions and revenue increases of the order anticipated over the next 18 months. 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

Highlights – 9M FY2024

$2,495M
Revenues

$70M
Adjusted EBITDA[1]

($155M)
Net Loss

($20M)
Free Cash Flow[1]

Revenue for the first nine months grew by 9% over the same period in 2023

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

Operating Metrics

- **Sustained traffic growth**
  - +2.8% in Q3 2024
  - +10.0% in the first nine months of 2024
- **Yields remain under pressure due to**
  - Increased competition
  - Significant industry capacity increase
  - Economic uncertainty
  - Revenue management inefficiencies caused by engine issue
- **Q4 load factors slightly higher, yields down**
  - To date, load factors are slightly higher compared to last year, but airline unit revenues (yield) have decreased by 9.7%

Key Indicators for Q3 2024

Versus 2023	Global Network	Transatlantic (Main Network)
Load Factor	- 2.6 pp (86.2%)	- 3.4 pp (86.6%)
Yield[1]	- 9.7 %	- 11.5 %
Capacity (ASM[2])	+ 5.6 %	+ 12.2 %
Capacity (Seats)	+ 0.5 %	+ 12.2 %

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

Capacity Increase and Fleet Overview

- **Planned capacity increase in ASMs[1] for fiscal 2024 is +9.9%, a 1.1% decrease since Q2**
- **The operational fleet will be impacted by grounded aircraft through 2025 and beyond**
  - In Q3 2024, 5 aircraft were grounded, and the current number has now increased to 6
  - This number is expected to remain stable through fiscal 2025, reflecting an improvement over the previous estimate of 8
- **Fleet size is expected to remain unchanged next year, with no new deliveries planned**
  - Capacity growth in 2025 will be driven by the full-year impact of this year's route and frequency additions, as well as additional aircraft received in the third quarter

Fleet Overview[2]

	2024		2025	
	Winter	Summer	Winter	Summer
A330	13	16	16	16
A321LR	15	19	19	19
Medium-haul[3]	15	8	9	8
Total	**43**	**43**	**44**	**43**
Grounded A321LR	***3***	***6***	***6***	

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

Elevation Program

- Partnering with a leading industry consulting firm to accelerate the execution of the corporate strategy and drive sustainable long-term growth
- The program, launched this summer, involves a comprehensive review of operations and business practices to identify and implement key improvements
- Targeting an increase of $100M in annual adjusted EBITDA[1] over the next 18 months
- The program will also integrate ongoing initiatives, such as the Joint Venture with Porter, to enhance overall impact

EXAMPLES OF INITIATIVES

Technology and Artificial Intelligence (AI)	External Spend	Productivity
• Improve analytical capabilities through artificial intelligence • Enhance performance in revenue and cost management	• Implement pricing and contract optimization strategies to sustainably reduce external spend across key categories	• Increase resources utilization by better optimizing network and scheduling

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

Summary

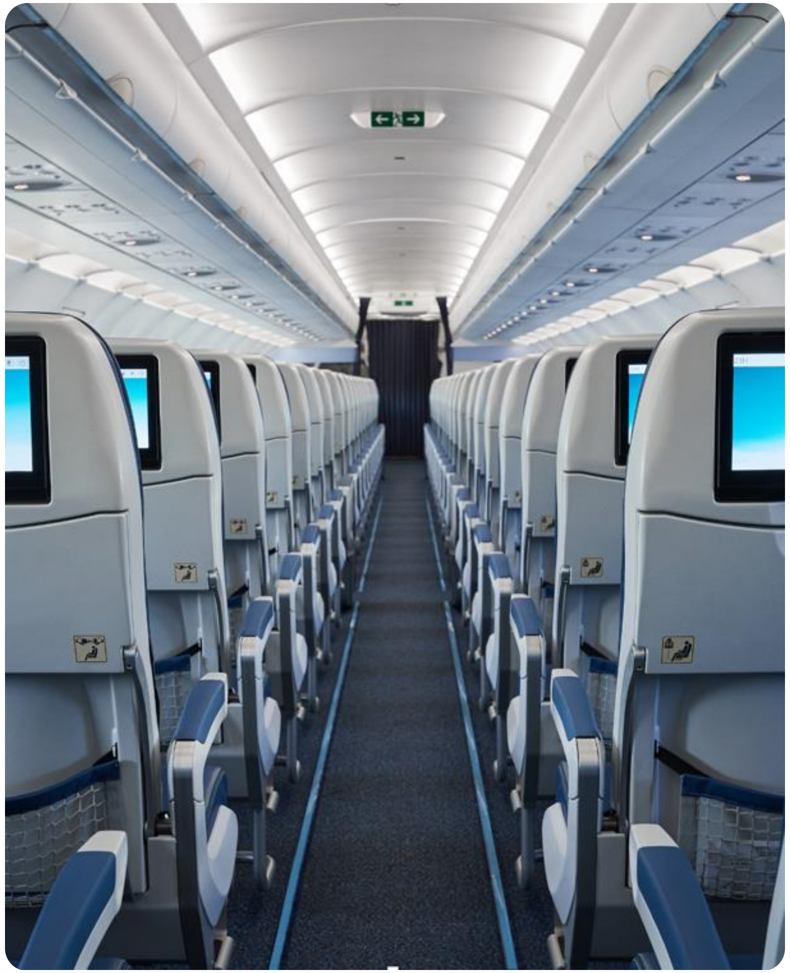
- **Industry and Company Analysis**
  - Year-to-date financial performance has been below expectations
  - A comprehensive review of operations and business practices was conducted over the summer in partnership with a leading consulting firm
- **Elevation Program Launch**
  - The program aims to enhance the impact of strategic initiatives and maximize their potential
  - An Elevation Management Office has been created to improve structure and governance, ensuring strong accountability and efficient execution to accelerate results
- **Future Updates**
  - Detailed information on initiatives and anticipated benefits will be included with Q4 results in December
  - Progress will be tracked with quarterly follow-up updates

Financial Review

Q3 2024

Financial Highlights

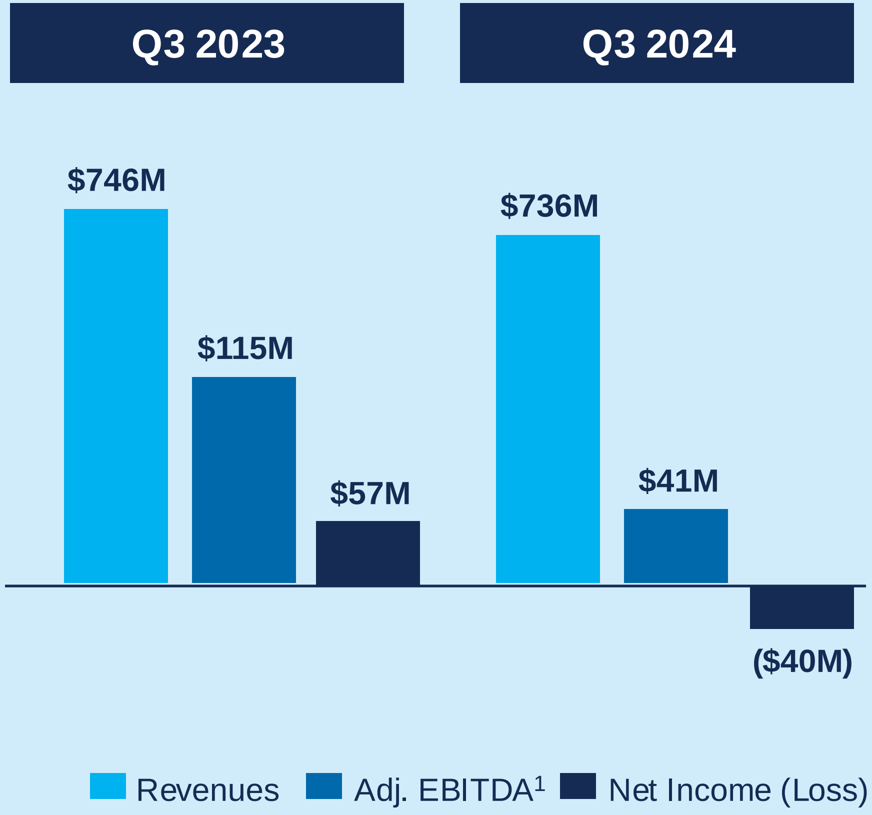
- **Increased competition, industry wide overcapacity, revenue management inefficiencies from engine issue and economic uncertainty have led to yield pressures**
  - Revenue decreased by 1.4%
  - Adjusted EBITDA[1] was $41M, compared to $115M last year
- **Difficult year-over-year comparison due to the record Q3 2023, fueled by "revenge travel" and lower fuel costs**
- **Top priority remains completing the refinancing plan and strengthening the balance sheet**
  - Discussions with stakeholders continue, along with the review of a number of alternatives
- **Agreed to a financial compensation from Pratt & Whitney relating to operational disruptions during the 2023-2024 period**
  - Such compensation, mostly in the form of credits, will be applied to the purchase of additional spare engines, which are intended to be monetized through a sale and leaseback transaction



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

Q3 2024 Results

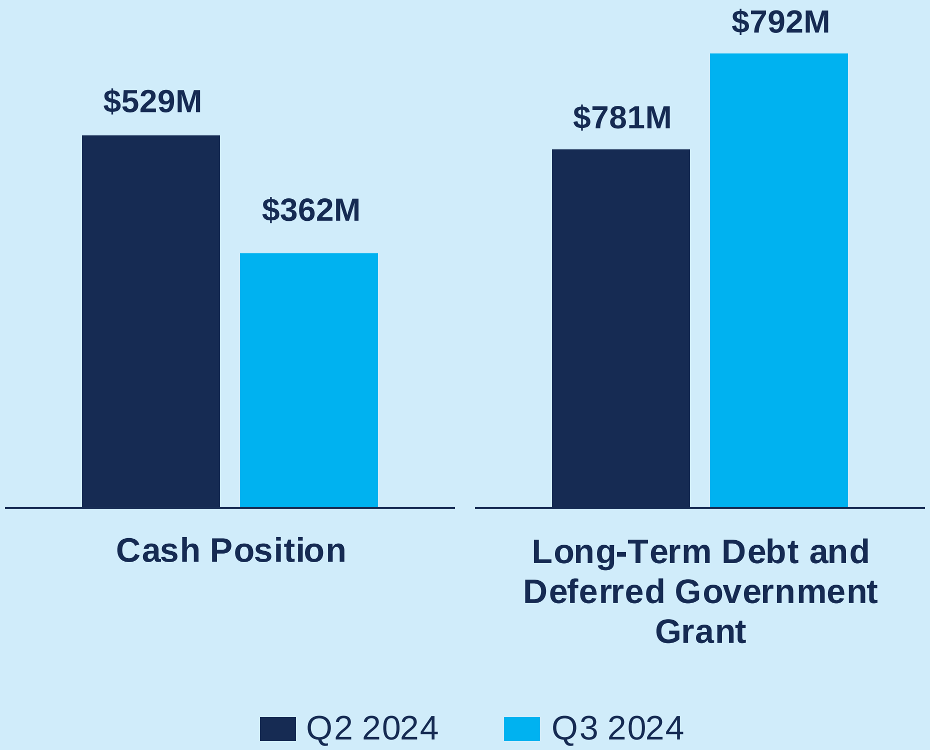
- **Revenues decreased by 1.4% to $736M**
  - Lower yields which were down 9.7% versus 2023
  - Partially offset by a 2.8% increase in traffic
- **Adjusted EBITDA[1] of $41M compared to $115M in Q3 2023**
  - Variation mainly due softer yields, higher operating expenses associated with capacity expansion and the engine issue
  - Aircraft fuel expenses rose by 15% during the quarter, driven by a 6% increase in fuel prices and higher fuel consumption due to increased capacity
- **Adjusted net loss[1] totaled $43M versus adjusted income of $42M in Q3 2023**



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

Financial Profile

- **Negative free cash flow[1] of $169M compared to negative free cash flow[1] of $52M in Q3 2023**
  - Cash flows used in operating activities amounted to $91M in the quarter compared to $7.5M in 2023
- **Cash position of $362M at the end of the quarter compared to $529M in Q2**
- **Cash and cash equivalents in trust or otherwise reserved increased to $306M in Q3 2024, up from $295M in Q2**
- **Long-term debt and deferred government grant of $792M compared to $781M in Q2**
  - Net of cash represents $430M



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	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	348	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	224	353	353	-	April 2028	**Interest rate:** fixed at 1.22%
		Deferred government grant	128					
Long-term debt and deferred government grant			**792**	**802**	**802**	-		
Lease liabilities	Fleet	Lease liabilities	1,406		1,406	-	2024-2035	Additionally, $447 million of off-balance sheet arrangements (not discounted) related to 4 undelivered A321XLR
	Real Estate	Lease liabilities	41		41	-	2024-2037	
Government facilities	Warrants (equity derivatives)	Current portion of liability related to warrants	14		14	-	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]			**2,252**		**2,263**			
Cash	Unrestricted cash	Cash & cash equivalents	(362)		(362)	362		
Total net debt[1]			**1,890**		**1,901**	362		

Note: as of July 31, 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 and 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 assess 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

	Quarters ended July 31			Nine-month periods ended July 31		
	2024	2023	Difference	2024	2023	Difference
(In thousands of Canadian dollars)	$	$	$	$	$	$
Cash flows related to operating activities	(91,137)	(7,534)	(83,603)	202,781	378,113	(175,332)
Cash flows related to investing activities	(29,333)	(4,136)	(25,197)	(89,325)	(21,896)	(67,429)
Repayment of lease liabilities	(48,250)	(40,407)	(7,843)	(133,298)	(109,947)	(23,351)
Free cash flow	(168,720)	(52,077)	(116,643)	(19,842)	246,270	(266,112)

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