



LETTER TO SHAREHOLDERS

Dear Fellow Shareholders,

This year's Annual and Special Meeting comes at a pivotal moment for Transat. Just as our recovery plan is beginning to deliver tangible results, shareholders are being asked to consider a disruptive governance overhaul put forward by Financière Outremont. This activist shareholder, with less than 10% of outstanding shares, is seeking effective control of Transat without proportionate ownership, paying a premium or offering a concrete and actionable plan.

Financière Outremont's proposal is the latest in a series of attempts to take control of Transat, this time by seeking three of six board seats, including the Chair role. This proposal comes at a critical moment, just as Transat's recovery plan is being executed, its turnaround is gaining traction, and the company is well positioned for sustainable growth.

As it has proactively done since 2022, your Board is putting forward a thoughtfully constructed board slate that reflects Transat's evolution as it moves from recovery to its next phase of growth. It combines essential continuity with independent perspectives and value-additive shareholder representation designed to serve all shareholders, not the interests of a single investor.

We are asking you to choose a Board that is structured to act independently and in the interests of all shareholders, that is reflective of ownership position while preserving independence and accountability to all shareholders. Transat is presenting a Board that includes representation from some of Transat's largest shareholders – including representatives from Fonds de solidarité des travailleurs et travailleuses du Québec (FTQ) ("Fonds de solidarité FTQ") and Caisse de dépôt et placement du Québec ("La Caisse"), maintains strong Quebec roots combined with broad vision, and is grounded in independence, industry experience, and accountability. Transat offered Financière Outremont board representation aligned with its minority share ownership, along with signing a support and voting agreement on customary terms and conditions, but Financière Outremont rejected this reasonable and proportionate proposal.

RIGHT DECISIONS YESTERDAY ARE DELIVERING VALUE TODAY

Improved the balance sheet.

Successfully completed major debt restructuring reducing federal debt by half and lowered annual interest costs by approximately \$45 million, and reduced solvency risk. A stronger balance sheet protects shareholder value and improves long-term upside.

Delivering real financial results.

Cost and operating improvements are translating into better earnings. Improving profitability supports a more valuable and sustainable corporation, despite operational challenges with engine problems grounding part of the Airbus 321 fleet.

Improved operations.

Bringing key ground handling and passenger services at Montreal Airport in-house improved reliability, on-time performance, and customer satisfaction. Transat's rigorous focus and discipline also led to improved on-time performance and reliability.

Strengthened liquidity responsibly.

Completed engine monetizations generating cash and supporting liquidity while maintaining fleet flexibility. Stronger liquidity reduces risk and provides flexibility to grow.

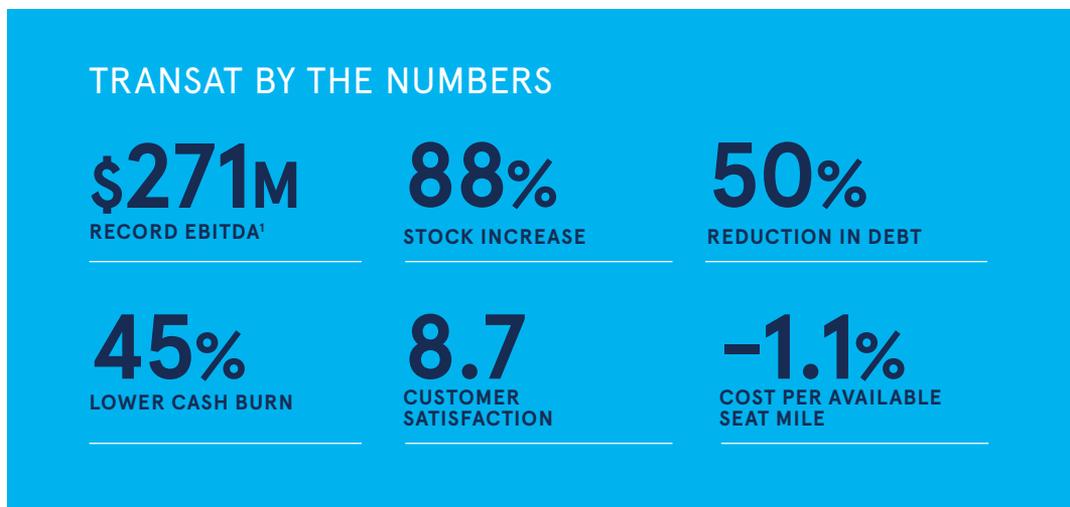
To learn more about our plan and progress, shareholders can visit www.votetransat.ca

TRANSAT IS ON THE RIGHT TRACK

After navigating one of the most severe crises in global aviation history, one that hit Transat harder than its peers because of its focus on leisure travel, Transat has reached an inflection point in its recovery. Amid border closures, demand collapse and engine groundings issues, Transat has taken decisive action to protect its business and shareholders.

Through leadership, disciplined execution, restructuring, and the sustained commitment of our employees and shareholders, Transat has stabilized operations, strengthened financial performance, preserved shareholder value, and laid the foundation for long-term value creation.

Transat delivered record adjusted EBITDA in 2025, sharply reduced cash burn, cut government-backed debt by approximately 50% - leaving shareholders unimpaired and reducing annual interest expenses by approximately 90%, advanced cost-reduction initiatives, and, over the last 12 months, saw its share price outperform Air Canada and the S&P/TSX. These results confirm the recovery is real and underway making it critical to preserve momentum. Independent research analysts expect continued progress in fiscal 2026.



¹Adjusted EBITDA is a non-IFRS financial measure and refers to operating income (loss) before depreciation, amortization and asset impairment expense, reversal of impairment of the investment in a joint venture, the effect of changes in discount rates used for accretion of the provision for return conditions, changes in market price of CORSIA Eligible Emissions Units (carbon credits), restructuring 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 operating income is also used to calculate variable compensation for employees and senior executives. For more detailed information and for the reconciliations between the IFRS financial measures and the non-IFRS financial measures, please refer to Section 2 Non-IFRS financial measures of Transat's MD&A in its 2025 Annual Report, available on SEDAR at www.sedarplus.ca and on www.transat.com in the Investors section.



Your Board remains committed to disciplined and agile governance, balancing the interests of all shareholders to support Transat's continuing recovery and growth. We thank our shareholders, including individuals, employees, retirees, and major institutional shareholders, for their continued trust.

DISRUPTION PUTS TRANSAT'S PROGRESS AT RISK

Financière Outremont (controlled by Pierre Karl Péladeau) owns less than 10% of shares but is proposing to take control of 50% of the Board seats and the Chair position, all going to close connections of Mr. Péladeau, with no complex, international, and regulated commercial airline industry knowledge or experience. Financière Outremont is proposing to reduce the Board to a size too small to provide effective oversight, relevant expertise, and required independence. Introducing extensive governance disruption now would create real operational risk, distracting from transformation, causing potential leadership turnover, and weakening the Board's ability to fully support the company and play its role.

For months, Transat and its main stakeholders, have tirelessly engaged with Financière Outremont constructively and in good faith. The Board acknowledges that a minority shareholder may have representation and offered one seat consistent with its ownership of less than 10%, matching the approach used for other shareholder-nominated directors, conditional upon signing a customary, standard "no-disruption" agreement to ensure stability and protect all shareholders, and outlined plans to reduce Board size. Financière Outremont rejected this reasonable proposal, making it clear it would accept nothing less than control of the Board and launched a costly and unnecessary proxy fight. While Financière Outremont claims to be concerned about governance and the future of Transat, Mr. Péladeau and his nominees, have offered no capital, no plan, and no execution roadmap. It has failed to detail a plan to fund growth, manage financial leverage, or address fleet and labour issues in a highly regulated, complex, international, capital-intensive industry. It has not even

MR. PÉLADEAU'S REPEATED ATTEMPTS TO TAKE CONTROL OF TRANSAT

Over the past several years, Mr. Péladeau has repeatedly sought control of Transat through various low-value or no-premium proposals. These efforts were ultimately rejected by the Board in favour of a value-preserving government-backed restructuring plan.

Since the termination of the Air Canada transaction, Mr. Péladeau (through a related holding company) has made multiple attempts to acquire control of Transat at undervalued levels.

In 2024 and 2025, it submitted several non-binding, highly conditional offers, including one that valued Transat at \$0.80 per share, well-below the market value at the time, and another proposed acquisition that valued Transat's equity at \$1.

In July 2025, following the dismissal of its legal challenge to Transat's government-backed debt restructuring, Mr. Péladeau publicly stated his continued intent to acquire Transat.

The Board believes this proxy fight is his attempt to make good on that while not providing any value to shareholders.

acknowledged the real dynamics shaping Transat’s recovery including the following facts: Canadian pandemic support was mostly debt as opposed to grants, engine groundings affected our fleet and operating efficiency as one of the most impacted Canadian airlines due to our fleet mix, and 2023 industry performance reflects a temporary rebound not a new baseline. Most critically, Financière Outremont hasn’t identified any flaw in Transat’s plan, or how its nominees would deliver better results.

Governance overhaul without a clear strategy introduces uncertainty, delays decision-making, and dilutes accountability.

This appears to be nothing more than another attempt to ultimately acquire control without offering value to shareholders. Mr. Péladeau’s three nominees are not independent, linked through long-standing relationships, limiting the diversity of viewpoints that independent shareholders should demand.

Mr. Péladeau’s proposal emphasizes control over independence and does not provide the depth of industry-relevant oversight required to guide Transat through its next phase. Notably, he argues that a CEO should not sit on the Board; however, for a widely held public corporation like Transat, effective governance depends on transparent executive accountability to an independent Board, not the informal, shareholder-driven control structure he is seeking.

What may function in a family-controlled business does not translate to an international public airline where independence, diversity of perspective, and accountability are essential to safety, regulation, and long-term value creation.

Any proposal that seeks to gain control without a consideration shifts risk without compensation. Control without a concrete plan creates uncertainty. Control without relevant experience increases missteps – when the margin for error is thin.

ORDERLY BOARD EVOLUTION WITH SHAREHOLDER INPUT FOR THE NEXT PHASE OF GROWTH

Transat has navigated through the aborted Air Canada transaction, the pandemic, and a complex restructuring, and is continuing with its proactive approach to board design, deliberately transitioning Transat into its next growth phase with a right-sized slate and added expertise.

As Transat faced this unprecedented sequence of events, the Board’s role was not to optimize in perfect conditions, it was to preserve value, protect the business, and keep the Corporation viable. During the relaunch and restructuring period, the Board prioritized stability and continuity while Transat rebuilt operations and negotiated a critical balance sheet restructuring. With those milestones achieved,



and the recovery underway, the Board is now executing an orderly evolution in composition and size to match the next strategic cycle. Orderly succession, planned retirements, and skills alignment have been active priorities and underway for 4 years as evidenced by the fact that three returning independent nominees average less than 4 years of tenure.

Your Board has shaped a slate that blends continuity and new perspectives, added experience, and independent oversight. Transat’s proposed Board nominees offer expertise in aviation (including international aviation), operation and management experience, transportation and tourism, industry regulations and finance. This measured approach follows extensive shareholder engagement and a clear-eyed view of where Transat stands and the route ahead.

The Board remains committed to skills-based renewal within a governance framework that safeguards independence, expertise, proportionality, and accountability.

VOTE THE *BLUE* PROXY TO KEEP TRANSAT ON TRACK

This contest presents a clear choice: (1) execute a recovery plan that’s working, and a deliberately constructed Board aligned with long-term value or (2) embrace disproportionate control by a single shareholder that is not offering a proper consideration, providing any capital contribution, or an actionable operating plan.

Your Board unanimously believes the first path is the right one, for Transat, employees, customers, shareholders, and Quebec.

Your vote is extremely important. Even if you have never voted before, voting is fast and easy. Cast your vote today to ensure it is counted in time. We urge you to read this circular carefully and your Board unanimously recommends that you vote **FOR ALL 8** Transat Nominees

BOARD AND MANAGEMENT TEAM FOCUSED ON DISCIPLINED LONG-TERM VALUE CREATION

Key initiatives to strengthen competitive position:



Launch of a new loyalty program in 2026



Targeted cabin refurbishment and premium seating enhancements



Ongoing fleet planning to support efficiency and reliability



Expanded use of automation and artificial intelligence across revenue management, customer experience, and cost control

using the enclosed **BLUE** Proxy and vote for the amendment to Transat’s articles to provide for a minimum of 8 and a maximum of 15 directors. **DO NOT VOTE** for Financière Outremont’s nominees. You may also receive a proxy and other materials from Financière Outremont. Please disregard such proxy and use only the **BLUE** Proxy to vote your shares. As Transat uses a “universal” proxy containing the names of all the Transat nominees as well as the other nominees, there is no need to vote on any other form regardless of how you wish to vote.

In addition, only the most recently dated proxy will be counted, and any prior dated instructions will be disregarded. Assuming the amendment to Transat’s articles is approved at the meeting and the size of the Board is reduced to 8 directors, you may only vote for up to 8 director nominees and, in the event you vote for more than 8 director nominees, only the votes cast for the first 8 director nominees listed on the proxy will be counted. In these circumstances, only the 8 director nominees receiving the highest number of FOR votes at the meeting will be elected as directors. If shareholders do not approve the amendment to Transat’s articles to reduce the size of the Board to 8 directors, shareholders may vote for up to 9 nominees, and only the votes cast for the first 9 director nominees listed on the proxy will be counted and only the 9 director nominees receiving the highest number of FOR votes at the meeting will be elected as directors.

Thank you for your support and trust.

Sincerely,



Susan Kudzman
Chair of the Board

