

TRANSAT A.T. INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Unaudited (in thousands of Canadian dollars)	Notes	As at July 31, 2025 \$	As at October 31, 2024 \$
ASSETS	8		
Cash and cash equivalents		357,153	260,336
Cash and cash equivalents in trust or otherwise reserved	3	269,874	453,768
Trade and other receivables	4	139,498	151,190
Income taxes receivable		152	504
Inventories	5	47,250	40,212
Prepaid expenses		48,805	31,359
Derivative financial instruments		22,997	22,663
Current portion of deposits	6	167,741	126,798
Current assets		1,053,470	1,086,830
Cash and cash equivalents reserved	3	35,589	31,176
Deposits	6	263,334	240,387
Deferred tax assets		488	588
Property, plant and equipment	7	1,276,032	1,378,871
Intangible assets		18,950	13,058
Non-current assets		1,594,393	1,664,080
		2,647,863	2,750,910
LIABILITIES			
Trade and other payables		412,258	363,889
Income taxes payable		1,316	1,632
Customer deposits and deferred revenues		821,543	781,156
Derivative financial instruments		40,181	15,835
Current portion of long-term debt and lease liabilities	8	191,809	176,920
Current portion of preferred shares	11	16,265	—
Liability related to warrants	9	19,022	8,519
Current liabilities		1,502,394	1,347,951
Long-term debt and lease liabilities	8	1,353,777	1,971,097
Deferred government grant	8	203,431	120,784
Provision for return conditions	10	185,174	174,368
Employee benefits liability		26,574	25,305
Deferred tax liabilities		491	481
Preferred shares	11	9,173	—
Non-current liabilities		1,778,620	2,292,035
NEGATIVE EQUITY			
Share capital	11	226,917	225,438
Share-based payment reserve		16,431	16,283
Deficit		(868,708)	(1,123,113)
Cumulative exchange differences		(7,791)	(7,684)
		(633,151)	(889,076)
		2,647,863	2,750,910

See accompanying notes to the interim unaudited condensed consolidated financial statements

On behalf of the Board,



Director



Director

TRANSAT A.T. INC.
CONSOLIDATED STATEMENTS OF INCOME (LOSS)

Unaudited (in thousands of Canadian dollars, except per share amounts)	Notes	Quarters ended July 31		Nine-month periods ended July 31	
		2025 \$	2024 \$	2025 \$	2024 \$
Revenues	12	766,301	736,203	2,626,879	2,494,905
Operating expenses					
Costs of providing tourism services		113,481	100,947	788,008	737,039
Aircraft fuel		159,280	181,642	417,643	467,635
Salaries and employee benefits		141,313	129,888	401,507	393,001
Sales and distribution costs		49,004	46,062	190,543	186,158
Aircraft maintenance		63,500	69,155	187,876	164,315
Airport and navigation fees		61,226	58,069	158,110	152,425
Aircraft rent	8	13	390	6,017	11,791
Other airline costs		67,049	74,649	177,673	208,353
Other		24,363	29,326	97,414	92,056
Depreciation and amortization		62,674	55,412	188,319	160,324
Restructuring costs	13	157	500	4,214	2,477
Reversal of impairment of the investment in a joint venture		—	—	—	(3,112)
Share of net income of a joint venture		—	—	—	(130)
		742,060	746,040	2,617,324	2,572,332
Operating income (loss)		24,241	(9,837)	9,555	(77,427)
Financing costs	8	34,726	36,188	112,621	106,542
Financing income		(5,226)	(8,884)	(20,624)	(34,716)
Gain on long-term debt extinguishment	8, 9	(345,116)	—	(345,332)	—
Gain on asset disposals	14	(14,060)	(392)	(19,243)	(6,176)
Change in fair value of derivatives		(56,637)	7,142	32,142	24,323
Revaluation of liability related to warrants and preferred shares	9, 11	5,107	(12,781)	2,981	(7,270)
Foreign exchange loss (gain)		4,869	7,205	(8,658)	(6,752)
Income (loss) before income tax expense		400,578	(38,315)	255,668	(153,378)
Income taxes					
Current		757	796	1,160	1,849
Deferred		—	782	103	30
		757	1,578	1,263	1,879
Net income (loss) for the period		399,821	(39,893)	254,405	(155,257)
Earnings (loss) per share	11				
Basic		9.97	(1.03)	6.40	(4.01)
Diluted		9.39	(1.03)	6.22	(4.01)

See accompanying notes to the interim unaudited condensed consolidated financial statements

TRANSAT A.T. INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

		Quarters ended July 31	Nine-month periods ended July 31
Unaudited	2025	2024	2025
(in thousands of Canadian dollars)	\$	\$	\$
Net income (loss) for the period	399,821	(39,893)	254,405
Other comprehensive income (loss)			
Items that will be reclassified to net income (loss)			
Foreign exchange gain (loss) on translation of financial statements of foreign subsidiaries	78	903	(107)
Total other comprehensive income (loss)	78	903	(107)
Comprehensive income (loss) for the period	399,899	(38,990)	254,298

CONSOLIDATED STATEMENTS OF CHANGES IN NEGATIVE EQUITY

	Share capital	Share-based payment reserve	Deficit	Cumulative exchange differences	Total negative equity
Unaudited	\$	\$	\$	\$	\$
(in thousands of Canadian dollars)					
Balance as at October 31, 2023	223,450	16,329	(1,008,452)	(10,366)	(779,039)
Net loss for the period	—	—	(155,257)	—	(155,257)
Other comprehensive income	—	—	—	1,364	1,364
Comprehensive income (loss) for the period	—	—	(155,257)	1,364	(153,893)
Issued from treasury	1,516	—	—	—	1,516
Reversal of share-based payment expense	—	(96)	—	—	(96)
Balance as at July 31, 2024	224,966	16,233	(1,163,709)	(9,002)	(931,512)
Net income for the period	—	—	41,227	—	41,227
Other comprehensive income (loss)	—	—	(631)	1,318	687
Comprehensive income for the period	—	—	40,596	1,318	41,914
Issued from treasury	472	—	—	—	472
Share-based payment expense	—	50	—	—	50
Balance as at October 31, 2024	225,438	16,283	(1,123,113)	(7,684)	(889,076)
Net income for the period	—	—	254,405	—	254,405
Other comprehensive loss	—	—	—	(107)	(107)
Comprehensive income (loss) for the period	—	—	254,405	(107)	254,298
Issued from treasury	1,479	—	—	—	1,479
Share-based payment expense	—	148	—	—	148
Balance as at July 31, 2025	226,917	16,431	(868,708)	(7,791)	(633,151)

See accompanying notes to the interim unaudited condensed consolidated financial statements

TRANSAT A.T. INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

		Quarters ended July 31		Nine-month periods ended July 31	
Unaudited		2025	2024	2025	2024
(in thousands of Canadian dollars)	Notes	\$	\$	\$	\$
OPERATING ACTIVITIES					
Net income (loss) for the period		399,821	(39,893)	254,405	(155,257)
Operating items not involving an outlay (receipt) of cash:					
Compensation received in the form of credits	12	(6,978)	—	(26,956)	—
Depreciation and amortization	7	62,674	55,412	188,319	160,324
Gain on long-term debt extinguishment	8	(345,116)	—	(345,332)	—
Gain on asset disposals	14	(14,060)	(392)	(19,243)	(6,176)
Change in fair value of derivatives		(56,637)	7,142	32,142	24,323
Revaluation of liability related to warrants and preferred shares	9, 11	5,107	(12,781)	2,981	(7,270)
Foreign exchange loss (gain)		4,869	7,205	(8,658)	(6,752)
Capitalized interest on long-term debt and lease liabilities		2,150	11,275	16,489	33,031
Employee benefits		1,252	465	2,206	2,672
Share-based payment expense (reversal)		49	49	148	(96)
Deferred taxes		—	782	103	30
Reversal of impairment of the investment in a joint venture		—	—	—	(3,112)
Share of net income of a joint venture		—	—	—	(130)
		53,131	29,264	96,604	41,587
Net change in non-cash working capital balances related to operations		(146,889)	(118,642)	188,571	177,282
Net change in provision for return conditions		1,293	12,304	12,103	19,144
Net change in other assets and liabilities related to operations		(12,450)	(14,063)	(25,773)	(35,232)
Cash flows related to operating activities		(104,915)	(91,137)	271,505	202,781
INVESTING ACTIVITIES					
Additions to property, plant and equipment and other intangible assets		(30,248)	(29,975)	(68,028)	(108,955)
Increase in cash and cash equivalents reserved		—	—	(4,413)	(1,426)
Net proceeds from sale and leaseback of assets	7	61,450	—	92,065	—
Consideration received for an investment disposal, net of transaction costs		—	—	—	20,414
Proceeds from disposal of assets	14	—	642	—	642
Cash flows related to investing activities		31,202	(29,333)	19,624	(89,325)
FINANCING ACTIVITIES					
Repayment of lease liabilities	8	(48,421)	(48,250)	(141,855)	(133,298)
Repayment of long-term debt	8	(41,400)	—	(41,400)	(57,000)
Proceeds from issuance of shares	11	524	604	1,479	1,516
Transaction costs	8	(10,926)	—	(11,981)	—
Cash flows related to financing activities		(100,223)	(47,646)	(193,757)	(188,782)
Effect of exchange rate changes on cash and cash equivalents		(1,522)	1,121	(555)	1,570
Net change in cash and cash equivalents		(175,458)	(166,995)	96,817	(73,756)
Cash and cash equivalents, beginning of period		532,611	528,886	260,336	435,647
Cash and cash equivalents, end of period		357,153	361,891	357,153	361,891
Net income taxes paid (recovered)		652	(183)	923	(553)
Interest received		(5,658)	(9,382)	(20,926)	(35,259)
Interest paid		34,823	23,035	97,283	67,276

See accompanying notes to the interim unaudited condensed consolidated financial statements

[Amounts are expressed in thousands of Canadian dollars, except for per share amounts or unless specified otherwise]
[unaudited]

Note 1 Corporate information

Transat A.T. Inc. [the “Corporation”], headquartered at 300 Léo-Pariseau Street, Montréal, Québec, Canada, is incorporated under the *Canada Business Corporations Act*. Its Class A Variable Voting Shares and Class B Voting Shares are listed on the Toronto Stock Exchange and traded under a single ticker, namely “TRZ.”

Transat A.T. Inc. is an integrated company specializing in the organization, marketing and distribution of holiday travel. The core of its business consists of a Canadian leisure airline, offering international and Canadian destinations, and is vertically integrated with its other services of holiday packages, distribution through a dynamic travel agency network and value-added services at travel destinations.

The interim condensed consolidated financial statements of Transat A.T. Inc. for the quarter ended July 31, 2025 were approved by the Corporation’s Board of Directors on September 10, 2025.

The Corporation’s operations are seasonal in nature; consequently, interim operating results do not necessarily proportionately reflect the operating results for a full year.

Note 2 Significant accounting policies

Basis of preparation

These interim condensed consolidated financial statements of the Corporation and its subsidiaries have been prepared in accordance with International Financial Reporting Standards [“IFRS”], as issued by the International Accounting Standards Board [“IASB”] and as adopted by the Accounting Standards Board of Canada. These interim condensed consolidated financial statements were prepared in accordance with IAS 34, *Interim Financial Reporting*.

These interim condensed consolidated financial statements are presented in Canadian dollars, the Corporation’s functional currency, except where otherwise indicated. Each entity of the Corporation determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

The same accounting policies and methods of computation are followed in these interim condensed consolidated financial statements as compared with the most recent annual consolidated financial statements. The interim condensed consolidated financial statements should be read in conjunction with the audited annual consolidated financial statements and notes included in the Corporation’s Annual Report for the year ended October 31, 2024.

These interim condensed consolidated financial statements have been prepared on a going concern basis, at historical cost, except for financial assets and liabilities classified as financial assets/liabilities at fair value through profit or loss and financial assets/liabilities at fair value through other comprehensive income (loss) and measured at fair value.

Current changes in accounting policies

Amendments to IAS 1 – Presentation of Financial Statements

In January 2020, the IASB issued *Classification of Liabilities as Current or Non-current* (Amendments to IAS 1) which amends IAS 1, *Presentation of Financial Statements*. The amendments aim to clarify how an entity classifies its debt instruments and other financial liabilities with uncertain settlement dates as current or non-current in particular circumstances. On October 31, 2022, the IASB published amendments to *Classification of Liabilities as Current or Non-current* (Amendments to IAS 1). The amendments aim to improve the information an entity provides when the right to defer settlement of a liability for at least 12 months is subject to the entity complying with covenants after the reporting date. More specifically, the amendments clarify that when an entity has to comply with covenants after the reporting date, those covenants would not affect the classification of debt instruments or other financial liabilities as current or non-current at the reporting date. The amendments require an entity to disclose information about these covenants in the notes to the financial statements. The amendments are effective for annual reporting periods beginning on or after January 1, 2024. The Corporation adopted these amendments during the first quarter and they had no impact on the Corporation’s consolidated statement of financial position.

Future changes in accounting policies

IFRS 9 – Financial Instruments and IFRS 7 – Financial Instruments: Disclosures

In May 2024, the IASB issued narrow-scope amendments to IFRS 9 and IFRS 7. The amendments clarify guidance on the classification of financial assets that include environmental, social and corporate governance linked features; they also clarify the date on which a financial asset or financial liability is derecognized when it is settled using an electronic payment system.

The amendments will be applicable for fiscal years beginning on or after January 1, 2026, with earlier adoption permitted. The Corporation is currently assessing the potential impact of these amendments on its consolidated financial statements.

IFRS 18 – Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18, *Presentation and Disclosure in Financial Statements*, which will replace IAS 1, *Presentation of Financial Statements* but will carry forward many requirements from IAS 1. The standard sets out requirements on presentation and disclosures in financial statements. It introduces a defined structure for the statement of income composed of required categories and subtotals. The standard also introduces specific disclosure requirements for management-defined performance measures and a reconciliation between these measures and the most similar subtotal specified in IFRS, which must be disclosed in a single note.

IFRS 18 is applicable for fiscal years beginning on or after January 1, 2027, with earlier application permitted. The Corporation is currently assessing the impact of IFRS 18 adoption on its consolidated financial statements.

Note 3 Cash and cash equivalents in trust or otherwise reserved

As at July 31, 2025, cash and cash equivalents in trust or otherwise reserved included \$234,427 [\$413,049 as at October 31, 2024] in funds received from customers, primarily Canadians, for services not yet rendered or for which the restriction period had not ended, in accordance with Canadian regulators and the Corporation's business agreements with certain credit card processors. Cash and cash equivalents in trust or otherwise reserved also included an amount of \$71,036, of which \$35,589 was recorded as non-current assets [\$71,895 as at October 31, 2024, \$31,176 of which was recorded as non-current assets], and pledged as collateral security against letters of credit.

Note 4 Trade and other receivables

	As at July 31, 2025 \$	As at October 31, 2024 \$
Credit card processor receivables	47,613	41,904
Government receivables	29,307	28,176
Cash receivable from lessors	20,805	40,139
Trade receivables	11,796	14,330
Other receivables	29,977	26,641
	139,498	151,190

Note 5 Inventories

	As at July 31, 2025 \$	As at October 31, 2024 \$
Spare parts and supplies	42,763	35,599
Fuel	4,487	4,613
	47,250	40,212

Note 6 Deposits

	As at July 31, 2025 \$	As at October 31, 2024 \$
Maintenance deposits with lessors	214,082	191,527
Deposits with credit card processors	154,690	114,806
Deposits on leased aircraft and engines	51,745	50,937
Deposits with suppliers	10,558	9,915
	431,075	367,185
Less current portion	167,741	126,798
	263,334	240,387

Note 7 **Property, plant and equipment**

	Leasehold improvements Fleet	Aircraft equipment	Office furniture and equipment	Land, building and leasehold improvements	Right of use Fleet	Right of use Real estate and other	Total
	\$	\$	\$	\$	\$	\$	\$
Cost							
Balance as at October 31, 2024	107,485	170,530	39,497	18,564	2,108,287	113,899	2,558,262
Additions	582	46,718	2,248	35	86,858	3,080	139,521
Disposals	—	(56,989)	—	(30)	—	—	(57,019)
Write-offs	—	(704)	(80)	—	(3,878)	(3,380)	(8,042)
Exchange difference	—	—	(17)	(26)	—	3	(40)
Balance as at July 31, 2025	108,067	159,555	41,648	18,543	2,191,267	113,602	2,632,682
Accumulated depreciation							
Balance as at October 31, 2024	78,459	82,380	33,269	12,518	894,563	78,202	1,179,391
Depreciation	5,701	11,649	2,453	482	161,248	4,239	185,772
Disposals	—	(457)	—	—	—	—	(457)
Write-offs	—	(704)	(80)	—	(3,878)	(3,380)	(8,042)
Exchange difference	—	—	(15)	(14)	—	15	(14)
Balance as at July 31, 2025	84,160	92,868	35,627	12,986	1,051,933	79,076	1,356,650
Net book value as at October 31, 2024	29,026	88,150	6,228	6,046	1,213,724	35,697	1,378,871
Net book value as at July 31, 2025	23,907	66,687	6,021	5,557	1,139,334	34,526	1,276,032

Property, plant and equipment related to the fleet

During the quarter ended July 31, 2025, the Corporation acquired two Pratt & Whitney GTF spare engines under sale and leaseback transactions. The Corporation also entered into a sale and leaseback transaction in the first quarter for an engine that it already owned. The Corporation measured the right-of-use assets resulting from the sale and leaseback transactions in proportion to the previous carrying amounts of the assets to which the Corporation retains the right of use. Accordingly, the Corporation recognized a gain on the sale and leaseback of assets of \$19,243 [Note 14], which represents the excess of the proceeds from disposal over the lease liability and the change in assets related to the transactions. Total proceeds received amounted to \$92,065, and the Corporation recorded right-of-use assets of \$25,983 and lease liabilities of \$42,273, while the carrying amount of the engines sold was \$56,532. The spare engines will continue to be operated under the 5- and 10-year leases entered into under this sale and leaseback transactions.

Note 8 Long-term debt and lease liabilities

The following table details the maturities and weighted average interest rates related to long-term debt and lease liabilities as at July 31, 2025 and October 31, 2024. The current portion of long-term debt and lease liabilities as at October 31, 2024 included \$23,536 in deferred rent payments related to aircraft leases.

	Final maturity	Weighted average effective interest rate %	As at July 31, 2025 \$	As at October 31, 2024 \$
Long-term debt				
Secured debt - LEEFF	2025	7.50	—	41,400
Subordinated debt - LEEFF	2035	14.89	64,425	359,556
Unsecured credit facility - Travel credits	2025	14.00	—	231,339
Unsecured debenture - LEEFF	2035	17.32	66,002	—
Subordinated working capital facility - LEEFF	2035	7.00	—	—
Revolving credit facility	2027	7.55	50,000	50,000
Long-term debt		13.74	180,427	682,295
Lease liabilities				
Fleet	2025-2036	6.42	1,324,249	1,425,144
Real estate and other	2025-2037	5.48	40,910	40,578
Lease liabilities		6.39	1,365,159	1,465,722
Total long-term debt and lease liabilities		7.25	1,545,586	2,148,017
Current portion of long-term debt and lease liabilities			(191,809)	(176,920)
Long-term debt and lease liabilities			1,353,777	1,971,097

Funding from the Government of Canada

On July 10, 2025, the Corporation completed its debt restructuring with the Canada Enterprise Emergency Funding Corporation ("CEEFC") under the Large Employer Emergency Financing Facility ("LEEFF"). Under this restructuring, the Secured debt - LEEFF was fully repaid, the terms of the Subordinated debt - LEEFF were amended, the Unsecured credit facility - Travel credits was converted into an unsecured debenture and Series 4 Preferred Shares [see Note 11], and the terms of the warrants were amended [see Note 9]. The CEEFC also granted the Corporation a subordinated revolving term credit agreement under certain conditions.

Under the credit agreements entered into with the CEEFC, the Corporation has made certain commitments, in particular with respect to:

- Complying with restrictions on dividends, stock repurchases and executive compensation;
- Maintaining active employment at a certain level;
- Maintaining spending levels with Canadian suppliers.

The credit facilities made available to the Corporation by the CEEFC are as follows:

Secured debt – LEEFF

On July 10, 2025, as part of its debt restructuring, the Corporation repaid in full the \$41,400 principal balance of its Secured debt – LEEFF.

On January 31, 2025, the Corporation renegotiated its Secured debt – LEEFF agreement at the original principal amount of \$78,000, including the extension of the maturity date to November 1, 2026 (previously February 1, 2026). The credit facility was secured by a first-ranking charge on the assets of the Corporation's Canadian, Mexican, Caribbean and European subsidiaries, subject to certain exceptions and bore interest at Adjusted Term CORRA (Canadian Overnight Repo Rate Average) (previously at the bankers' acceptance rate) plus a premium of 4.5% or at the financial institution's prime rate plus a premium of 3.5%. In the event of a change of control, this credit facility was to become immediately due and payable. Under the terms of the agreement, the Corporation was required to meet certain financial ratios and covenants. During the the nine-month period ended July 31, 2024, the Corporation made an \$11,000 repayment. As October 31, 2024, the credit facility was fully drawn down, and the carrying amount stood at \$41,400.

The Corporation concluded that the modification related to the extension of the maturity date renegotiated on January 31, 2025 was non-substantial as defined in IFRS 9, *Financial Instruments*. As this floating-rate financial liability was initially recorded at an amount equal to the principal to be repaid at maturity, a new estimate of future payments did not have an effect on the carrying amount of the liability. No adjustment has been recorded related to these amendments of January 31, 2025.

Subordinated debt – LEEFF

On July 10, 2025, as part of the debt restructuring, certain terms and conditions of the second-ranking, non-renewable Subordinated debt – LEEFF agreement were amended. Under the amended agreement, the principal amount was reduced from \$370,739 to \$175,000 and its maturity date was extended to July 10, 2035. The agreement now bears interest at 1.22% until July 10, 2028, at which time it increases to 3.0% until maturity. Mandatory prepayments may be required by the CEEFC as a result of certain events, including, but not limited to, sale and leaseback transactions, asset sales and share issuances. The Corporation would then have to repay an amount equivalent to 50% of the amounts received. In addition, mandatory prepayments may be required until July 10, 2030 in the event that cash flows generated and cash balances exceed certain thresholds. In the event of a change of control, this credit facility becomes immediately due and payable. Under the terms of the agreement, the Corporation is required to comply with certain financial covenants. As of July 31, 2025, the financial covenants were in compliance. The credit facility includes a prepayment option, which is an embedded derivative, the fair value of which is recorded as a deduction from the carrying amount of the credit facility. This embedded derivative is separated from the host contract and designated at fair value through profit or loss, with changes in its fair value recorded in the consolidated statement of loss under Change in fair value of derivatives. As at July 31, 2025, the fair value of the prepayment option was nil.

The Corporation concluded that the amendments to its debt agreement renegotiated on July 10, 2025 were substantial as defined under IFRS 9, *Financial Instruments*. Accordingly, on July 10, 2025, the Corporation derecognized the original liability with a carrying amount of \$370,739 and recognized a new financial liability amounting to \$63,912 and a deferred government grant amounting to \$111,088. The Corporation recognized a \$190,457 gain on long-term debt extinguishment, net of \$5,282 in transaction costs in respect of this agreement.

On January 31, 2025, the Corporation renegotiated its Subordinated debt – LEEFF agreement with an initial principal amount of \$312,000, mainly to extend the maturity date to April 29, 2027 (previously April 29, 2026) and convert it into a non-renewable, second-ranking subordinated agreement (previously an unsecured, non-renewable credit facility). The credit facility bore interest at 8.0% until December 31, 2024, after which it was to bear interest at 10.0% until December 31, 2025, increasing by 2.0% annually thereafter. The interest was capitalizable until December 31, 2024. In the event of a change of control, this credit facility was to become immediately due and payable.

The Corporation concluded that the amendments to its debt agreement renegotiated on January 31, 2025 were non-substantial as defined under IFRS 9, *Financial Instruments*. Accordingly, as at January 31, 2025, the carrying amount of the Subordinated debt – LEEFF was adjusted downward to reflect the revised amount of future cash flows discounted using the original effective interest rate. The \$216 adjustment was recognized as a gain on long-term debt modification and included in the gain on long-term debt extinguishment in the consolidated statement of income (loss).

As at July 31, 2025 and October 31, 2024, the credit facility was fully drawn down and its carrying amount stood at \$64,425 as at July 31, 2025 [\$359,556 as at October 31, 2024]. As at July 31, 2025, an amount of \$110,698 was also recognized as a deferred

government grant related to the Subordinated debt – LEEFF. During the nine-month period ended July 31, 2025, an amount of \$390 was recognized as proceeds from government grants as a reduction of financing costs.

Unsecured credit facility – Travel credits

On July 10, 2025, as part of its debt restructuring, the Corporation's \$353,300 unsecured credit facility related to travel credits, which was contracted to provide refunds to travellers who were scheduled to depart on or after February 1, 2020 and for whom travel credits were issued as a result of COVID-19, was fully converted into an unsecured debenture amounting to \$158,735 and 9,934,617 Series 4 Preferred Shares with a value of \$16,265 [see Note 11].

The Corporation concluded that the amendments to its debt agreement renegotiated on July 10, 2025 were substantial as defined under IFRS 9, *Financial Instruments*. Accordingly, on July 10, 2025, the conversion of this credit facility resulted in the derecognition of its original liability with a carrying amount of \$251,210 and the related deferred government grant balance of \$100,788. It also resulted in the recognition of the unsecured debenture of \$65,398, a deferred government grant of \$93,337 and 9,934,617 Series 4 Preferred Shares amounting to \$27,778. The Corporation recognized a gain on long-term debt extinguishment of \$159,841, net of transaction costs of \$5,644, in respect of this conversion.

The \$353,300 unsecured credit facility related to travel credits was to mature on April 29, 2028 and bore interest at 1.22%. In the event the Secured debt – LEEFF and the Subordinated debt – LEEFF had not been repaid, this credit facility was to become immediately due and payable upon default under the LEEFF financing, including in the event of a change in control, and in the absence of a waiver by the lenders to enforce such due and payable obligations or in the event of a change of control without the consent of the lenders. As at October 31, 2024, the credit facility was fully drawn down, and the carrying amount of the credit facility stood at \$231,339. An amount of \$120,784 was also recognized as a deferred government grant related to these drawdowns.

During the nine-month period ended July 31, 2025, an amount of \$19,996 was recognized as proceeds from government grants as a reduction of financing costs.

Unsecured debenture – LEEFF

An amount of \$158,735, in the form of an unsecured debenture, maturing on July 10, 2035, bearing no interest for the first five years and bearing interest at a rate of 7.0% as of July 11, 2030, increasing by 1.0% per annum thereafter, and repayable as of July 10, 2030 by annual principal payments of \$15 873. Mandatory prepayments may be required by the CEEFC as a result of certain events, including, but not limited to, sale and leaseback transactions, asset sales and share issuances. The Corporation would then have to repay an amount equivalent to 50% of the amounts received. In addition, mandatory prepayments may be required until July 10, 2030 in the event that cash flows generated and cash balances exceed certain thresholds. In the event of a change of control, the unsecured debenture becomes immediately due and payable. Under the terms of the agreement, the Corporation is required to comply with certain financial covenants. As of July 31, 2025, the financial covenants were in compliance.

As at July 31, 2025, the carrying amount of the credit facility stood at \$66,002, and an amount of \$92,733 was also recognized as a deferred government grant related to this debenture. During the nine-month period ended July 31, 2025, an amount of \$604 was recognized as proceeds from government grants as a reduction of financing costs.

On August 14, 2025, following the sale and leaseback transactions entered into on July 29, 2025 [see Note 7], and at the request of the CEEFC, the Corporation made a mandatory principal prepayment of \$13 735 on its unsecured debenture.

Subordinated working capital facility – LEEFF

Since July 10, 2025, the Corporation has had a \$50,000 second-ranking subordinated working capital facility agreement for its operations that will increase to \$75,000 once the Corporation has repaid \$25,000 on its revolving term credit facility. The agreement expires on July 10, 2035 and becomes immediately due and payable in the event of a change in control. Drawdowns may be made up to the cumulative mandatory prepayments made on the Subordinated debt – LEEFF and unsecured debenture and Series 4 Preferred Share redemptions and certain cash thresholds. Repayments become due under certain financial conditions and cash thresholds. The agreement bears interest at the rate of 7.0% until July 10, 2026 and thereafter at the 3-month CORRA rate plus a premium of 4.5% calculated on each anniversary date. Under the terms of the agreement, the Corporation is required to meet certain financial covenants. As at July 31, 2025, the financial covenants were met and the facility was undrawn.

On August 20, 2025, following a \$13,735 mandatory principal prepayment of its unsecured debenture and the redemption of 6,243,026 Series 4 Preferred Shares amounting to \$16,265, the Corporation drew down \$30,000 from its subordinated working capital facility.

Other credit facilities

Revolving credit facility

On July 10, 2025, as part of the restructuring of its long-term debt, the Corporation committed to repay by January 15, 2026 an amount of \$25,000 from its \$50,000 revolving term credit agreement for the purpose of its operations. Prior to that, on January 31, 2025, the Corporation renegotiated its revolving credit facility agreement, mainly to extend the maturity date to November 1, 2026 (previously February 1, 2026). This agreement can be extended for one year on each anniversary date subject to lender approval and becomes immediately due and payable in the event of a change of control. Under the terms of the agreement, funds may be drawn down by way of bank loans, denominated in Canadian and U.S. dollars. The agreement is secured by a first ranking moveable hypothec on the universality of assets, present and future, of the Corporation's Canadian, Mexican, Caribbean and European subsidiaries, subject to certain exceptions. The facility bears interest at Adjusted Term CORRA or at SOFR (Secured Overnight Financing Rate) in U.S. dollars, plus a premium of 4.5% or at the financial institution's prime rate, plus a premium of 3.5%. Under the terms of the agreement, the Corporation is required to meet certain financial ratios and covenants. As at July 31, 2025, the financial ratios and covenants were met. As at July 31, 2025 and October 31, 2024, the credit facility was fully drawn down.

On September 5, 2025, the Company renegotiated its agreement primarily to extend the maturity date to November 1, 2027.

Revolving credit facility agreement – Letters of credit

The Corporation has a \$74,000 annually renewable revolving credit facility for the issuance of letters of credit. Under this agreement, the Corporation must pledge cash equal to 100% of the amount of the issued letters of credit. As at July 31, 2025, \$69,101 had been drawn down under the facility [\$69,595 as at October 31, 2024], \$35,589 of which was to secure obligations under senior executive defined benefit pension agreements; this irrevocable letter of credit is held by a third-party trustee. In the event of a change of control, the irrevocable letter of credit issued to secure the obligations under senior executive defined benefit pension agreements will be drawn.

Financing costs

Interest expense for the periods ended July 31, 2025 and 2024, is detailed as follows:

	Quarters ended July 31		Nine-month periods ended July 31	
	2025	2024	2025	2024
	\$	\$	\$	\$
Interest expense on lease liabilities	21,294	19,718	66,378	54,412
Interest expense on long-term debt	11,903	14,169	41,184	45,140
Accretion on provision for return conditions	1,280	1,792	3,863	5,214
Other interest	249	509	1,196	1,776
Financing costs	34,726	36,188	112,621	106,542

Rent expense

Rent expense for the periods ended July 31, 2025 and 2024, is detailed as follows:

	Quarters ended July 31		Nine-month periods ended July 31	
	2025	2024	2025	2024
	\$	\$	\$	\$
Variable lease payments	13	12	3,696	5,771
Short-term leases	—	378	2,321	6,020
Aircraft rent	13	390	6,017	11,791
Variable lease payments	—	18	96	291
Short-term leases	2,508	1,968	5,802	6,357
Low value leases	60	80	189	239
	2,581	2,456	12,104	18,678

Cash flows related to lease liabilities

The following table details cash flows related to repayments of lease liabilities for the nine-month period ended July 31, 2025:

	Cash flows	Non-cash changes	Total
	\$	\$	\$
Balance as at October 31, 2024			1,465,722
Repayments	(141,855)	—	(141,855)
New lease liabilities (new contracts and amendments)	—	65,422	65,422
Interest portion of deferred rent payments	—	399	399
Offset of rent payments	—	(16,126)	(16,126)
Exchange difference	—	(8,403)	(8,403)
Balance as at July 31, 2025	(141,855)	41,292	1,365,159

Maturity analysis

Repayment of principal and interest on long-term debt and lease liabilities as at July 31, 2025 is detailed as follows. Interest on long-term debt only includes interest payable as at July 31, 2025. Lease liabilities denominated in U.S. dollars were translated at the USD/CAD closing rate of 1.3845 as at July 31, 2025:

Year ending October 31	2025	2026	2027	2028	2029	2030 and up	Total
	\$	\$	\$	\$	\$	\$	\$
Long-term debt obligations	13,735	25,000	25,000	—	—	116,692	180,427
Fleet	43,510	248,219	241,823	228,981	207,675	735,616	1,705,824
Real estate and other	1,829	6,760	8,169	4,431	5,194	25,077	51,460
Lease liabilities	45,339	254,979	249,992	233,412	212,869	760,693	1,757,284
Total	59,074	279,979	274,992	233,412	212,869	877,385	1,937,711

Note 7 provides the information required for right-of-use assets and depreciation. Note 15 details the information required with respect to leases of aircraft that will be delivered in the coming years.

Note 9 Liability related to warrants and preferred shares

On July 10, 2025, as part of its debt restructuring [see Note 8], the maturity date of the 13,000,000 existing warrants held by the CEEFC was extended to July 10, 2035 (previously April 29, 2031). The Corporation measured the fair value of the warrants at the debt restructuring date, using the original and revised terms and recognized the resulting \$5,182 fair value loss as a reduction of the gain on long-term debt extinguishment.

In the context of the initial financing arrangement related to the Subordinated debt – LEEFF [Note 8], on April 29, 2021, the Corporation issued to the Government of Canada a total of 13,000,000 warrants for the purchase of an equivalent number of shares of the Corporation (subject to certain limitations described below), with customary adjustment provisions, at an exercise price of \$4.50 per share, exercisable since the debt restructuring that occurred on July 10, 2025, prior to July 10, 2035 (previously prior to April 29, 2031), representing 18.75% of the total commitment available under the subordinated debt – LEEFF.

The number of shares issuable upon exercise of the warrants may not exceed 25.0% of the current number of issued and outstanding shares, nor may it result in the holder owning 19.9% or more of the outstanding shares upon exercise of the warrants. In the event of exercise of warrants that surpasses these thresholds, 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. Lastly, in the event that the Subordinated debt – LEEFF is repaid in full by its maturity, Transat will have the right to redeem all of the warrants for a consideration equal to their fair market value. The warrants will not be transferable prior to the expiry of the period giving rise to the exercise of such redemption right. In addition, the holder of the warrants will benefit from registration rights to facilitate the sale of the underlying shares and the warrants themselves (once the transfer restriction has been lifted).

As at July 31, 2025 and October 31, 2024, a total of 13,000,000 warrants had vested under the drawdowns on the Subordinated debt – LEEFF and no warrants had been exercised.

Under the limitations set out above, if the 13,000,000 warrants issued are exercised:

- a maximum of 9,985,149 warrants could be exercised through the issuance of shares;
- 3,014,851 warrants would be payable in cash on the basis of the difference between the market price of Transat's shares and the exercise price.

Moreover, the parties may, by mutual agreement, exercise the 9,985,149 warrants for a settlement in cash. To the extent that Transat shares are listed on a public market, the Corporation could also choose to settle the exercise of these 9,985,149 warrants on a net share basis, that is, by issuing shares based on the difference between Transat's share market price and the exercise price of warrants.

Due to the existence of settlement mechanisms on a net cash or share basis, the warrants are recorded as derivative financial instruments in the Corporation's liabilities. The liability related to warrants is remeasured at the end of each period at fair value through net income. It is classified at Level 3 in the fair value hierarchy. The fair value of the liability related to warrants is determined using the Black-Scholes valuation model, which uses significant data not based on observable market data, hence their classification in Level 3.

The change in the liability related to warrants is detailed as follows:

	Nine-month period ended July 31, 2025	Year ended October 31, 2024
	\$	\$
Opening balance	8,519	20,816
Revaluation of liability related to warrants	5,321	(12,297)
Loss on long-term debt extinguishment	5,182	—
Closing balance	19,022	8,519

To remeasure the liability related to warrants, classified in Level 3, the Corporation used a Black-Scholes valuation model. As at July 31, 2025, the primary unobservable input used in the model was expected volatility, which was estimated at 57.0%. A 5.0% increase in the expected volatility used in the pricing model would result in a total increase of \$854 in the liability related to warrants as at July 31, 2025.

Note 10 Provision for return conditions

The change in the provision for return conditions is detailed as follows:

	Nine-month period ended July 31, 2025	Year ended October 31, 2024
	\$	\$
Opening balance	174,368	177,832
Additional provisions	13,129	26,604
Effect of discount rate changes	3,141	9,589
Unused amounts reversed	(8,030)	(4,878)
Changes in estimates	—	(41,715)
Accretion	3,863	6,804
Foreign exchange (gain) loss	(1,297)	132
Closing balance	185,174	174,368

The provision for return conditions relates to contractual obligations to return leased aircraft and engines at the end of the leases under predetermined maintenance conditions. Provisions for return conditions include actual costs of work and estimates of the inflation of those costs and of the forecasted aircraft and engine utilization. The provision for return conditions applies to leases that expire between 2025 and 2036 with an average remaining term of 5.7 years.

Note 11 Equity**Authorized share capital****Class A Variable Voting Shares**

An unlimited number of participating Class A Variable Voting Shares ("Class A Shares"), which may be owned or controlled only by non-Canadians as defined by the *Canada Transportation Act* ("CTA"), carry one vote per share at any meeting of the shareholders, subject to an automatic reduction of the voting rights attached thereto in the event that [i] any non-Canadian, individually or in affiliation with another person, holds more than 25% of the votes cast, [ii] any non-Canadian authorized to provide air service in any jurisdiction (in aggregate) holds more than 25% of the votes cast, or [iii] the votes that would be cast by the holders of Class A Shares would be more than 49%. If any of the above-mentioned applicable limitations are exceeded, the votes that should be attributed to holders of Class A Shares will be attributed as follows:

- first, if applicable, there will be a decrease of the votes of any non-Canadian individual (including a non-Canadian authorized to provide air service) whose votes total more than 25% of the votes cast, so that such non-Canadian holder never hold more than 25% (or such other percentage as may be prescribed by an act or regulation of Canada and approved or adopted by the directors of the Corporation) of the total votes cast at any meeting;
- next, if applicable, and once the pro rata distribution as described above is made, a further pro rata reduction will be made in the voting rights of all non-Canadian holders of Class A Shares authorized to provide an air service, so that such non-Canadian holders may never hold votes totalling more than 25% (or such other percentage as may be prescribed by an act or regulation of Canada and approved or adopted by the directors of the Corporation) of the total votes cast, all classes combined, at a meeting;
- last, if applicable, and once the two pro rata allocations described above have been made, a proportional reduction will be made in the voting rights of all holders of Class A Shares, so that all non-Canadian holders of Class A Shares may never hold votes totalling more than 49% (or such other percentage as may be prescribed by an act or regulation of Canada and approved or adopted by the directors of the Corporation) of the total votes cast, all classes combined, at a meeting.

Each issued and outstanding Class A Share shall be automatically converted into one Class B Voting Share without any further action on the part of the Corporation or the holder if [i] the Class A Share is or becomes owned or controlled by a Canadian as

defined by the CTA; or [ii] the provisions contained in the CTA relating to foreign ownership restrictions are repealed and not replaced with other similar provisions.

Class B Voting Shares

An unlimited number of participating Class B Voting Shares [“Class B Shares”], which may only be owned and controlled by Canadians within the meaning of the CTA, and entitling such Canadians to one vote per Class B Share at any meeting of the shareholders of the Corporation. Each issued and outstanding Class B Share shall be converted into one Class A Share, automatically without any further action on the part of the Corporation or the holder if the Class B Share is or becomes owned or controlled by a non-Canadian as defined by the CTA.

Preferred shares

An unlimited number of preferred shares, non-voting, issuable in series, each series bearing the number of shares, designation, rights, privileges, restrictions and conditions as determined by the Board of Directors.

Series 4 Preferred Shares

An authorized number of 9,934,617 Series 4 Preferred Shares, non-voting, bearing dividends at the same amount and at the same time as any dividends declared on the Class A Variable Voting Shares and Class B Voting Shares, redeemable, under certain conditions, at the Corporation’s option at a price per share equal to the higher of \$1.64 per share or the fair value of the Class B Voting Shares, redeemable at the holder’s option until a total redemption price of \$16,265 has been reached or upon a change of control, and convertible at the option of the holder into Class B Voting Shares as of the date on which the Series 4 Preferred Shares are redeemed for a total amount of \$16,265, insofar as the holder shall not hold more than 19.9% of the Class B Voting Shares outstanding as a result of the conversion.

Issued and outstanding share capital

Voting shares

The changes affecting Class A Shares and Class B shares were as follows:

	Number of shares	\$
Balance as at October 31, 2023	38,489,358	223,450
Issued from treasury	776,833	1,988
Balance as at October 31, 2024	39,266,191	225,438
Issued from treasury	925,288	1,479
Balance as at July 31, 2025	40,191,479	226,917

As at July 31, 2025, the number of Class A Shares and Class B Shares stood at 1,764,184 and 38,427,295, respectively [1,521,678 and 37,744,513, respectively, as at October 31, 2024].

Preferred shares

As part of the debt restructuring transaction [see Note 8], specifically in the context of the conversion of the unsecured credit facility related to travel credits, the Corporation issued 9,934,617 Series 4 Preferred Shares with a value of \$16,265 or \$1.64 per share, reflecting the five-day volume weighted average price (VWAP) of the Corporation’s Class B Voting Shares and Class A Variable Voting Shares on the Toronto Stock Exchange on the date prior to the announcement of the agreement in principle with the CEEFC on June 5, 2025.

As the Series 4 Preferred Shares are redeemable at the holder’s option, they are recognized as a derivative financial liability of the Corporation. The Series 4 Preferred Shares are accounted for as a debt host contract at amortized cost with an embedded conversion option recognized at each period-end at fair value through profit or loss and are classified as Level 1 in the fair value hierarchy. At the July 10, 2025 issuance date, the fair value of the 9,934,617 Series 4 Preferred Shares was estimated at \$27,778 based on a price per share of 2.80 \$.

As at July 31, 2025, the fair value of the 9,934,617 Series 4 Preferred Shares was estimated to be \$25,438 based on a price per share of 2.56 \$, being the five-day volume weighted average price (VWAP) of the Corporation's Class B Voting Shares and Class A Variable Voting Shares on the Toronto Stock Exchange on that date.

The change in the liability related to Series 4 Preferred Shares is detailed as follows:

	Number of shares	Weighted average price (\$)	\$
Opening balance	9 934 617	2.80	27,778
Revaluation of liability related to preferred shares			(2,340)
Balance as at July 31, 2025	9 934 617	2.56	25,438
Current portion of preferred shares			16,265
Preferred shares			9,173

On August 14, 2025, following the sale and leaseback transactions entered into on July 29, 2025 [see Note 7] and at the request of the CEEFC, the Corporation redeemed 6,243,026 Series 4 Preferred Shares for a total amount of \$16,265 or \$2.60 per share. Following this redemption, no other Series 4 Preferred Shares may be purchased at the holder's option.

Stock option plan

	Number of options	Weighted average price (\$)
Balance as at October 31, 2024	369,702	5.13
Expired	(69,702)	10.17
Balance as at July 31, 2025	300,000	3.96
Options exercisable as at July 31, 2025	183,334	4.13

Warrants

No warrants were exercised during the quarter and nine-month period ended July 31, 2025. Accordingly, the Corporation did not issue any shares related to the exercise of warrants [Note 9].

Earnings (loss) per share

Basic and diluted loss per share were calculated as follows:

	Quarters ended July 31		Nine-month periods ended July 31	
	2025	2024	2025	2024
(in thousands of dollars, except per share data)	\$	\$	\$	\$
NUMERATOR				
Net income (loss) used in computing basic earnings (loss) per share	399,821	(39,893)	254,405	(155,257)
Effect of deemed conversion of warrants and preferred shares	5,107	(12,781)	2,981	(7,270)
Less anti-dilutive impact	(7,447)	12,781	(5,321)	7,270
Net income (loss) used in computing diluted earnings (loss) per share	397,481	(39,893)	252,065	(155,257)
DENOMINATOR				
Adjusted weighted average number of outstanding shares	40,083	38,906	39,767	38,733
Effect of potential dilutive securities				
Preferred shares	2,268	—	764	—
Adjusted weighted average number of outstanding shares used in computing diluted loss per share	42,351	38,906	40,531	38,733
Earnings (loss) per share				
Basic	9.97	(1.03)	6.40	(4.01)
Diluted	9.39	(1.03)	6.22	(4.01)

For the quarter and nine-month period ended July 31, 2025, a total of 300,000 outstanding stock options and the 9,985,149 vested warrants that can be exercised through the issuance of shares were excluded from the calculation since their exercise price exceeded the average share price for the period [375,904 and 375,904 stock options for the quarter and nine-month period ended July 31, 2025, respectively, and 9,687,900 warrants for the quarter and nine-month period ended July 31, 2024].

Note 12 Additional disclosure on revenue and expenses**Breakdown of revenues from contracts with customers**

The Corporation has determined that it conducts its activities in a single industry segment, namely holiday travel. With respect to geographic areas, the Corporation operates mainly in the Americas, and serves two main markets that also represent its two main product lines: the transatlantic market and the Americas market, which includes the sun routes. Revenues from contracts with customers is broken down as follows:

	Quarters ended July 31		Nine-month periods ended July 31	
	2025	2024	2025	2024
	\$	\$	\$	\$
Customers				
Americas	225,840	210,400	1,806,463	1,744,618
Transatlantic	527,915	520,375	772,564	732,387
Other	12,546	5,428	47,852	17,900
Total revenues	766,301	736,203	2,626,879	2,494,905

During the nine-month period ended July 31, a financial compensation agreement was entered into with the original equipment manufacturer of the GTF engines and an amount of \$26,956 [\$6,978 for the quarter ended July 31, 2025], in the form of credits, was recognized in accordance with this agreement.

Note 13 Restructuring costs

	Quarters ended July 31		Nine-month periods ended July 31	
	2025	2024	2025	2024
	\$	\$	\$	\$
Restructuring costs				
Severance	157	—	4,214	1,848
Staff relocation costs	—	500	—	629
	157	500	4,214	2,477

Restructuring costs include termination benefits related to the changes in organizational structure.

The change in the provision for employee termination benefits, which was included in Trade and other payables, was as follows:

	Nine-month period ended July 31, 2025	Year ended October 31, 2024
	\$	\$
Opening balance	1,030	1,151
Additional provision	4,214	2,522
Utilization of provision	(4,255)	(2,643)
Closing balance	989	1,030

Note 14 Gain on asset disposals

The following table shows the gains on asset disposals for the following periods:

	Quarters ended July 31		Nine-month periods ended July 31	
	2025	2024	2025	2024
	\$	\$	\$	\$
Gain on asset disposals				
Gain on sale and leaseback of assets <i>[Note 7]</i>	(14,060)	—	(19,243)	—
Gain on disposal of an investment	—	—	—	(5,784)
Gain on asset disposals – other	—	(392)	—	(392)
	(14,060)	(392)	(19,243)	(6,176)

During the nine-month period ended July 31, 2024, the Corporation recorded a \$5,784 gain on disposal of investment following the sale of its 50% interest in Desarrollo Transimar, a Mexican company operating a hotel. In addition, the Corporation recorded a \$392 gain on asset disposals related to the sale of an Airbus A330 engine with a carrying amount of \$250.

Note 15 Commitments and contingencies

Leases and other commitments

As at July 31, 2025, the Corporation was party to agreements to lease four Airbus A321XLRs to be delivered in 2027 and 2028. The Corporation also has leases with a term of less than 12 months and/or for low value assets, as well as purchase obligations under various contracts with suppliers, particularly in connection with information technology service contracts, undertaken in the normal course of business. The following table sets out the minimum payments due under leases of aircraft to be delivered over the next few years and under leases with a term of less than 12 months and/or for low value assets, as well as purchase obligations:

Year ending October 31	2025	2026	2027	2028	2029	2030 and up	Total
	\$	\$	\$	\$	\$	\$	\$
Leases (aircraft and other)	463	537	10,780	37,266	37,266	361,885	448,197
Purchase obligations	12,739	18,274	17,272	6,785	3,864	—	58,934
	13,202	18,811	28,052	44,051	41,130	361,885	507,131

Litigation

In the normal course of business, the Corporation is exposed to various claims and legal proceedings. There are often many uncertainties surrounding these disputes and the outcome of the individual cases is unpredictable. According to management, these claims and proceedings are adequately provided for or covered by insurance policies and their settlement should not have a significant negative impact on the Corporation's financial position, subject to the paragraph hereunder. The Corporation has directors' and officers' liability insurance and professional liability insurance, with coverage under said insurance policies that is usually sufficient to pay amounts that the Corporation may be required to disburse in connection with these lawsuits that are specific to the directors and officers, and not the Corporation. In addition, the Corporation holds professional liability and general liability insurance for lawsuits relating to non-bodily or bodily injuries sustained. In all these lawsuits, the Corporation has always defended itself vigorously and intends to continue to do so.

As a result of the COVID-19 pandemic, the Corporation has been the subject of a number of applications for authorization to institute class actions in connection with the reimbursement of customer deposits for airline tickets and packages that had to be cancelled. While some of these class actions have not yet been definitively settled, the Corporation has refunded almost all of the customers, particularly since April 2021, using the unsecured credit facility related to travel credits. Consequently, applications for authorization to institute class actions that have not yet been settled may become moot. In any event, the Corporation will continue to defend itself vigorously in this respect. If the Corporation had to pay an amount related to class actions, the unfavourable effect of the settlement would be recognized in the consolidated statement of income (loss) and could have an unfavourable effect on cash.

Other

From time to time, the Corporation is subject to audits by tax authorities that give rise to questions regarding the tax treatment of certain transactions. Certain of these matters could entail significant costs that will remain uncertain until one or more events occur or fail to occur. Although the outcome of such matters is difficult to predict with certainty, the tax claims and risks for which there is a probable unfavourable outcome are recognized by the Corporation using the best possible estimates of the amount of the loss.

Note 16 Guarantees

In the normal course of business, the Corporation has entered into agreements containing clauses meeting the definition of a guarantee. These agreements provide compensation and guarantees to counterparties in transactions such as operating leases, irrevocable letters of credit and collateral security contracts.

These agreements may require the Corporation to compensate the counterparties for costs and losses incurred as a result of various events, including breaches of prior representations or warranties, loss of or damages to property, claims that may arise while providing services and environmental liabilities.

Notes 4, 14, 17 and 24 to the consolidated financial statements for the year ended October 31, 2024 provide information about some of these agreements. The following constitutes additional disclosure.

Leases

The Corporation's subsidiaries have general indemnity clauses in many of their airport and other real estate leases whereby they, as lessee, indemnify the lessor against liabilities related to the use of the leased property. The nature of the agreements varies based on the contracts and therefore prevents the Corporation from estimating the total potential amount its subsidiaries would have to pay to lessors. Historically, the Corporation's subsidiaries have not made any significant payments under such agreements and have liability insurance coverage in such circumstances.

Collateral security contracts

The Corporation has entered into collateral security contracts with certain suppliers. Under these contracts, the Corporation guarantees the payment of certain services rendered that it undertook to pay. These contracts typically cover a one-year period and are renewable.

The Corporation has entered into collateral security contracts whereby it guarantees a prescribed amount to its customers, as required by regulatory agencies, for the performance of the obligations included in mandates of its customers during the term of the licences granted to the Corporation for its travel agent and wholesaler operations in the Province of Québec. These agreements typically cover a one-year period and are renewable annually. As at July 31, 2025, the total amount of these guarantees unsecured by deposits totalled \$3,518. Historically, the Corporation has not made any significant payments under such agreements. As at July 31, 2025, no amounts had been accrued with respect to the above-mentioned agreements.

Note 17 Segment disclosures

The Corporation has determined that it conducts its activities in a single industry segment, namely holiday travel. With respect to geographic areas, the Corporation's operations are primarily in the Americas. Revenues and non-current assets outside the Americas are not material. Therefore, the consolidated statements of loss and consolidated statements of financial position include all the required information.

