



**TRANSAT A.T. INC.**  
**SECOND QUARTERLY REPORT**  
Period ended April 30, 2026

Investor Relations  
Mr. Jean-François Pruneau  
Chief Financial Officer

[investorrelations@transat.com](mailto:investorrelations@transat.com)

**Ticker symbol**  
TSX: TRZ

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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This Management's Discussion and Analysis ["MD&A"] provides a review of Transat A.T. Inc.'s operations, performance and financial position for the quarter ended April 30, 2026, compared with the quarter ended April 30, 2025 and should be read in conjunction with the audited consolidated financial statements for the year ended October 31, 2025 and the accompanying notes and the 2025 Annual Report, including the MD&A and the section on risks and uncertainties. The purpose of this document is to provide a quarter update to the information contained in the MD&A section of our 2025 Annual Report. The risks and uncertainties set out in the MD&A of the 2025 Annual Report are herein incorporated by reference and remain substantially unchanged. Unless otherwise indicated, the information contained herein is dated as of June 10, 2026. You will find more information about us on Transat's website at [www.transat.com](http://www.transat.com) and on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca), including the Attest Reports for the quarter ended April 30, 2026, and the Annual Information Form for the year ended October 31, 2025.

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards ["IFRS"]. We occasionally refer to non-IFRS financial measures in the MD&A. See the Non-IFRS financial measures section for more information. All dollar figures in this MD&A are in Canadian dollars unless otherwise indicated. The terms "Transat," "we," "us," "our" and the "Corporation" mean Transat A.T. Inc. and its subsidiaries, unless otherwise indicated.

### 1. CAUTION REGARDING FORWARD-LOOKING STATEMENTS

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This MD&A 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, measures taken, planned or contemplated by governments regarding the imposition of tariffs on exports and imports, 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 maintain and grow its reputation and brand, the availability of funding in the future for the Corporation including its debt refinancing, the Corporation's ability to repay its debt and settle its liabilities from internally generated funds or otherwise, the Corporation's ability to maintain an adequate level of liquidity for its working capital requirements, the Corporation's ability to adequately mitigate the Pratt & Whitney GTF engine issues, fluctuations in fuel prices and exchange rates and interest rates, the availability and continuity of fuel supply at each airport served by the Corporation, 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 Corporation's ability to reduce operating costs through, among other things, the *Elevation* Optimization Program initiatives, 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 Management's Discussion and Analysis included in our 2025 Annual Report, filed on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

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 MD&A 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, drawdowns under existing credit facilities or by other means.
- The outlook whereby, for fiscal year 2026, the Corporation expects a 4% to 5% increase in capacity, measured in available seat-miles, compared to 2025.

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, that fuel supplies will continue to be available on terms generally consistent with those currently being offered, that fuel prices, exchange rates, selling prices and hotel and other costs remain stable, that 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. If these assumptions prove incorrect, actual results and developments may differ materially from those contemplated by the forward-looking statements contained in this MD&A. 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 MD&A 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.

## **2. NON-IFRS FINANCIAL MEASURES**

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This MD&A was prepared using results and financial information determined under IFRS. In addition to IFRS financial measures, management uses non-IFRS measures to assess the Corporation's operational performance. 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 and preferred shares, gains (losses) on business and/or asset disposals, 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, asset write-offs and impairment, reversal of impairment of the investment in a joint venture, depreciation and amortization, foreign exchange gains (losses), gain on long-term debt extinguishment and other significant unusual items, and by including premiums related to derivatives that matured during the period, we believe this MD&A 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.

The non-IFRS measures used by the Corporation are as follows:

|                                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Adjusted operating income (loss) or adjusted EBITDA</b> | 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.                                                                                                                                                                                                                                                                                                                                                         |
| <b>Adjusted pre-tax income (loss) or adjusted EBT</b>      | Income (loss) before income tax expense before change in fair value of derivatives, revaluation of liability related to warrants and preferred shares, gain on long-term debt extinguishment, gain on business disposals, gain on disposal of investment, gain (loss) on asset disposals, gain on sale and leaseback of assets, 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, 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.                                                                                                                                                                               |
| <b>Adjusted net income (loss)</b>                          | Net income (loss) before change in fair value of derivatives, revaluation of liability related to warrants and preferred shares, gain on long-term debt extinguishment, gain on business disposals, gain on disposal of investment, gain (loss) on asset disposals, gain on sale and leaseback of assets, 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, 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. |
| <b>Adjusted net earnings (loss) per share</b>              | Adjusted net income (loss) divided by the adjusted weighted average number of outstanding shares used in computing diluted earnings (loss) per share.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>Total debt</b>                                          | Long-term debt plus lease liabilities, deferred government grant and liability related to warrants, net of deferred financing costs related to the subordinated 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.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Total net debt</b>                                      | 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.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |

The following tables reconcile the non-IFRS financial measures to the most comparable IFRS financial measures:

|                                                                                                 | Quarters ended<br>April 30 |               | Six-month periods<br>ended April 30 |                 |
|-------------------------------------------------------------------------------------------------|----------------------------|---------------|-------------------------------------|-----------------|
|                                                                                                 | 2026                       | 2025          | 2026                                | 2025            |
| (in thousands of Canadian dollars, except per share amounts)                                    | \$                         | \$            | \$                                  | \$              |
| Operating income (loss)                                                                         | (79,661)                   | 37,270        | (98,815)                            | (14,686)        |
| Depreciation and amortization                                                                   | 65,234                     | 62,680        | 127,183                             | 125,645         |
| Effect of discount rate changes                                                                 | (1,455)                    | (887)         | (10,045)                            | 6,262           |
| Changes in market price of CORSIA Eligible Emissions Units                                      | (4,252)                    | —             | (4,549)                             | —               |
| Restructuring costs                                                                             | —                          | 979           | 220                                 | 4,057           |
| Premiums related to derivatives that matured during the period                                  | (606)                      | (1,596)       | (1,136)                             | (2,863)         |
| <b>Adjusted operating income (loss)</b>                                                         | <b>(20,740)</b>            | <b>98,446</b> | <b>12,858</b>                       | <b>118,415</b>  |
| Loss before income tax expense                                                                  | (78,562)                   | (22,885)      | (107,771)                           | (144,910)       |
| Effect of discount rate changes                                                                 | (1,455)                    | (887)         | (10,045)                            | 6,262           |
| Changes in market price of CORSIA Eligible Emissions Units                                      | (4,252)                    | —             | (4,549)                             | —               |
| Restructuring costs                                                                             | —                          | 979           | 220                                 | 4,057           |
| Gain on asset disposals                                                                         | —                          | —             | —                                   | (5,183)         |
| Change in fair value of derivatives                                                             | (23,453)                   | 92,241        | 947                                 | 88,779          |
| Revaluation of liability related to warrants and preferred shares                               | (388)                      | (2,119)       | 5,899                               | (2,126)         |
| Foreign exchange loss (gain)                                                                    | 4,153                      | (60,999)      | (35,695)                            | (13,527)        |
| Gain on long-term debt extinguishment                                                           | —                          | —             | —                                   | (216)           |
| Premiums related to derivatives that matured during the period                                  | (606)                      | (1,596)       | (1,136)                             | (2,863)         |
| <b>Adjusted pre-tax income (loss)</b>                                                           | <b>(104,563)</b>           | <b>4,734</b>  | <b>(152,130)</b>                    | <b>(69,727)</b> |
| Net loss                                                                                        | (78,994)                   | (22,884)      | (108,492)                           | (145,416)       |
| Effect of discount rate changes                                                                 | (1,455)                    | (887)         | (10,045)                            | 6,262           |
| Changes in market price of CORSIA Eligible Emissions Units                                      | (4,252)                    | —             | (4,549)                             | —               |
| Restructuring costs                                                                             | —                          | 979           | 220                                 | 4,057           |
| Gain on asset disposals                                                                         | —                          | —             | —                                   | (5,183)         |
| Change in fair value of derivatives                                                             | (23,453)                   | 92,241        | 947                                 | 88,779          |
| Revaluation of liability related to warrants and preferred shares                               | (388)                      | (2,119)       | 5,899                               | (2,126)         |
| Foreign exchange loss (gain)                                                                    | 4,153                      | (60,999)      | (35,695)                            | (13,527)        |
| Gain on long-term debt extinguishment                                                           | —                          | —             | —                                   | (216)           |
| Premiums related to derivatives that matured during the period                                  | (606)                      | (1,596)       | (1,136)                             | (2,863)         |
| <b>Adjusted net income (loss)</b>                                                               | <b>(104,995)</b>           | <b>4,735</b>  | <b>(152,851)</b>                    | <b>(70,233)</b> |
| Adjusted net income (loss)                                                                      | (104,995)                  | 4,735         | (152,851)                           | (70,233)        |
| Adjusted weighted average number of outstanding shares used in computing diluted loss per share | 40,763                     | 39,752        | 40,652                              | 39,607          |
| <b>Adjusted net earnings (loss) per share</b>                                                   | <b>(2.58)</b>              | <b>0.12</b>   | <b>(3.76)</b>                       | <b>(1.77)</b>   |

  

|                               | As at<br>April 30,<br>2026 | As at<br>October 31,<br>2025 |
|-------------------------------|----------------------------|------------------------------|
| (in thousands of dollars)     | \$                         | \$                           |
| Long-term debt                | 128,962                    | 200,818                      |
| Deferred government grant     | 191,037                    | 199,182                      |
| Liability related to warrants | 18,550                     | 14,235                       |
| Lease liabilities             | 1,265,412                  | 1,347,396                    |
| <b>Total debt</b>             | <b>1,603,961</b>           | <b>1,761,631</b>             |
| Total debt                    | 1,603,961                  | 1,761,631                    |
| Cash and cash equivalents     | (390,147)                  | (164,920)                    |
| <b>Total net debt</b>         | <b>1,213,814</b>           | <b>1,596,711</b>             |

### 3. FINANCIAL HIGHLIGHTS

| (in thousands of Canadian dollars,<br>except per share amounts)                       | Quarters ended April 30 |           |            |            | Six-month periods ended April 30 |                              |            |            |
|---------------------------------------------------------------------------------------|-------------------------|-----------|------------|------------|----------------------------------|------------------------------|------------|------------|
|                                                                                       | 2026                    | 2025      | Difference | Difference | 2026                             | 2025                         | Difference | Difference |
|                                                                                       | \$                      | \$        | \$         | %          | \$                               | \$                           | \$         | %          |
| <b>Consolidated Statements of Loss</b>                                                |                         |           |            |            |                                  |                              |            |            |
| Revenues                                                                              | 1,027,603               | 1,031,073 | (3,470)    | (0.3)      | 1,898,316                        | 1,860,578                    | 37,738     | 2.0        |
| Operating income (loss)                                                               | (79,661)                | 37,270    | (116,931)  | (313.7)    | (98,815)                         | (14,686)                     | (84,129)   | (572.9)    |
| Net loss                                                                              | (78,994)                | (22,884)  | (56,110)   | (245.2)    | (108,492)                        | (145,416)                    | 36,924     | 25.4       |
| Basic loss per share                                                                  | (1.94)                  | (0.58)    | (1.36)     | (234.5)    | (2.67)                           | (3.67)                       | 1.00       | 27.2       |
| Diluted loss per share                                                                | (1.94)                  | (0.58)    | (1.36)     | (234.5)    | (2.67)                           | (3.67)                       | 1.00       | 27.2       |
| Adjusted operating income (loss) <sup>1</sup>                                         | (20,740)                | 98,446    | (119,186)  | (121.1)    | 12,858                           | 118,415                      | (105,557)  | (89.1)     |
| Adjusted net income (loss) <sup>1</sup>                                               | (104,995)               | 4,735     | (109,730)  | (2,317.4)  | (152,851)                        | (70,233)                     | (82,618)   | (117.6)    |
| Adjusted net earnings (loss)<br>per share <sup>1</sup>                                | (2.58)                  | 0.12      | (2.70)     | (2,250.0)  | (3.76)                           | (1.77)                       | (1.99)     | (112.4)    |
| <b>Consolidated Statements of<br/>Cash Flows</b>                                      |                         |           |            |            |                                  |                              |            |            |
| Operating activities                                                                  | 118,317                 | 207,842   | (89,525)   | (43.1)     | 414,714                          | 376,420                      | 38,294     | 10.2       |
| Investing activities                                                                  | (21,098)                | (19,312)  | (1,786)    | (9.2)      | (34,752)                         | (11,578)                     | (23,174)   | (200.2)    |
| Financing activities                                                                  | (92,583)                | (45,788)  | (46,795)   | (102.2)    | (153,274)                        | (93,534)                     | (59,740)   | (63.9)     |
| Effect of exchange rate changes<br>on cash and cash equivalents                       | (1,143)                 | 514       | (1,657)    | (322.4)    | (1,461)                          | 967                          | (2,428)    | (251.1)    |
| Net change in cash and cash<br>equivalents                                            | 3,493                   | 143,256   | (139,763)  | (97.6)     | 225,227                          | 272,275                      | (47,048)   | (17.3)     |
| <b>Consolidated Statements of Financial Position</b>                                  |                         |           |            |            |                                  |                              |            |            |
|                                                                                       |                         |           |            |            | As at<br>April 30,<br>2026       | As at<br>October 31,<br>2025 | Difference | Difference |
|                                                                                       |                         |           |            |            | \$                               | \$                           | \$         | %          |
| Cash and cash equivalents                                                             |                         |           |            |            | 390,147                          | 164,920                      | 225,227    | 136.6      |
| Cash and cash equivalents in trust or otherwise reserved<br>(current and non-current) |                         |           |            |            | 231,344                          | 465,592                      | (234,248)  | (50.3)     |
|                                                                                       |                         |           |            |            | 621,491                          | 630,512                      | (9,021)    | (1.4)      |
| Total assets                                                                          |                         |           |            |            | 2,613,755                        | 2,574,563                    | 39,192     | 1.5        |
| Debt (current and non-current)                                                        |                         |           |            |            | 128,962                          | 200,818                      | (71,856)   | (35.8)     |
| Total debt <sup>1</sup>                                                               |                         |           |            |            | 1,603,961                        | 1,761,631                    | (157,670)  | (9.0)      |
| Total net debt <sup>1</sup>                                                           |                         |           |            |            | 1,213,814                        | 1,596,711                    | (382,897)  | (24.0)     |

<sup>1</sup> See the Non-IFRS Financial Measures section

## 4. OVERVIEW

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### CORE BUSINESS

Founded in Montreal in 1987, Transat has achieved worldwide recognition as a provider of leisure travel particularly as an airline under the Air Transat brand. Voted 2025 World's Best Leisure Airline by passengers at the Skytrax World Airline Awards, it flies to international destinations. Air Transat's fleet is primarily composed of some of the most energy-efficient aircraft in their category. Based in Montreal, Transat has more than 5,000 employees with a common purpose to bring people closer together. (TSX: TRZ) [www.transat.com](http://www.transat.com)

## 5. HIGHLIGHTS OF THE QUARTER

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### ELEVATION OPTIMIZATION PROGRAM

The *Elevation* Optimization Program, launched in September 2024 to accelerate our strategic priorities, was completed during the quarter. After 18 months of disciplined program execution, substantially all of the initiatives identified have been implemented, achieving the target of a \$100 million impact on adjusted operating income by mid-2026.

The main accomplishments include optimizing our organizational structure, integrating artificial intelligence (AI) solutions into the contact centres and revenue management activities, and improving efficiency across a number of key business functions.

Some initiatives are ongoing in a dynamic environment and will be monitored to maximize impact. The Corporation has entered a phase to durably embed these gains into its day-to-day operations, while continuing to identify initiatives with high value creation potential.

### FINANCING

During the quarter, the Corporation repaid \$30.0 million on its subordinated working capital facility and \$25.0 million on its revolving credit facility, thereby reducing total debt.

### CAPACITY ADJUSTMENT

On April 22, 2026, the Corporation announced it has made targeted adjustments to certain routes in its 2026 program in response to extraordinary aviation fuel price volatility and some supply constraints. These adjustments seek to optimize deployed capacity by prioritizing routes with the strongest profitability potential, as part of a continued focus on operational discipline.

To date, these measures represent a reduction of approximately 6% in planned capacity for the period from May to October 2026. The Corporation has reduced some frequencies on routes bound for Europe and the Caribbean and extended the suspension of Cuba operations until October 2026.

### NEW DESTINATIONS

On April 27, 2026, the Corporation announced it has added three new destinations from Montreal for the winter season: Oranjestad in Aruba, Bridgetown in Barbados, and San José del Cabo in Mexico. These new destinations are part of the Corporation's strategy to diversify its network and optimize capacity deployment.

### PARTNERSHIP WITH PORTER

On May 4, 2026, the Corporation announced it was taking another step forward in its commercial partnership with Porter Airlines by launching new packages effective November 1, 2026 that combine Porter non-stop flights to Nassau, Grand Cayman, Cancun and Puerto Vallarta with Transat's recognized tour operator expertise. Packages will feature a curated selection of hotels in each destination, with a mix of all-inclusive and European Plan offerings depending on the property.

## 6. CONSOLIDATED OPERATIONS

| (in thousands of dollars)                                         | Quarters ended April 30 |           |            |            | Six-month periods ended April 30 |           |            |            |
|-------------------------------------------------------------------|-------------------------|-----------|------------|------------|----------------------------------|-----------|------------|------------|
|                                                                   | 2026                    | 2025      | Difference | Difference | 2026                             | 2025      | Difference | Difference |
|                                                                   | \$                      | \$        | \$         | %          | \$                               | \$        | \$         | %          |
| <b>Revenues</b>                                                   | <b>1,027,603</b>        | 1,031,073 | (3,470)    | (0.3)      | <b>1,898,316</b>                 | 1,860,578 | 37,738     | 2.0        |
| <b>Operating expenses</b>                                         |                         |           |            |            |                                  |           |            |            |
| Costs of providing tourism services                               | 376,086                 | 375,432   | 654        | 0.2        | 671,149                          | 674,527   | (3,378)    | (0.5)      |
| Aircraft fuel                                                     | 199,049                 | 136,487   | 62,562     | 45.8       | 319,276                          | 258,363   | 60,913     | 23.6       |
| Salaries and employee benefits                                    | 152,841                 | 132,915   | 19,926     | 15.0       | 291,492                          | 260,194   | 31,298     | 12.0       |
| Sales and distribution costs                                      | 81,771                  | 77,624    | 4,147      | 5.3        | 149,227                          | 141,539   | 7,688      | 5.4        |
| Aircraft maintenance                                              | 69,896                  | 62,219    | 7,677      | 12.3       | 130,080                          | 124,376   | 5,704      | 4.6        |
| Airport and navigation fees                                       | 52,392                  | 49,351    | 3,041      | 6.2        | 100,233                          | 96,884    | 3,349      | 3.5        |
| Aircraft rent                                                     | 1,485                   | 3,330     | (1,845)    | (55.4)     | 3,012                            | 6,004     | (2,992)    | (49.8)     |
| Other airline costs                                               | 65,288                  | 58,344    | 6,944      | 11.9       | 122,383                          | 110,624   | 11,759     | 10.6       |
| Other                                                             | 43,222                  | 34,442    | 8,780      | 25.5       | 82,876                           | 73,051    | 9,825      | 13.4       |
| Depreciation and amortization                                     | 65,234                  | 62,680    | 2,554      | 4.1        | 127,183                          | 125,645   | 1,538      | 1.2        |
| Restructuring costs                                               | —                       | 979       | (979)      | (100.0)    | 220                              | 4,057     | (3,837)    | (94.6)     |
|                                                                   | <b>1,107,264</b>        | 993,803   | 113,461    | 11.4       | <b>1,997,131</b>                 | 1,875,264 | 121,867    | 6.5        |
| <b>Operating income (loss)</b>                                    | <b>(79,661)</b>         | 37,270    | (116,931)  | (313.7)    | <b>(98,815)</b>                  | (14,686)  | (84,129)   | (572.9)    |
| Financing costs                                                   | 23,471                  | 38,210    | (14,739)   | (38.6)     | 47,859                           | 77,895    | (30,036)   | (38.6)     |
| Financing income                                                  | (4,882)                 | (7,178)   | 2,296      | 32.0       | (10,054)                         | (15,398)  | 5,344      | 34.7       |
| Change in fair value of derivatives                               | (23,453)                | 92,241    | (115,694)  | (125.4)    | 947                              | 88,779    | (87,832)   | (98.9)     |
| Revaluation of liability related to warrants and preferred shares | (388)                   | (2,119)   | 1,731      | 81.7       | 5,899                            | (2,126)   | 8,025      | 377.5      |
| Foreign exchange loss (gain)                                      | 4,153                   | (60,999)  | 65,152     | 106.8      | (35,695)                         | (13,527)  | (22,168)   | (163.9)    |
| Gain on asset disposals                                           | —                       | —         | —          | —          | —                                | (5,183)   | 5,183      | 100.0      |
| Gain on long-term debt extinguishment                             | —                       | —         | —          | —          | —                                | (216)     | 216        | 100.0      |
| <b>Loss before income tax expense</b>                             | <b>(78,562)</b>         | (22,885)  | (55,677)   | (243.3)    | <b>(107,771)</b>                 | (144,910) | 37,139     | 25.6       |
| <b>Income taxes (recovery)</b>                                    |                         |           |            |            |                                  |           |            |            |
| Current                                                           | 432                     | (5)       | 437        | 8,740.0    | 721                              | 403       | 318        | 78.9       |
| Deferred                                                          | —                       | 4         | (4)        | (100.0)    | —                                | 103       | (103)      | (100.0)    |
|                                                                   | <b>432</b>              | (1)       | 433        | 43,300.0   | <b>721</b>                       | 506       | 215        | 42.5       |
| <b>Net loss for the period</b>                                    | <b>(78,994)</b>         | (22,884)  | (56,110)   | (245.2)    | <b>(108,492)</b>                 | (145,416) | 36,924     | 25.4       |

## REVENUES

We generate nearly all of our revenues from air transport, outgoing tour operators, travel agencies, distribution, incoming tour operators and services at travel destinations.

For the quarter ended April 30, 2026, revenues were down \$3.5 million (0.3%), compared with 2025. The decrease in revenues was attributable to the suspension of our flights to Cuba, resulting in a revenue shortfall of \$81.0 million compared with 2025, as well as the financial compensation from the original equipment manufacturer of GTF engines of \$5.2 million, which was down \$14.7 million from the second quarter of 2025. The decrease in revenues was partially offset by a 3.9% increase in traffic, expressed in revenue-passenger-miles, compared with the corresponding quarter of 2025. For the quarter, across the entire network, the capacity offered increased by 4.8% compared with 2025, while capacity on sun routes, the main program during this period, increased by 1.7%. Airline unit revenues, expressed in revenue per passenger-mile (or "yield"), were down 0.7%. Persistent issues with Pratt & Whitney's GTF engines continued to result in less effective revenue management, alongside inefficiencies caused by having to unexpectedly redeploy part of our capacity after suspending flights to Cuba in peak season, due to fuel supply issues at destination airports. Across all our markets, the Corporation reported a load factor of 83.8%, compared with 84.6 % in 2025.

For the six-month period ended April 30, 2026, revenues were up \$37.7 million (2.0%), compared with 2025, despite a \$53.0 million decline in revenue in the Cuban market, due to the suspension of our flights to Cuba. Overall, traffic, expressed in revenue-passenger miles, was 3.1% higher than for the corresponding period of 2025. For the six-month period, across the entire network, the capacity offered increased 3.0% compared with 2025, while capacity on sun routes, the main program during this period, increased 2.6%. Our airline unit revenues, expressed in revenue per passenger-mile (or "yield") were up 0.2%. However, the increase in revenue was reined in by persistent issues with the Pratt & Whitney GTF engines which continued to result in less effective revenue management, alongside inefficiencies caused by having to unexpectedly redeploy part of our capacity after suspending flights to Cuba, increased competition and economic conditions. Revenue growth was also slowed by the cancellation of flights to Jamaica owing to Hurricane Melissa in the first quarter of 2026, despite having deployed capacity to other destinations. Across all our markets, the Corporation reported a load factor of 82.8% compared with 82.7% in 2025. In addition, following the agreement entered into during the fiscal year with the original equipment manufacturer of the GTF engines, we recorded financial compensation of \$10.3 million in first sixth-month period of 2026, \$20.0 million for the first six-month period of 2025.

## OPERATING EXPENSES

Total operating expenses were up \$113.5 million (11.4%) for the quarter and \$121.9 million (6.5%) for the six-month period, compared with 2025. These increases resulted primarily from sharp rises in fuel prices, higher salaries and employee benefits, and expanded capacity compared with the corresponding periods of 2025.

### Costs of providing tourism services

Costs of providing tourism services are incurred by our tour operators. They include primarily hotel room costs as well as transfer and excursion costs.

Costs of providing tourism services increased \$0.7 million (0.2%) for the quarter, compared with 2025. The growth mainly reflected a higher unit cost of person-nights due to repositioning capacity to more expensive alternative destinations after suspending flights to Cuba, partially offset by fewer packages being sold than in 2025. For the six-month period, costs of providing tourism services were down \$3.4 million. This decrease was mainly due to a lower cost of person-nights compared with 2025, owing to shifts in supply and demand following Hurricane Melissa that affected Jamaica and the strengthening of the dollar against the U.S. dollar.

### Aircraft fuel

Aircraft fuel expense increased \$62.6 million (45.8%) for the quarter and \$60.9 million (23.6%) for the six-month period. These increases were mainly attributable to increases in fuel prices denominated in U.S. dollars of 45.2% for the quarter and 22.4% for the six-month period, mainly due to geopolitical disruptions impacting the Strait of Hormuz, which are driving up global energy markets and affecting the airline industry, in particular, as well as a higher volume of litres consumed owing to increased capacity, partially offset by the impact of a lower market price of CORSIA Eligible Emission Units used to calculate the provision for carbon offsets, compared with the corresponding periods of 2025.

## Salaries and employee benefits

Salaries and employee benefits were up \$19.9 million (15.0%) for the quarter and \$31.3 million (12.0%) for the six-month period, compared with 2025. These increases were primarily driven by higher salaries than in the corresponding periods of 2025.

## Sales and distribution costs

Sales and distribution costs increased \$4.1 million (5.3%) for the quarter and \$7.7 million (5.4%) for the six-month period, compared with 2025. These increases resulted primarily from higher marketing expenses and business volumes.

## Aircraft maintenance

Aircraft maintenance costs consist mainly of non-capitalizable engine and airframe maintenance expenses incurred by Air Transat for aircraft as well as in connection with the provision for return conditions. These costs were up \$7.7 million (12.3%) for the quarter, compared with 2025. The increase resulted mainly from more maintenance work performed under manufacturers' maintenance plans, compared with the corresponding period of 2025.

For the six-month period, aircraft maintenance costs were up \$5.7 million (4.6%), compared with 2025. This increase was mainly due to more maintenance work performed under manufacturers' maintenance plans, partially offset by the effect of changes in discount rates used to calculate the provision for return conditions, compared with the corresponding period of 2025.

## Airport and navigation fees

Airport and navigation fees consist mainly of fees charged by airports and air traffic control entities. These fees were up \$3.0 million (6.2%) for the quarter and \$3.3 million (3.5%) for the six-month period, compared with 2025, owing primarily to higher business volumes.

## Aircraft rent

Aircraft rent refers to variable aircraft rent and rent under short-term leases. These costs decreased \$1.8 million (55.4%) for the quarter and \$3.0 million (49.8%) for the six-month period, compared with 2025. The decreases resulted mainly from a lower average number of aircraft under short-term leases in 2026, compared with the corresponding periods of 2025.

## Other airline costs

Other airline costs consist mainly of handling, crew, catering costs and other costs related to airline operations. Other airline costs were up \$6.9 million (11.9%) for the quarter and \$11.8 million (10.6%) for the six-month period, compared with 2025. These increases related mainly to higher crew costs owing to rises in business volumes compared with the corresponding periods of 2025.

## Other

Other costs were up \$8.8 million (25.5%) for the quarter and \$9.8 million (13.4%) for the six-month period, compared with 2025. These increases resulted primarily from one-time costs incurred in a proxy fight with a dissenting shareholder. The increases also reflected, to a lesser extent, higher business volumes compared with the corresponding periods of 2025.

## Depreciation and amortization

Depreciation and amortization expense includes depreciation and amortization as well as impairment losses relating to property, plant and equipment and intangible assets. Depreciation and amortization expense increased by \$2.6 million (4.1%) for the second quarter and \$1.5 million (1.2%) for the six-month period, compared with 2025.

## Restructuring costs

Restructuring costs are employee termination benefits related to the changes in organizational structure. For the quarter ended April 30, 2026, employee termination benefit expense was nil compared with \$1.0 million in 2025. For the six-month period ended April 30, 2026, restructuring costs included \$0.2 million in employee termination benefit expense, compared with \$4.1 million in 2025.

## OPERATING RESULTS

Given the above, we reported an operating loss of \$79.7 million for the second quarter, compared with operating income of \$37.3 million in 2025. For the six-month period, we reported an operating loss of \$98.8 million, compared with \$14.7 million in 2025.

For the quarter and the six-month period of 2026, the deterioration in operating results was primarily due to surges in fuel prices, owing mainly to geopolitical disruptions affecting the Strait of Hormuz, which are driving up global energy markets and impacting the airline industry in particular. The unfavourable differences were also driven by higher salaries and employee benefits and lower financial compensation from the original equipment manufacturer of GTF engines than in 2025. The disruptions caused by Hurricane Melissa during the first quarter of 2026, combined with the inability to fully redeploy the cancelled capacity following the suspension of our flights to Cuba, as well as additional costs from the partial redeployment of capacity to more expensive alternative destinations, also added pressure on growth in operating results. The deterioration in our operating results was partially offset by higher traffic, cost savings from implementing key *Elevation* Optimization Program initiatives and disciplined cost management. The Corporation continues to incur additional costs resulting from the Pratt & Whitney GTF engine issues, including long-term lease costs for three Airbus A330s contracted in 2024 to maintain the capacity offered.

For the second quarter, the Corporation reported an adjusted operating loss of \$20.7 million, compared with adjusted operating income of \$98.4 million in 2025. For the six-month period, we reported adjusted operating income of \$12.9 million, compared with \$118.4 million in 2025.

## OTHER EXPENSES AND REVENUES

### Financing costs

Financing costs include interest on lease liabilities and long-term debt, accretion on provision for return conditions, other interest, standby fees, arrangement fees as well as financial expenses, net of proceeds from deferred government grant.

Financing costs were down \$14.7 million (38.6%) for the second quarter and \$30.0 million (38.6%) for the six-month period, compared with 2025. The decreases resulted primarily from lower interest on long-term debt following the Corporation's debt restructuring in the third quarter of fiscal 2025, as well as lower interest rates.

### Financing income

Financing income was down \$2.3 million (32.0%) for the second quarter and \$5.3 million (34.7%) for the six-month period, compared with 2025, due to lower interest rates and a decline in average cash and cash equivalents balances.

### Change in fair value of derivatives

The change in fair value of derivatives corresponds to the change in fair value, for the period, of the portfolio of derivative financial instruments held and used by the Corporation to manage its exposure to fluctuations in fuel prices and exchange rates.

For quarter ended April 30, 2026, the fair value of derivative financial instruments related to aircraft fuel and foreign currencies increased by \$23.5 million. This increase resulted primarily from the rise in fair value of derivative financial instruments related to foreign currencies as a result of the weakening of the dollar against the U.S. dollar and the increase in fair value of derivative financial instruments related to aircraft fuel due to higher fuel prices related to our derivative contracts.

For the six-month period ended April 30, 2026, the fair value of derivative financial instruments related to aircraft fuel and foreign currencies was down \$0.9 million. The decline resulted primarily from the decrease in fair value of derivative financial instruments related to foreign currencies as a result of the strengthening of the dollar against the U.S. dollar, partially offset by the increase in fair value of fuel-related derivative financial instruments due to higher fuel prices related to our derivative contracts.

### **Revaluation of liability related to warrants and preferred shares**

The revaluation of the liability related to warrants and preferred shares represents the change in fair value of warrants and preferred shares during the period. The revaluation resulted mainly from a change in the Corporation's share price.

For the quarter ended April 30, 2026, the fair value of warrants and preferred shares was down \$0.4 million. This decline was mainly attributable to the decrease in the closing share price from \$2.58 to \$2.56 between January 31, 2026 and April 30, 2026.

For the six-month period ended April 30, 2026, the fair value of warrants and preferred shares was up \$5.9 million. This increase was mainly driven by the rise in the closing share price from \$2.11 to \$2.56 between October 31, 2025 and April 30, 2026.

### **Foreign exchange loss (gain)**

For the quarter, the Corporation recorded a foreign exchange loss of \$4.2 million, compared with a foreign exchange gain of \$61.0 million in 2025. For the six-month period, the Corporation recorded a foreign exchange gain of \$35.7 million, compared with \$13.5 million in 2025. The foreign exchange loss for the quarter resulted primarily from the unfavourable exchange effect on lease liabilities related to aircraft, following the weakening of the dollar against the U.S. dollar, while the foreign exchange gain for the six-month period was mainly due to the favourable exchange effect on lease liabilities related to aircraft, following the strengthening of the dollar against the U.S. dollar.

### **Gain on asset disposals**

For the six-month period ended April 30, 2025, the Corporation recorded a gain on sale and leaseback of assets of \$5.2 million following the sale and leaseback of a Pratt & Whitney GTF engine.

### **Gain on long-term debt extinguishment**

On January 31, 2025, the Corporation renegotiated certain terms of its agreement with the Government of Canada for the subordinated debt - LEEFF and recorded a gain on long-term debt modification of \$0.2 million.

## **INCOME TAXES**

Income tax expense amounted to \$0.4 million for the second quarter, compared with an income tax expense of nil for the corresponding quarter of last year. For the six-month period, income tax expense amounted to \$0.7 million, compared with \$0.5 million in 2025.

In fiscal 2020, the Corporation stopped recognizing deferred tax assets and wrote down deferred tax asset balances related to Canadian operations whose recognition could no longer be justified under IFRS Accounting Standards. Accordingly, for the quarter and the six-month period ended April 30, 2026, no deferred tax assets of Canadian subsidiaries were recognized.

## NET LOSS AND ADJUSTED NET LOSS

Considering the items discussed in the Consolidated Operations section, for the second quarter of 2026, the Corporation reported a net loss of \$79.0 million, or \$1.94 per share (basic and diluted), compared with \$22.9 million, or \$0.58 per share (basic and diluted) during the corresponding quarter of last year. For the second quarter of 2026, the weighted average number of outstanding shares used to compute per share amounts was 40,763,000 (basic and diluted), compared with 39,752,000 (basic and diluted) for the corresponding quarter of 2025.

For the six-month period, the net loss amounted to \$108.5 million, or \$2.67 per share (basic and diluted), compared with \$145.4 million, or \$3.67 per share (basic and diluted) for the corresponding period of last year. For the six-month period, the weighted average number of outstanding shares used to compute per share amounts was 40,652,000 (basic and diluted) compared with 39,607,000 (basic and diluted) for the corresponding period of 2025.

For the quarter and six-month period ended April 30, 2026, the Corporation reported an adjusted net loss of \$105.0 million (\$2.58 per share) and \$152.9 million (\$3.76 per share), respectively, compared with adjusted net income of \$4.7 million (\$0.12 per share) and an adjusted net loss of \$70.2 million (\$1.77 per share) for the corresponding periods of 2025, respectively.

## SELECTED QUARTERLY FINANCIAL INFORMATION

The Corporation's operations are seasonal in nature; consequently, interim operating results do not proportionately reflect the operating results for a full year. For the quarters reported, revenue growth was mainly attributable to our increased capacity.

Our improved operating results for Q1-2026, compared with 2025, were mainly driven by increased airline unit revenues and higher traffic, combined with cost reductions from key *Elevation* Optimization Program initiatives and disciplined cost management. The deterioration in our operating results for Q2-2026, compared with 2025, was mainly due to higher fuel prices, higher salaries and employee benefits, lower financial compensation from the original equipment manufacturer of the GTF engines and flight suspensions to Cuba. The decline was partially offset by traffic growth and cost reductions from key *Elevation* Optimization Program initiatives and disciplined cost management. Our improved operating results for Q3-2025, compared with 2024, were driven by increased airline unit revenues and higher traffic, combined with the financial compensation from the original equipment manufacturer of the GTF engines and lower fuel prices. The deterioration in our operating results for Q4-2025, compared with 2024, was mainly attributable to lower financial compensation from the original equipment manufacturer of the GTF engines and increases in aircraft maintenance costs and salaries and employee benefits. As a result, the following quarterly financial information may vary significantly from quarter to quarter.

| <b>Selected unaudited quarterly financial information</b> |                |                |                |                |                 |                 |                 |                  |
|-----------------------------------------------------------|----------------|----------------|----------------|----------------|-----------------|-----------------|-----------------|------------------|
| (in thousands of dollars,<br>except per share data)       | <b>Q3-2024</b> | <b>Q4-2024</b> | <b>Q1-2025</b> | <b>Q2-2025</b> | <b>Q3-2025</b>  | <b>Q4-2025</b>  | <b>Q1-2026</b>  | <b>Q2-2026</b>   |
|                                                           | \$             | \$             | \$             | \$             | \$              | \$              | \$              | \$               |
| Revenues                                                  | 736,203        | 788,845        | 829,505        | 1,031,073      | <b>766,301</b>  | <b>771,624</b>  | <b>870,713</b>  | <b>1,027,603</b> |
| Operating income (loss)                                   | (9,837)        | 64,700         | (51,956)       | 37,270         | <b>24,241</b>   | <b>248</b>      | <b>(19,154)</b> | <b>(79,661)</b>  |
| Net income (loss)                                         | (39,893)       | 41,227         | (122,532)      | (22,884)       | <b>399,821</b>  | <b>(12,489)</b> | <b>(29,498)</b> | <b>(78,994)</b>  |
| Basic earnings (loss) per share                           | (1.03)         | 1.05           | (3.10)         | (0.58)         | <b>9.97</b>     | <b>(0.31)</b>   | <b>(0.73)</b>   | <b>(1.94)</b>    |
| Diluted earnings (loss) per share                         | (1.03)         | 1.05           | (3.10)         | (0.58)         | <b>9.39</b>     | <b>(0.52)</b>   | <b>(0.73)</b>   | <b>(1.94)</b>    |
| Adjusted operating income (loss) <sup>1</sup>             | 47,994         | 128,417        | 19,969         | 98,446         | <b>81,179</b>   | <b>71,367</b>   | <b>33,598</b>   | <b>(20,740)</b>  |
| Adjusted net income (loss) <sup>1</sup>                   | (36,300)       | 31,558         | (74,968)       | 4,735          | <b>(11,752)</b> | <b>(18,666)</b> | <b>(47,856)</b> | <b>(104,995)</b> |
| Adjusted net earnings (loss) per share <sup>1</sup>       | (0.93)         | 0.81           | (1.90)         | 0.12           | <b>(0.28)</b>   | <b>(0.42)</b>   | <b>(1.18)</b>   | <b>(2.58)</b>    |

<sup>1</sup> See the Non-IFRS financial measures section

## 7. FINANCIAL POSITION, LIQUIDITY AND CAPITAL RESOURCES

### CONSOLIDATED FINANCIAL POSITION

As at April 30, 2026, cash and cash equivalents totalled \$390.1 million, compared with \$164.9 million as at October 31, 2025. Cash and cash equivalents in trust or otherwise reserved amounted to \$231.3 million at the end of the second quarter of 2026, compared with \$465.6 million as at October 31, 2025. The Corporation's statement of financial position reflected \$643.0 million in negative working capital, for a ratio of 0.63, compared with \$428.7 million in negative working capital and a ratio of 0.70 as at October 31, 2025.

Total assets increased \$39.2 million (1.5%), from \$2,574.6 million as at October 31, 2025 to \$2,613.8 million as at April 30, 2026. This increase is detailed in the financial position table provided below. Equity decreased \$107.9 million from negative equity of \$645.1 million as at October 31, 2025 to \$752.9 million as at April 30, 2026. This decrease resulted primarily from the \$108.5 million net loss.

| (in thousands of dollars)                                | As at<br>April 30,<br>2026<br>\$ | As at<br>October 31,<br>2025<br>\$ | Difference<br>\$ | Main reasons for significant differences                                                                                                                                                              |
|----------------------------------------------------------|----------------------------------|------------------------------------|------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Assets</b>                                            |                                  |                                    |                  |                                                                                                                                                                                                       |
| Cash and cash equivalents                                | <b>390,147</b>                   | 164,920                            | 225,227          | See the Cash flows section                                                                                                                                                                            |
| Cash and cash equivalents in trust or otherwise reserved | <b>231,344</b>                   | 465,592                            | (234,248)        | Seasonal nature of operations                                                                                                                                                                         |
| Trade and other receivables                              | <b>148,576</b>                   | 153,575                            | (4,999)          | Receipts of government receivables, cash receivable from lessors and credit card processor receivables, offset by higher trade and other receivables as a result of the seasonal nature of operations |
| Income taxes receivable                                  | <b>852</b>                       | 469                                | 383              | No significant difference                                                                                                                                                                             |
| Inventories                                              | <b>54,647</b>                    | 49,653                             | 4,994            | Increase in inventory of aircraft parts                                                                                                                                                               |
| Prepaid expenses                                         | <b>50,176</b>                    | 36,683                             | 13,493           | Increase in prepayments to suppliers due to seasonal nature of operations                                                                                                                             |
| Deposits                                                 | <b>429,067</b>                   | 409,416                            | 19,651           | Increases in maintenance deposits with lessors and deposits with credit card processors                                                                                                               |
| Deferred tax assets                                      | <b>283</b>                       | 370                                | (87)             | No significant difference                                                                                                                                                                             |
| Property, plant and equipment                            | <b>1,190,026</b>                 | 1,254,604                          | (64,578)         | Depreciation for the period, partially offset by additions                                                                                                                                            |
| Intangible assets                                        | <b>20,485</b>                    | 21,030                             | (545)            | Amortization for the period, partially offset by additions                                                                                                                                            |
| Derivative financial instruments                         | <b>98,152</b>                    | 18,251                             | 79,901           | Favourable change in fuel-related derivatives, partially offset by the unfavourable change in foreign currency derivatives contracted                                                                 |

|                                         | As at<br>April 30,<br>2026 | As at<br>October 31,<br>2025 | Difference |                                                                                                                                                                                                  |
|-----------------------------------------|----------------------------|------------------------------|------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (in thousands of dollars)               | \$                         | \$                           | \$         | Main reasons for significant differences                                                                                                                                                         |
| <b>Liabilities</b>                      |                            |                              |            |                                                                                                                                                                                                  |
| Trade and other payables                | 472,931                    | 376,940                      | 95,991     | Seasonal nature of operations and increased business volume                                                                                                                                      |
| Income taxes payable                    | 2,204                      | 2,182                        | 22         | No significant difference                                                                                                                                                                        |
| Customer deposits and deferred revenues | 955,055                    | 823,276                      | 131,779    | Seasonal nature of operations and increased business volume                                                                                                                                      |
| Derivative financial instruments        | 93,590                     | 17,564                       | 76,026     | Unfavourable change in fuel-related and foreign currency derivatives contracted                                                                                                                  |
| Long-term debt and lease liabilities    | 1,394,374                  | 1,548,214                    | (153,840)  | Principal repayments and strengthening of the dollar against the U.S. dollar, partially offset by the addition of new leases                                                                     |
| Provision for return conditions         | 201,799                    | 202,700                      | (901)      | Decrease related to changes in the discount rates for the provision and the strengthening of the dollar against the U.S. dollar, partially offset by the increase related to the passage of time |
| Liability related to warrants           | 18,550                     | 14,235                       | 4,315      | Increase resulting from changes in the Corporation's share price                                                                                                                                 |
| Deferred government grant               | 191,037                    | 199,182                      | (8,145)    | Revenue from government grants for the period as per the effective interest method                                                                                                               |
| Employee benefits liability             | 27,042                     | 26,829                       | 213        | No significant difference                                                                                                                                                                        |
| Deferred tax liabilities                | 550                        | 548                          | 2          | No significant difference                                                                                                                                                                        |
| Preferred shares                        | 9,532                      | 7,948                        | 1,584      | Increase resulting from changes in the Corporation's share price                                                                                                                                 |
| <b>Equity</b>                           |                            |                              |            |                                                                                                                                                                                                  |
| Share capital                           | 228,386                    | 227,365                      | 1,021      | Shares issued from treasury                                                                                                                                                                      |
| Share-based payment reserve             | 16,514                     | 16,454                       | 60         | Share-based payment expense                                                                                                                                                                      |
| Deficit                                 | (989,658)                  | (881,166)                    | (108,492)  | Net loss                                                                                                                                                                                         |
| Cumulative exchange differences         | (8,151)                    | (7,708)                      | (443)      | Foreign exchange loss on the translation of the financial statements of foreign subsidiaries                                                                                                     |

## CASH FLOWS

|                                                | Quarters ended<br>April 30 |          |            | Six-month periods<br>ended April 30 |          |            |
|------------------------------------------------|----------------------------|----------|------------|-------------------------------------|----------|------------|
|                                                | 2026                       | 2025     | Difference | 2026                                | 2025     | Difference |
| (in thousands of dollars)                      | \$                         | \$       | \$         | \$                                  | \$       | \$         |
| Cash flows related to operating activities     | <b>118,317</b>             | 207,842  | (89,525)   | <b>414,714</b>                      | 376,420  | 38,294     |
| Cash flows related to investing activities     | <b>(21,098)</b>            | (19,312) | (1,786)    | <b>(34,752)</b>                     | (11,578) | (23,174)   |
| Cash flows related to financing activities     | <b>(92,583)</b>            | (45,788) | (46,795)   | <b>(153,274)</b>                    | (93,534) | (59,740)   |
| Effect of exchange rate changes on cash        | <b>(1,143)</b>             | 514      | (1,657)    | <b>(1,461)</b>                      | 967      | (2,428)    |
| <b>Net change in cash and cash equivalents</b> | <b>3,493</b>               | 143,256  | (139,763)  | <b>225,227</b>                      | 272,275  | (47,048)   |

### Operating activities

Operating activities generated cash flows of \$118.3 million compared with \$207.8 million in 2025. The decrease of \$89.5 million in cash flows generated by operating activities resulted from a \$90.1 million decrease in net income before operating items not involving an outlay (receipt) of cash and a \$2.4 million decrease in cash flows generated by the net change in non-cash working capital balances related to operations, partially offset by a \$2.1 million increase in the net change in other operating assets and liabilities and a \$1.0 million increase in the net change in provision for return conditions.

Cash flows generated from operating activities amounted to \$414.7 million for the six-month period compared with \$376.4 million in 2025. The \$38.3 million increase in cash flows generated by operating activities resulted from a \$112.3 million increase in cash flows generated by the net change in non-cash working capital balances related to operations, partially offset by a \$62.9 million decrease in net income before operating items not involving an outlay (receipt) of cash, a \$5.8 million decrease in the net change in the provision for return conditions and a \$5.3 million decrease in the net change in other operating assets and liabilities.

### Investing activities

Cash flows used in investing activities amounted to \$21.1 million for the second quarter, compared with \$19.3 million in 2025, representing an increase of \$1.8 million. For the six-month period, cash flows used in investing activities amounted to \$34.8 million compared with \$11.6 million in 2025, representing an increase of \$23.2 million. For the quarter and the six-month period ended April 30, 2026, additions to property, plant and equipment and intangible assets amounted to \$19.0 million and \$32.6 million, respectively, and consisted primarily of aircraft maintenance and aircraft equipment, compared with \$14.9 million and \$37.8 million, respectively, in 2025. During the first six-month period of 2025, the Corporation completed a sale and leaseback transaction for a Pratt & Whitney GTF engine for a total of \$30.6 million.

### Financing activities

For the second quarter, cash flows used in financing activities amounted to \$92.6 million, up \$46.8 million from \$45.8 million in 2025. The Corporation made repayments on its lease liabilities amounting to \$38.1 million, compared with \$46.3 million in 2025. During the second quarter of 2026, the Corporation repaid \$30.0 million on its subordinated working capital facility – LEEFF and \$25.0 million on its revolving term credit facility.

For the six-month period, financing activities used \$153.3 million in cash flows, compared with \$93.5 million in 2025. The Corporation made repayments of lease liabilities amounting to \$74.3 million compared with \$93.4 million in 2025. During the first six-month period of 2026, the Corporation also repaid a total amount of \$80.0 million on its credit facilities.

## FINANCING

### Funding from the Government of Canada

The Corporation has entered into credit agreements with the Canada Enterprise Emergency Funding Corporation (CEEFC) totalling \$333.7 million. These agreements include subordinated debt of \$175.0 million granted under the Large Employer Emergency Financing Facility (LEEFF), as well as an unsecured debenture in the amount of \$158.7 million. In addition to these credit agreements, the Corporation was also granted a \$75.0 million subordinated working capital facility under certain conditions.

Under these agreements, 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:

#### Subordinated debt – LEEFF

An amount of \$175.0 million, in the form of subordinated debt maturing on July 10, 2035. The agreement 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 at April 30, 2026, the financial covenants were met. The credit facility includes prepayment options, which are an embedded derivative, the fair value of which is recorded as a reduction of 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 April 30, 2026, the fair value of the prepayment options was nil.

As at April 30, 2026 and as at October 31, 2025, the credit facility was fully drawn down, and the carrying amount stood at \$69.7 million as at April 30, 2026 [\$66.1 million as at October 31, 2025]. As at April 30, 2026, an amount of \$105.3 million was also recognized as a deferred government grant related to the Subordinated debt – LEEFF [\$108.9 million as at October 31, 2025].

In the context of the initial financing arrangement related to the Subordinated debt – LEEFF, 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, and that are exercisable prior to July 10, 2035.

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 April 30, 2026 and October 31, 2025, a total of 13,000,000 warrants had vested under the drawdowns under 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 10,149,374 warrants could be exercised through the issuance of shares;
- 2,850,626 warrants would be payable in cash on the basis of the difference between the market price of Transat's shares and the exercise price.

**Unsecured debenture – LEEFF**

An initial amount of \$158.7 million, 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 \$15.9 million. 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 at April 30, 2026, the financial covenants were met.

As at April 30, 2026, the principal balance payable amounted to \$145.0 million [\$145.0 million as at October 31, 2025]. As at April 30, 2026, the carrying amount of the unsecured debenture stood at \$59.3 million, [\$54.8 million as at October 31, 2025], and an amount of \$85.7 million [\$90.2 million as at October 31, 2025] was also recognized as a deferred government grant related to this debenture.

**Subordinated working capital facility – LEEFF**

The Corporation has a \$75.0 million second-ranking subordinated working capital facility agreement for its operations. 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, up to the Series 4 Preferred Share redemptions, and up to 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% determined on each anniversary date. On February 13, 2026, the Corporation repaid the \$30.0 million balance on its subordinated working capital facility. The facility remains available for future drawdowns. As at April 30, 2026, the financial covenants were met and the facility was undrawn.

**Other credit facilities****Revolving term credit facility**

The Corporation has a \$25.0 million revolving term credit facility for its operations, maturing on November 1, 2027. The revolving term credit facility 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 facility is secured by a first ranking movable 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 the Adjusted Term CORRA rate or SOFR (Secured Overnight Financing Rate) 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. On April 30, 2026, the agreement was amended to modify certain financial conditions. As at April 30, 2026, the financial ratios and covenants were met. During the six-month period ended April 30, 2026, the Corporation repaid \$50.0 million on its facility, reducing the balance drawn down to nil as at April 30, 2026 [\$50.0 million as at October 31, 2025].

## Off-balance sheet arrangements

In the normal course of business, Transat enters into arrangements and incurs obligations that will impact the Corporation's future operations and cash flows, some of which are reported as liabilities in the interim condensed consolidated financial statements and others are disclosed in the notes to the consolidated financial statements.

Obligations that are not presented as liabilities are considered off-balance sheet arrangements. These contractual arrangements are entered into with non-consolidated entities and consist of the following:

- Guarantees
- Leases related to undelivered aircraft for which commitments have been made with a term of less than 12 months and/or for low-value assets
- Purchase obligations

Off-balance sheet arrangements that can be estimated, excluding agreements with suppliers and other obligations, amounted to approximately \$462.7 million as at April 30, 2026 [\$475.4 million as at October 31, 2025] and are detailed as follows:

|                                | As at<br>April 30,<br>2026 | As at<br>October 31,<br>2025 |
|--------------------------------|----------------------------|------------------------------|
| OFF-BALANCE SHEET ARRANGEMENTS |                            |                              |
| (in thousands of dollars)      | \$                         | \$                           |
| <b>Guarantees</b>              |                            |                              |
| Irrevocable letters of credit  | 4,101                      | 4,142                        |
| Collateral security contracts  | 3,498                      | 3,533                        |
| <b>Leases</b>                  |                            |                              |
| Lease obligations              | 455,116                    | 467,728                      |
|                                | <b>462,715</b>             | <b>475,403</b>               |

In the normal course of business, guarantees are required in the travel industry to provide indemnifications and guarantees to counterparties in transactions such as leases, irrevocable letters of credit and collateral security contracts. Historically, Transat has not made any significant payments under such guarantees. Leases are entered into to enable the Corporation to lease rather than acquire certain items.

The Corporation has a \$74.0 million annually renewable revolving credit facility for the issuance of letters of credit. Under the Revolving credit facility agreement – Letters of credit, the Corporation must pledge cash equal to 100% of the amount of the issued letters of credit. As at April 30, 2026, \$71.1 million had been drawn down under the facility [\$68.8 million as at October 31, 2025], \$37.7 million [\$35.6 million as at October 31, 2025] of which was used 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.

For its U.K. operations, the Corporation has a bank line of credit for issuing letters of credit secured by deposits from which £0.1 million (\$0.1 million) has been drawn down.

As at April 30, 2026, the off-balance sheet arrangements, excluding agreements with suppliers and other obligations, declined \$12.7 million compared with October 31, 2025. This decrease resulted primarily from the strengthening of the dollar against the U.S. dollar during the quarter.

We believe that the Corporation will be able to meet its obligations with cash on hand, cash flows from operations, drawdowns under existing credit facilities or by other means.

## Debt

The Corporation reported \$129.0 million in long-term debt and \$1,265.4 million in lease liabilities in the consolidated statement of financial position.

The Corporation's total debt stood at \$1,604.0 million as at April 30, 2026, down \$157.7 million from October 31, 2025. This decrease resulted primarily from repayments of lease liabilities and the repayment of \$50.0 million under the Corporation's revolving credit facility and \$30.0 million under its subordinated working capital facility.

Total net debt decreased by \$382.9 million from \$1,596.7 million as at October 31, 2025 to \$1,213.8 million as at April 30, 2026. The decline in total net debt resulted primarily from a decrease in the Corporation's total debt and an increase in cash and cash equivalents.

## Outstanding shares

As at April 30, 2026, the Corporation had four authorized classes of shares: an unlimited number of Class A Variable Voting Shares, an unlimited number of Class B Voting Shares, an unlimited number of preferred shares and 3,691,591 Series 4 Preferred Shares. The preferred shares are non-voting and issuable in series, with each series including the number of shares, designation, rights, privileges, restrictions and conditions as determined by the Board of Directors.

As at June 5, 2026, there were a total of 41,033,200 voting shares outstanding.

As at June 5, 2026, there were a total of 3,691,591 Series 4 Preferred Shares, non-voting, bearing dividends at the same amount and at the same time as any dividend declared on the Class A Variable Voting Shares and Class B Voting Shares, redeemable at the Corporation's option at a price per share equal to the higher of \$1.64 per share and the fair value of the Class B Voting Shares, redeemable at the holder's option upon a change of control and convertible at the holder's option into Class B Voting Shares, insofar as the holder shall not hold more than 19.9% of the Class B Voting Shares outstanding as a result of the conversion.

## Stock options

As at June 5, 2026, a total of 420,000 stock options was outstanding, 266,667 of which were exercisable.

## Warrants

As at April 30, 2026, and as at June 5, 2026, a total of 13,000,000 warrants was issued. As at April 30, 2026, and as at June 5, 2026, a total of 13,000,000 warrants had vested following drawdowns on the credit facility and no warrants had been exercised.

## 8. OTHER

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### FLEET

As at April 30, 2026, Air Transat's permanent fleet consisted of fifteen Airbus A330s (332, 345 or 363 seats), nineteen Airbus A321LRs (199 seats) of which five were grounded due to GTF engine problems, and eight Airbus A321neos (199 seats).

### 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 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.

## 9. ACCOUNTING

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The accounting policies and methods of computation used by the Corporation are the same as those used in the annual consolidated financial statements for the year ended October 31, 2025. There have been no significant changes to the Corporation's accounting policies since that date.

### 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.

## 10. CONTROLS AND PROCEDURES

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In accordance with the National Instrument 52-109 of the Canadian Securities Authorities, the Corporation has filed certificates signed by the President and Chief Executive Officer and the Chief Financial Officer who, among other things, deem adequate as at April 30, 2026 the design of:

- Disclosure controls and procedures, which provide reasonable assurance that material financial information has been duly disclosed by the Corporation and its subsidiaries and that this information is recorded, processed, summarized and reported within the time periods specified in legislation;
- Internal control over financial reporting ("ICFR"), which, in accordance with COSO 2013 controls, provides reasonable assurance regarding the reliability of the Corporation's financial reporting and the preparation of financial statements in accordance with IFRS.

The President and Chief Executive Officer and the Chief Financial Officer of the Corporation have also evaluated whether there were changes to its ICFR during the quarter ended April 30, 2026 that have materially affected, or are reasonably likely to materially affect, the ICFR. No such significant changes were identified through their evaluation.

## 11. KEY INDICATORS

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To date, load factors for the summer period, which consists of the third and fourth quarter, are 0.6 percentage points higher compared to the same date in fiscal 2025, while airline unit revenues, expressed as yield, are 0.6% higher than they were at this time last year.

For fiscal year 2026, the Corporation expects a 4% to 5% increase in capacity, measured in available seat-miles, compared to 2025.

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

| Unaudited<br>(in thousands of Canadian dollars)          |              | As at<br>April 30,<br>2026<br>\$ | As at<br>October 31,<br>2025<br>\$ |
|----------------------------------------------------------|--------------|----------------------------------|------------------------------------|
|                                                          | <i>Notes</i> |                                  |                                    |
| <b>ASSETS</b>                                            | <b>8</b>     |                                  |                                    |
| Cash and cash equivalents                                |              | 390,147                          | 164,920                            |
| Cash and cash equivalents in trust or otherwise reserved | <b>3</b>     | 193,621                          | 430,003                            |
| Trade and other receivables                              | <b>4</b>     | 148,576                          | 153,575                            |
| Income taxes receivable                                  |              | 852                              | 469                                |
| Inventories                                              | <b>5</b>     | 54,647                           | 49,653                             |
| Prepaid expenses                                         |              | 50,176                           | 36,683                             |
| Derivative financial instruments                         |              | 98,152                           | 18,251                             |
| Current portion of deposits                              | <b>6</b>     | 136,504                          | 126,223                            |
| <b>Current assets</b>                                    |              | <b>1,072,675</b>                 | <b>979,777</b>                     |
| Cash and cash equivalents reserved                       | <b>3</b>     | 37,723                           | 35,589                             |
| Deposits                                                 | <b>6</b>     | 292,563                          | 283,193                            |
| Deferred tax assets                                      |              | 283                              | 370                                |
| Property, plant and equipment                            | <b>7</b>     | 1,190,026                        | 1,254,604                          |
| Intangible assets                                        |              | 20,485                           | 21,030                             |
| <b>Non-current assets</b>                                |              | <b>1,541,080</b>                 | <b>1,594,786</b>                   |
|                                                          |              | <b>2,613,755</b>                 | <b>2,574,563</b>                   |
| <b>LIABILITIES</b>                                       |              |                                  |                                    |
| Trade and other payables                                 |              | 472,931                          | 376,940                            |
| Income taxes payable                                     |              | 2,204                            | 2,182                              |
| Customer deposits and deferred revenues                  |              | 955,055                          | 823,276                            |
| Derivative financial instruments                         |              | 93,590                           | 17,564                             |
| Current portion of long-term debt and lease liabilities  | <b>8</b>     | 168,764                          | 172,666                            |
| Liability related to warrants                            | <b>9</b>     | 18,550                           | 14,235                             |
| Current portion of provision for return conditions       | <b>10</b>    | 4,559                            | 1,581                              |
| <b>Current liabilities</b>                               |              | <b>1,715,653</b>                 | <b>1,408,444</b>                   |
| Long-term debt and lease liabilities                     | <b>8</b>     | 1,225,610                        | 1,375,548                          |
| Deferred government grant                                | <b>8</b>     | 191,037                          | 199,182                            |
| Provision for return conditions                          | <b>10</b>    | 197,240                          | 201,119                            |
| Employee benefits liability                              |              | 27,042                           | 26,829                             |
| Deferred tax liabilities                                 |              | 550                              | 548                                |
| Preferred shares                                         | <b>11</b>    | 9,532                            | 7,948                              |
| <b>Non-current liabilities</b>                           |              | <b>1,651,011</b>                 | <b>1,811,174</b>                   |
| <b>NEGATIVE EQUITY</b>                                   |              |                                  |                                    |
| Share capital                                            | <b>11</b>    | 228,386                          | 227,365                            |
| Share-based payment reserve                              |              | 16,514                           | 16,454                             |
| Deficit                                                  |              | (989,658)                        | (881,166)                          |
| Cumulative exchange differences                          |              | (8,151)                          | (7,708)                            |
|                                                          |              | <b>(752,909)</b>                 | <b>(645,055)</b>                   |
|                                                          |              | <b>2,613,755</b>                 | <b>2,574,563</b>                   |

See accompanying notes to the interim unaudited condensed consolidated financial statements

On behalf of the Board,



Daniel Desjardins, Director



Stéphane Lefebvre, Director

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

|                                                                   |           | Quarters ended<br>April 30 |                  | Six-month periods ended<br>April 30 |                  |
|-------------------------------------------------------------------|-----------|----------------------------|------------------|-------------------------------------|------------------|
| Unaudited                                                         |           | 2026                       | 2025             | 2026                                | 2025             |
| (in thousands of Canadian dollars, except per share amounts)      | Notes     | \$                         | \$               | \$                                  | \$               |
| <b>Revenues</b>                                                   | <b>12</b> | <b>1,027,603</b>           | <b>1,031,073</b> | <b>1,898,316</b>                    | <b>1,860,578</b> |
| <b>Operating expenses</b>                                         |           |                            |                  |                                     |                  |
| Costs of providing tourism services                               |           | 376,086                    | 375,432          | 671,149                             | 674,527          |
| Aircraft fuel                                                     |           | 199,049                    | 136,487          | 319,276                             | 258,363          |
| Salaries and employee benefits                                    |           | 152,841                    | 132,915          | 291,492                             | 260,194          |
| Sales and distribution costs                                      |           | 81,771                     | 77,624           | 149,227                             | 141,539          |
| Aircraft maintenance                                              |           | 69,896                     | 62,219           | 130,080                             | 124,376          |
| Airport and navigation fees                                       |           | 52,392                     | 49,351           | 100,233                             | 96,884           |
| Aircraft rent                                                     | 8         | 1,485                      | 3,330            | 3,012                               | 6,004            |
| Other airline costs                                               |           | 65,288                     | 58,344           | 122,383                             | 110,624          |
| Other                                                             |           | 43,222                     | 34,442           | 82,876                              | 73,051           |
| Depreciation and amortization                                     |           | 65,234                     | 62,680           | 127,183                             | 125,645          |
| Restructuring costs                                               | 13        | —                          | 979              | 220                                 | 4,057            |
|                                                                   |           | <b>1,107,264</b>           | <b>993,803</b>   | <b>1,997,131</b>                    | <b>1,875,264</b> |
| <b>Operating income (loss)</b>                                    |           | <b>(79,661)</b>            | <b>37,270</b>    | <b>(98,815)</b>                     | <b>(14,686)</b>  |
| Financing costs                                                   | 8         | 23,471                     | 38,210           | 47,859                              | 77,895           |
| Financing income                                                  |           | (4,882)                    | (7,178)          | (10,054)                            | (15,398)         |
| Change in fair value of derivatives                               |           | (23,453)                   | 92,241           | 947                                 | 88,779           |
| Revaluation of liability related to warrants and preferred shares | 9, 11     | (388)                      | (2,119)          | 5,899                               | (2,126)          |
| Foreign exchange loss (gain)                                      |           | 4,153                      | (60,999)         | (35,695)                            | (13,527)         |
| Gain on asset disposals                                           | 7         | —                          | —                | —                                   | (5,183)          |
| Gain on long-term debt extinguishment                             |           | —                          | —                | —                                   | (216)            |
| <b>Loss before income tax expense</b>                             |           | <b>(78,562)</b>            | <b>(22,885)</b>  | <b>(107,771)</b>                    | <b>(144,910)</b> |
| <b>Income taxes (recovery)</b>                                    |           |                            |                  |                                     |                  |
| Current                                                           |           | 432                        | (5)              | 721                                 | 403              |
| Deferred                                                          |           | —                          | 4                | —                                   | 103              |
|                                                                   |           | <b>432</b>                 | <b>(1)</b>       | <b>721</b>                          | <b>506</b>       |
| <b>Net loss for the period</b>                                    |           | <b>(78,994)</b>            | <b>(22,884)</b>  | <b>(108,492)</b>                    | <b>(145,416)</b> |
| Loss per share                                                    | 11        |                            |                  |                                     |                  |
| Basic                                                             |           | (1.94)                     | (0.58)           | (2.67)                              | (3.67)           |
| Diluted                                                           |           | (1.94)                     | (0.58)           | (2.67)                              | (3.67)           |

See accompanying notes to the interim unaudited condensed consolidated financial statements

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

|                                                                                                | Quarters ended<br>April 30 |                 | Six-month periods ended<br>April 30 |                  |
|------------------------------------------------------------------------------------------------|----------------------------|-----------------|-------------------------------------|------------------|
| Unaudited<br>(in thousands of Canadian dollars)                                                | 2026<br>\$                 | 2025<br>\$      | 2026<br>\$                          | 2025<br>\$       |
| <b>Net loss for the period</b>                                                                 | <b>(78,994)</b>            | <b>(22,884)</b> | <b>(108,492)</b>                    | <b>(145,416)</b> |
| <b>Other comprehensive income (loss)</b>                                                       |                            |                 |                                     |                  |
| <b>Items that will be reclassified to net loss</b>                                             |                            |                 |                                     |                  |
| Foreign exchange gain (loss) on translation of<br>financial statements of foreign subsidiaries | (204)                      | 54              | (443)                               | (185)            |
| Total other comprehensive income (loss)                                                        | (204)                      | 54              | (443)                               | (185)            |
| <b>Comprehensive loss for the period</b>                                                       | <b>(79,198)</b>            | <b>(22,830)</b> | <b>(108,935)</b>                    | <b>(145,601)</b> |

**CONSOLIDATED STATEMENTS OF CHANGES IN NEGATIVE EQUITY**

|                                                 | Share capital  | Share-based<br>payment<br>reserve | Deficit          | Cumulative<br>exchange<br>differences | Total negative<br>equity |
|-------------------------------------------------|----------------|-----------------------------------|------------------|---------------------------------------|--------------------------|
| Unaudited<br>(in thousands of Canadian dollars) | \$             | \$                                | \$               | \$                                    | \$                       |
| <b>Balance as at October 31, 2024</b>           | 225,438        | 16,283                            | (1,123,113)      | (7,684)                               | (889,076)                |
| Net loss for the period                         | —              | —                                 | (145,416)        | —                                     | (145,416)                |
| Other comprehensive loss                        | —              | —                                 | —                | (185)                                 | (185)                    |
| Comprehensive loss for the period               | —              | —                                 | (145,416)        | (185)                                 | (145,601)                |
| Issued from treasury                            | 955            | —                                 | —                | —                                     | 955                      |
| Share-based payment expense                     | —              | 99                                | —                | —                                     | 99                       |
| <b>Balance as at April 30, 2025</b>             | 226,393        | 16,382                            | (1,268,529)      | (7,869)                               | (1,033,623)              |
| Net income for the period                       | —              | —                                 | 387,332          | —                                     | 387,332                  |
| Other comprehensive income                      | —              | —                                 | 31               | 161                                   | 192                      |
| Comprehensive income for the period             | —              | —                                 | 387,363          | 161                                   | 387,524                  |
| Issued from treasury                            | 972            | —                                 | —                | —                                     | 972                      |
| Share-based payment expense                     | —              | 72                                | —                | —                                     | 72                       |
| <b>Balance as at October 31, 2025</b>           | 227,365        | 16,454                            | (881,166)        | (7,708)                               | (645,055)                |
| Net loss for the period                         | —              | —                                 | (108,492)        | —                                     | (108,492)                |
| Other comprehensive loss                        | —              | —                                 | —                | (443)                                 | (443)                    |
| Comprehensive loss for the period               | —              | —                                 | (108,492)        | (443)                                 | (108,935)                |
| Issued from treasury                            | 1,021          | —                                 | —                | —                                     | 1,021                    |
| Share-based payment expense                     | —              | 60                                | —                | —                                     | 60                       |
| <b>Balance as at April 30, 2026</b>             | <b>228,386</b> | <b>16,514</b>                     | <b>(989,658)</b> | <b>(8,151)</b>                        | <b>(752,909)</b>         |

See accompanying notes to the interim unaudited condensed consolidated financial statements

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

|                                                                        |       | Quarters ended<br>April 30 |                 | Six-month periods ended<br>April 30 |                 |
|------------------------------------------------------------------------|-------|----------------------------|-----------------|-------------------------------------|-----------------|
| Unaudited<br>(in thousands of Canadian dollars)                        | Notes | 2026<br>\$                 | 2025<br>\$      | 2026<br>\$                          | 2025<br>\$      |
| <b>OPERATING ACTIVITIES</b>                                            |       |                            |                 |                                     |                 |
| Net loss for the period                                                |       | (78,994)                   | (22,884)        | (108,492)                           | (145,416)       |
| Operating items not involving an outlay (receipt) of cash:             |       |                            |                 |                                     |                 |
| Compensation received in the form of credits                           | 12    | (5,235)                    | (19,978)        | (10,315)                            | (19,978)        |
| Depreciation and amortization                                          |       | 65,234                     | 62,680          | 127,183                             | 125,645         |
| Change in fair value of derivatives                                    |       | (23,453)                   | 92,241          | 947                                 | 88,779          |
| Revaluation of liability related to warrants and preferred shares      | 9, 11 | (388)                      | (2,119)         | 5,899                               | (2,126)         |
| Foreign exchange loss (gain)                                           |       | 4,153                      | (60,999)        | (35,695)                            | (13,527)        |
| Employee benefits                                                      |       | 489                        | 477             | 978                                 | 954             |
| Share-based payment expense                                            |       | 34                         | 50              | 60                                  | 99              |
| Capitalized interest on long-term debt and lease liabilities           |       | —                          | 2,508           | —                                   | 14,339          |
| Deferred taxes                                                         |       | —                          | 4               | —                                   | 103             |
| Gain on asset disposals                                                | 7     | —                          | —               | —                                   | (5,183)         |
| Gain on long-term debt extinguishment                                  |       | —                          | —               | —                                   | (216)           |
|                                                                        |       | (38,160)                   | 51,980          | (19,435)                            | 43,473          |
| Net change in non-cash working capital balances related to operations  |       | 162,078                    | 164,522         | 447,747                             | 335,460         |
| Net change in provision for return conditions                          |       | 5,681                      | 4,678           | 5,046                               | 10,810          |
| Net change in other assets and liabilities related to operations       |       | (11,282)                   | (13,338)        | (18,644)                            | (13,323)        |
| <b>Cash flows related to operating activities</b>                      |       | <b>118,317</b>             | <b>207,842</b>  | <b>414,714</b>                      | <b>376,420</b>  |
| <b>INVESTING ACTIVITIES</b>                                            |       |                            |                 |                                     |                 |
| Additions to property, plant and equipment and other intangible assets |       | (18,964)                   | (14,899)        | (32,618)                            | (37,780)        |
| Increase in cash and cash equivalents reserved                         |       | (2,134)                    | (4,413)         | (2,134)                             | (4,413)         |
| Net proceeds from sale and leaseback of assets                         | 7     | —                          | —               | —                                   | 30,615          |
| <b>Cash flows related to investing activities</b>                      |       | <b>(21,098)</b>            | <b>(19,312)</b> | <b>(34,752)</b>                     | <b>(11,578)</b> |
| <b>FINANCING ACTIVITIES</b>                                            |       |                            |                 |                                     |                 |
| Repayment of lease liabilities                                         | 8     | (38,109)                   | (46,251)        | (74,295)                            | (93,434)        |
| Repayment of long-term debt                                            | 8     | (55,000)                   | —               | (80,000)                            | —               |
| Proceeds from issuance of shares                                       | 11    | 526                        | 463             | 1,021                               | 955             |
| Transaction costs                                                      |       | —                          | —               | —                                   | (1,055)         |
| <b>Cash flows related to financing activities</b>                      |       | <b>(92,583)</b>            | <b>(45,788)</b> | <b>(153,274)</b>                    | <b>(93,534)</b> |
| Effect of exchange rate changes on cash and cash equivalents           |       | (1,143)                    | 514             | (1,461)                             | 967             |
| <b>Net change in cash and cash equivalents</b>                         |       | <b>3,493</b>               | <b>143,256</b>  | <b>225,227</b>                      | <b>272,275</b>  |
| Cash and cash equivalents, beginning of period                         |       | 386,654                    | 389,355         | 164,920                             | 260,336         |
| <b>Cash and cash equivalents, end of period</b>                        |       | <b>390,147</b>             | <b>532,611</b>  | <b>390,147</b>                      | <b>532,611</b>  |
| <b>Supplementary information (as reported in operating activities)</b> |       |                            |                 |                                     |                 |
| Net income taxes paid                                                  |       | 362                        | 220             | 653                                 | 271             |
| Interest received                                                      |       | (5,040)                    | (7,633)         | (9,844)                             | (15,268)        |
| Interest paid                                                          |       | 21,519                     | 35,620          | 44,478                              | 62,460          |

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, Montreal, Quebec, 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 April 30, 2026 were approved by the Corporation’s Board of Directors on June 10, 2026.

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 Material accounting policies**

### **Basis of preparation**

These interim condensed consolidated financial statements of the Corporation and its subsidiaries have been prepared in accordance with IFRS Accounting 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, 2025.

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. Management’s going concern assumption required significant judgment due to the uncertainties as to future changes in aviation fuel prices caused in particular by the conflict in the Middle East; the Corporation’s ability to grow and maintain sufficient revenues; its access to additional sources of financing or financial support; and its future ability to meet the financial terms of its existing financing agreements. In this regard, the Corporation is considering participating in the new financial assistance program announced on June 8, 2026 by the Department of Finance Canada and administered by the Canada Enterprise Emergency Funding Corporation (CEEFC): the *Liquidity for Airline Sector Resilience* facility. This facility will offer eligible Canadian airlines experiencing significant financial pressures resulting from elevated aviation fuel costs a loan of up to \$150,000.

### **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 April 30, 2026, cash and cash equivalents in trust or otherwise reserved included \$160,101 [\$396,652 as at October 31, 2025] 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 \$71,243, of which \$37,723 was recorded as non-current assets [\$68,940 as at October 31, 2025, \$35,589 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<br>April 30,<br>2026 | As at<br>October 31,<br>2025 |
|-----------------------------------|----------------------------|------------------------------|
|                                   | \$                         | \$                           |
| Credit card processor receivables | 50,426                     | 54,082                       |
| Government receivables            | 33,621                     | 41,673                       |
| Trade receivables                 | 16,560                     | 7,943                        |
| Cash receivable from lessors      | 13,257                     | 19,579                       |
| Other receivables                 | 34,712                     | 30,298                       |
|                                   | 148,576                    | 153,575                      |

**Note 5 Inventories**

|                          | As at<br>April 30,<br>2026 | As at<br>October 31,<br>2025 |
|--------------------------|----------------------------|------------------------------|
|                          | \$                         | \$                           |
| Spare parts and supplies | 49,683                     | 44,172                       |
| Fuel                     | 4,964                      | 5,481                        |
|                          | 54,647                     | 49,653                       |

**Note 6 Deposits**

|                                         | As at<br>April 30,<br>2026 | As at<br>October 31,<br>2025 |
|-----------------------------------------|----------------------------|------------------------------|
|                                         | \$                         | \$                           |
| Maintenance deposits with lessors       | 242,416                    | 232,258                      |
| Deposits with credit card processors    | 122,682                    | 113,652                      |
| Deposits on leased aircraft and engines | 52,038                     | 52,768                       |
| Deposits with suppliers                 | 11,931                     | 10,738                       |
|                                         | 429,067                    | 409,416                      |
| Less current portion                    | 136,504                    | 126,223                      |
|                                         | 292,563                    | 283,193                      |

**Note 7**      **Property, plant and equipment**

|                                 | Leasehold<br>improvements<br>Fleet | Aircraft<br>equipment | Office<br>furniture<br>and<br>equipment | Land, building<br>and leasehold<br>improvements | Right of use<br>Fleet | Right of use<br>Real estate<br>and other | Total     |
|---------------------------------|------------------------------------|-----------------------|-----------------------------------------|-------------------------------------------------|-----------------------|------------------------------------------|-----------|
|                                 | \$                                 | \$                    | \$                                      | \$                                              | \$                    | \$                                       | \$        |
| <b>Cost</b>                     |                                    |                       |                                         |                                                 |                       |                                          |           |
| <b>Balance as at</b>            |                                    |                       |                                         |                                                 |                       |                                          |           |
| <b>October 31, 2025</b>         | 108,067                            | 158,362               | 41,164                                  | 18,515                                          | 2,206,252             | 113,730                                  | 2,646,090 |
| Additions                       | —                                  | 6,272                 | 1,699                                   | 74                                              | 51,630                | 945                                      | 60,620    |
| Disposals                       | —                                  | —                     | —                                       | —                                               | (25,861)              | —                                        | (25,861)  |
| Write-offs                      | (2,411)                            | (1,273)               | —                                       | —                                               | (6,457)               | (658)                                    | (10,799)  |
| Exchange difference             | —                                  | —                     | 22                                      | 35                                              | —                     | (26)                                     | 31        |
| <b>Balance as at</b>            |                                    |                       |                                         |                                                 |                       |                                          |           |
| <b>April 30, 2026</b>           | 105,656                            | 163,361               | 42,885                                  | 18,624                                          | 2,225,564             | 113,991                                  | 2,670,081 |
| <b>Accumulated depreciation</b> |                                    |                       |                                         |                                                 |                       |                                          |           |
| <b>Balance as at</b>            |                                    |                       |                                         |                                                 |                       |                                          |           |
| <b>October 31, 2025</b>         | 86,041                             | 91,684                | 34,386                                  | 13,124                                          | 1,085,712             | 80,539                                   | 1,391,486 |
| Depreciation                    | 6,058                              | 8,862                 | 1,588                                   | 319                                             | 105,269               | 3,095                                    | 125,191   |
| Disposals                       | —                                  | —                     | —                                       | —                                               | (25,861)              | —                                        | (25,861)  |
| Write-offs                      | (2,411)                            | (1,273)               | —                                       | —                                               | (6,457)               | (658)                                    | (10,799)  |
| Exchange difference             | —                                  | —                     | 26                                      | 19                                              | —                     | (7)                                      | 38        |
| <b>Balance as at</b>            |                                    |                       |                                         |                                                 |                       |                                          |           |
| <b>April 30, 2026</b>           | 89,688                             | 99,273                | 36,000                                  | 13,462                                          | 1,158,663             | 82,969                                   | 1,480,055 |
| <b>Net book value as at</b>     |                                    |                       |                                         |                                                 |                       |                                          |           |
| <b>April 30, 2026</b>           | 15,968                             | 64,088                | 6,885                                   | 5,162                                           | 1,066,901             | 31,022                                   | 1,190,026 |

**Property, plant and equipment related to the fleet**

During the quarter ended April 30, 2026, the Corporation returned one Airbus A330 to the lessor upon expiry of the lease. This return resulted in disposals of property, plant and equipment and accumulated depreciation balances of \$25,861. The carrying amount of assets related to this aircraft was fully depreciated as at April 30, 2026.

During the six-month period ended April 30, 2025, the Corporation sold one spare Pratt & Whitney GTF engine under a sale and leaseback transaction. The Corporation measured the right-of-use asset resulting from the sale and leaseback transaction in proportion to the previous carrying amount of the asset to which the Corporation retains the right of use. Accordingly, the Corporation recognized a gain on the sale and leaseback of assets of \$5,183, which represents the excess of the proceeds from disposal over the lease liability and the change in the asset related to the transaction. Total proceeds received amounted to \$30,615, and the Corporation recorded a right-of-use asset of \$11,397 and lease liabilities of \$18,690, while the carrying amount of the engine sold was \$18,139. The spare engine will continue to be operated under the 10-year lease entered into under this sale and leaseback transaction.

## 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 April 30, 2026 and October 31, 2025.

|                                                         | Final maturity | Weighted average effective interest rate % | As at April 30, 2026 \$ | As at October 31, 2025 \$ |
|---------------------------------------------------------|----------------|--------------------------------------------|-------------------------|---------------------------|
| <b>Long-term debt</b>                                   |                |                                            |                         |                           |
| Subordinated debt - LEEFF                               | 2035           | 14.89                                      | 69,681                  | 66,052                    |
| Unsecured debenture - LEEFF                             | 2035           | 17.32                                      | 59,281                  | 54,766                    |
| Subordinated working capital facility - LEEFF           | 2035           | 7.00                                       | —                       | 30,000                    |
| Revolving credit facility                               | 2028           | 7.07                                       | —                       | 50,000                    |
| <b>Long-term debt</b>                                   |                | <b>16.01</b>                               | <b>128,962</b>          | <b>200,818</b>            |
| <b>Lease liabilities</b>                                |                |                                            |                         |                           |
| Fleet                                                   | 2026-2036      | 6.41                                       | 1,227,187               | 1,307,596                 |
| Real estate and other                                   | 2026-2037      | 5.45                                       | 38,225                  | 39,800                    |
| <b>Lease liabilities</b>                                |                | <b>6.38</b>                                | <b>1,265,412</b>        | <b>1,347,396</b>          |
| <b>Total long-term debt and lease liabilities</b>       |                | <b>7.27</b>                                | <b>1,394,374</b>        | <b>1,548,214</b>          |
| Current portion of long-term debt                       |                |                                            | —                       | (25,000)                  |
| Current portion of lease liabilities                    |                |                                            | (168,764)               | (147,666)                 |
| Current portion of long-term debt and lease liabilities |                |                                            | (168,764)               | (172,666)                 |
| <b>Long-term debt and lease liabilities</b>             |                |                                            | <b>1,225,610</b>        | <b>1,375,548</b>          |

### Funding from the Government of Canada

The Corporation has entered into credit agreements with the Canada Enterprise Emergency Funding Corporation (CEEFC) totalling \$333,735. These agreements include subordinated debt of \$175,000 granted under the Large Employer Emergency Financing Facility (LEEFF), as well as an unsecured debenture in the amount of \$158,735. In addition to these credit agreements, the Corporation was also granted a \$75,000 subordinated working capital facility under certain conditions.

Under these agreements, 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:

#### Subordinated debt - LEEFF

An amount of \$175,000, in the form of subordinated debt maturing on July 10, 2035. The agreement 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 at April 30, 2026, the financial covenants were met. The credit facility includes prepayment options, which are an embedded derivative, the fair value of which is recorded as a reduction of 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 April 30, 2026, the fair value of the prepayment options was nil.

As at April 30, 2026 and as at October 31, 2025, the credit facility was fully drawn down, and the carrying amount stood at \$69,681 as at April 30, 2026 [\$66,052 as at October 31, 2025]. As at April 30, 2026, an amount of \$105,318 was also recognized as a deferred government grant related to the Subordinated debt – LEEFF [\$108,948 as at October 31, 2025]. During the six-month period ended April 30, 2026, an amount of \$3,630 [nil for the six-month period ended April 30, 2025] was recognized as proceeds from government grants as a reduction of financing costs.

### **Unsecured debenture – LEEFF**

An initial 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 at April 30, 2026, the financial covenants were met.

As at April 30, 2026, the principal balance payable amounted to \$145,000 [\$145,000 as at October 31, 2025]. As at April 30, 2026, the carrying amount of the unsecured debenture stood at \$59,281, [\$54,766 as at October 31, 2025], and an amount of \$85,719 [\$90,234 as at October 31, 2025] was also recognized as a deferred government grant related to this debenture. During the six-month period ended April 30, 2026, an amount of \$4,515 [nil for the six-month period ended April 30, 2025] was recognized as proceeds from government grants as a reduction of financing costs.

### **Subordinated working capital facility – LEEFF**

The Corporation has a \$75,000 second-ranking subordinated working capital facility agreement for its operations. 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, up to the Series 4 Preferred Share redemptions, and up to 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% determined on each anniversary date. On February 13, 2026, the Corporation repaid the \$30,000 balance on its subordinated working capital facility. The facility remains available for future drawdowns. As at April 30, 2026, the financial covenants were met and the facility was undrawn.

## **Other credit facilities**

### **Revolving term credit facility**

The Corporation has a \$25,000 revolving term credit facility for its operations, maturing on November 1, 2027. The revolving term credit facility 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 facility is secured by a first ranking movable 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 the Adjusted Term CORRA rate or SOFR (Secured Overnight Financing Rate) 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. On April 30, 2026, the agreement was amended to modify certain financial conditions. As at April 30, 2026, the financial ratios and covenants were met. During the six-month period ended April 30, 2026, the Corporation repaid \$50,000 on its facility, reducing the balance drawn down to nil as at April 30, 2026 [\$50,000 as at October 31, 2025].

### **Revolving credit facility – Letters of credit**

The Corporation has a \$74,000 annually renewable revolving credit facility for the issuance of letters of credit. Under the Revolving credit facility agreement – Letters of credit, the Corporation must pledge cash equal to 100% of the amount of the issued letters of credit. As at April 30, 2026, \$71,137 had been drawn down under the facility [\$68,834 as at October 31, 2025], \$37,723 of which was used 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 April 30, 2026 and 2025, is detailed as follows:

|                                              | Quarters ended<br>April 30 |               | Six-month periods<br>ended April 30 |               |
|----------------------------------------------|----------------------------|---------------|-------------------------------------|---------------|
|                                              | 2026                       | 2025          | 2026                                | 2025          |
|                                              | \$                         | \$            | \$                                  | \$            |
| Interest expense on lease liabilities        | 20,407                     | 22,462        | 41,402                              | 45,084        |
| Interest expense on long-term debt           | 1,080                      | 14,324        | 2,954                               | 29,281        |
| Accretion on provision for return conditions | 1,489                      | 1,281         | 2,836                               | 2,583         |
| Other interest and costs                     | 495                        | 143           | 667                                 | 947           |
| <b>Financing costs</b>                       | <b>23,471</b>              | <b>38,210</b> | <b>47,859</b>                       | <b>77,895</b> |

## Rent expense

Rent expense for the periods ended April 30, 2026 and 2025, is detailed as follows:

|                                              | Quarters ended<br>April 30 |              | Six-month periods<br>ended April 30 |              |
|----------------------------------------------|----------------------------|--------------|-------------------------------------|--------------|
|                                              | 2026                       | 2025         | 2026                                | 2025         |
|                                              | \$                         | \$           | \$                                  | \$           |
| Variable lease payments                      | 1,485                      | 1,743        | 3,012                               | 3,683        |
| Short-term leases                            | —                          | 1,587        | —                                   | 2,321        |
| <b>Aircraft rent</b>                         | <b>1,485</b>               | <b>3,330</b> | <b>3,012</b>                        | <b>6,004</b> |
| Variable lease payments                      | —                          | 2            | —                                   | 96           |
| Short-term leases                            | 300                        | 1,971        | 859                                 | 3,294        |
| Low value leases and variable lease payments | 55                         | 62           | 125                                 | 129          |
|                                              | <b>1,840</b>               | <b>5,365</b> | <b>3,996</b>                        | <b>9,523</b> |

## Cash flows related to lease liabilities

The following table details cash flows related to repayments of lease liabilities for the six-month period ended April 30, 2026:

|                                                      | Cash flows<br>\$ | Non-cash<br>changes<br>\$ | Total<br>\$      |
|------------------------------------------------------|------------------|---------------------------|------------------|
| <b>Balance as at October 31, 2025</b>                |                  |                           | <b>1,347,396</b> |
| Repayments                                           | (74,295)         | —                         | (74,295)         |
| New lease liabilities (new contracts and amendments) | —                | 29,441                    | 29,441           |
| Exchange difference                                  | —                | (37,130)                  | (37,130)         |
| <b>Balance as at April 30, 2026</b>                  | <b>(74,295)</b>  | <b>(7,689)</b>            | <b>1,265,412</b> |

## Maturity analysis

Repayment of principal and interest on long-term debt and lease liabilities as at April 30, 2026 is detailed as follows. Lease liabilities denominated in U.S. dollars were translated at the USD/CAD closing rate of 1.3609 as at April 30, 2026:

| Year ending October 31            | 2026<br>\$     | 2027<br>\$     | 2028<br>\$     | 2029<br>\$     | 2030<br>\$     | 2031<br>and up<br>\$ | Total<br>\$      |
|-----------------------------------|----------------|----------------|----------------|----------------|----------------|----------------------|------------------|
| <b>Long-term debt obligations</b> | <b>1,070</b>   | <b>2,135</b>   | <b>2,661</b>   | <b>5,250</b>   | <b>21,124</b>  | <b>371,470</b>       | <b>403,710</b>   |
| Fleet                             | 123,455        | 249,070        | 234,713        | 213,771        | 193,919        | 538,979              | 1,553,907        |
| Real estate and other             | 3,515          | 8,466          | 4,549          | 5,279          | 5,085          | 20,420               | 47,314           |
| <b>Lease liabilities</b>          | <b>126,970</b> | <b>257,536</b> | <b>239,262</b> | <b>219,050</b> | <b>199,004</b> | <b>559,399</b>       | <b>1,601,221</b> |
| <b>Total</b>                      | <b>128,040</b> | <b>259,671</b> | <b>241,923</b> | <b>224,300</b> | <b>220,128</b> | <b>930,869</b>       | <b>2,004,931</b> |

Note 7 provides the information required for right-of-use assets and depreciation. Note 14 details the information required with respect to leases of aircraft that will be delivered in the coming years.

## Note 9 Liability related to warrants

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, and that are exercisable prior to July 10, 2035. On July 10, 2025, as part of the Corporation's debt restructuring, the maturity date of the 13,000,000 existing warrants was extended to July 10, 2035. 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 loss on long-term debt extinguishment during the fiscal year ended October 31, 2025.

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 April 30, 2026 and October 31, 2025, a total of 13,000,000 warrants had vested under the drawdowns under 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 10,149,374 warrants could be exercised through the issuance of shares;
- 2,850,626 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 10,149,374 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 10,149,374 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 profit or loss. It is classified in 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:

|                                              | Six-month period<br>ended April 30, 2026 | Year ended<br>October 31, 2025 |
|----------------------------------------------|------------------------------------------|--------------------------------|
|                                              | \$                                       | \$                             |
| <b>Opening balance</b>                       | <b>14,235</b>                            | 8,519                          |
| Revaluation of liability related to warrants | 4,315                                    | 534                            |
| Loss on long-term debt extinguishment        | —                                        | 5,182                          |
| <b>Closing balance</b>                       | <b>18,550</b>                            | 14,235                         |

To remeasure the liability related to warrants, classified in Level 3, the Corporation used a Black-Scholes valuation model. As at April 30, 2026, the primary unobservable input used in the model was expected volatility, which was estimated at 56.1%. A 5.0% increase in the expected volatility used in the pricing model would result in a total increase of \$862 in the liability related to warrants as at April 30, 2026.

**Note 10      Provision for return conditions**

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

|                                 | Six-month period<br>ended April 30, 2026 | Year ended<br>October 31, 2025 |
|---------------------------------|------------------------------------------|--------------------------------|
|                                 | \$                                       | \$                             |
| <b>Opening balance</b>          | <b>202,700</b>                           | 174,368                        |
| Additional provisions           | 12,255                                   | 24,081                         |
| Unused amounts reversed         | —                                        | (8,030)                        |
| Effect of discount rate changes | (10,045)                                 | 5,908                          |
| Accretion                       | 2,836                                    | 5,297                          |
| Foreign exchange (gain) loss    | (5,947)                                  | 1,076                          |
| <b>Closing balance</b>          | <b>201,799</b>                           | 202,700                        |
| Current provisions              | 4,559                                    | 1,581                          |
| Non-current provisions          | 197,240                                  | 201,119                        |
| <b>Closing balance</b>          | <b>201,799</b>                           | 202,700                        |

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 from 2026 to 2036 with an average remaining term of 5.4 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 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 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  | \$             |
|---------------------------------------|-------------------|----------------|
| <b>Balance as at October 31, 2024</b> | 39,266,191        | 225,438        |
| Issued from treasury                  | 1,114,050         | 1,927          |
| <b>Balance as at October 31, 2025</b> | 40,380,241        | 227,365        |
| Issued from treasury                  | 472,266           | 1,021          |
| <b>Balance as at April 30, 2026</b>   | <b>40,852,507</b> | <b>228,386</b> |

As at April 30, 2026, the number of Class A Shares and Class B Shares stood at 2,098,996 and 38,753,511, respectively [2,691,056 and 37,689,185, respectively, as at October 31, 2025].

### Preferred shares

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 in Level 1 in the fair value hierarchy.

As at April 30, 2026, the fair value of the 3,691,591 Series 4 Preferred Shares was estimated to be \$9,532 based on a price per share of \$2.58, 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 (\$) | \$           |
|------------------------------------------------------|------------------|-----------------------------|--------------|
| <b>Balance as at October 31, 2024</b>                | —                | —                           | —            |
| Preferred shares issued                              | 9,934,617        | 2.80                        | 27,778       |
| Preferred shares redeemed                            | (6,243,026)      | 2.60                        | (16,265)     |
| Revaluation of liability related to preferred shares |                  |                             | (3,565)      |
| <b>Balance as at October 31, 2025</b>                | <b>3,691,591</b> | <b>2.15</b>                 | <b>7,948</b> |
| Revaluation of liability related to preferred shares |                  |                             | 1,584        |
| <b>Balance as at April 30, 2026</b>                  | <b>3,691,591</b> | <b>2.58</b>                 | <b>9,532</b> |

## Stock option plan

|                                                 | Number of options | Weighted average price (\$) |
|-------------------------------------------------|-------------------|-----------------------------|
| <b>Balance as at October 31, 2025</b>           | 300,000           | 3.96                        |
| Granted                                         | 120,000           | 2.58                        |
| <b>Balance as at April 30, 2026</b>             | <b>420,000</b>    | <b>3.56</b>                 |
| <b>Options exercisable as at April 30, 2026</b> | <b>266,667</b>    | <b>3.96</b>                 |

## Warrants

No warrants were exercised during the quarter and six-month period ended April 30, 2026. Accordingly, the Corporation did not issue any shares related to the exercise of warrants [Note 9].

## Loss per share

Basic and diluted loss per share were calculated as follows:

|                                                                                                 | Quarters ended<br>April 30 |          | Six-month periods<br>ended April 30 |           |
|-------------------------------------------------------------------------------------------------|----------------------------|----------|-------------------------------------|-----------|
|                                                                                                 | 2026                       | 2025     | 2026                                | 2025      |
| (in thousands of dollars, except per share data)                                                | \$                         | \$       | \$                                  | \$        |
| <b>NUMERATOR</b>                                                                                |                            |          |                                     |           |
| Net loss used in computing basic loss per share                                                 | (78,994)                   | (22,884) | (108,492)                           | (145,416) |
| Effect of deemed conversion of warrants and preferred shares                                    | (388)                      | (2,119)  | 5,899                               | (2,126)   |
| Less anti-dilutive impact                                                                       | 388                        | 2,119    | (5,899)                             | 2,126     |
| Net loss used in computing diluted loss per share                                               | (78,994)                   | (22,884) | (108,492)                           | (145,416) |
| <b>DENOMINATOR</b>                                                                              |                            |          |                                     |           |
| Adjusted weighted average number of outstanding shares                                          | 40,763                     | 39,752   | 40,652                              | 39,607    |
| <b>Effect of potential dilutive securities</b>                                                  |                            |          |                                     |           |
| Preferred shares                                                                                | —                          | —        | —                                   | —         |
| Stock options                                                                                   | —                          | —        | —                                   | —         |
| Warrants                                                                                        | —                          | —        | —                                   | —         |
| Adjusted weighted average number of outstanding shares used in computing diluted loss per share | 40,763                     | 39,752   | 40,652                              | 39,607    |
| <b>Loss per share</b>                                                                           |                            |          |                                     |           |
| Basic                                                                                           | (1.94)                     | (0.58)   | (2.67)                              | (3.67)    |
| Diluted                                                                                         | (1.94)                     | (0.58)   | (2.67)                              | (3.67)    |

For the quarter and six-month period ended April 30, 2026, the 420,000 outstanding stock options and the 10,149,374 vested warrants that are exercisable through the issuance of shares were excluded from the calculation since their exercise price exceeded the average share price for the period [369,702 stock options and 9,906,353 warrants for the quarter and six-month period ended April 30, 2025]. For the quarter and six-month period ended April 30, 2026, the 3,691,591 Series 4 Preferred Shares were also excluded from the calculation due to their anti-dilutive impact.

**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<br>April 30 |                  | Six-month periods<br>ended April 30 |                  |
|-----------------------|----------------------------|------------------|-------------------------------------|------------------|
|                       | 2026                       | 2025             | 2026                                | 2025             |
|                       | \$                         | \$               | \$                                  | \$               |
| <b>Customers</b>      |                            |                  |                                     |                  |
| Americas              | 860,209                    | 877,678          | 1,591,582                           | 1,580,623        |
| Transatlantic         | 150,349                    | 124,459          | 271,887                             | 244,649          |
| <b>Other</b>          | 17,045                     | 28,936           | 34,847                              | 35,306           |
| <b>Total revenues</b> | <b>1,027,603</b>           | <b>1,031,073</b> | <b>1,898,316</b>                    | <b>1,860,578</b> |

In accordance with the financial compensation agreement entered into during the fiscal year ended October 31, 2025 with the original equipment manufacturer of the GTF engines, the Corporation recognized an amount of \$5,235 for the quarter ended April 30, 2026 and \$10,315 for the six-month period ended April 30, 2026 [\$19,978 for the quarter and six-month period ended April 30, 2025].

**Note 13 Restructuring costs**

|                            | Quarters ended<br>April 30 |      | Six-month periods<br>ended April 30 |       |
|----------------------------|----------------------------|------|-------------------------------------|-------|
|                            | 2026                       | 2025 | 2026                                | 2025  |
|                            | \$                         | \$   | \$                                  | \$    |
| <b>Restructuring costs</b> |                            |      |                                     |       |
| Severance                  | —                          | 979  | 220                                 | 4,057 |
|                            | —                          | 979  | 220                                 | 4,057 |

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:

|                          | Six-month period<br>ended April 30, 2026 | Year ended<br>October 31, 2025 |
|--------------------------|------------------------------------------|--------------------------------|
|                          | \$                                       | \$                             |
| <b>Opening balance</b>   | 2,084                                    | 1,030                          |
| Additional provision     | 220                                      | 5,663                          |
| Utilization of provision | (1,846)                                  | (4,609)                        |
| <b>Closing balance</b>   | <b>458</b>                               | <b>2,084</b>                   |

## Note 14 Commitments and contingencies

### Leases and other commitments

As at April 30, 2026, 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      | 2026   | 2027   | 2028   | 2029   | 2030   | 2031<br>and up | Total   |
|-----------------------------|--------|--------|--------|--------|--------|----------------|---------|
|                             | \$     | \$     | \$     | \$     | \$     | \$             | \$      |
| Leases (aircraft and other) | —      | 11,049 | 37,926 | 37,926 | 37,926 | 330,289        | 455,116 |
| Purchase obligations        | 14,111 | 19,136 | 8,538  | 5,104  | 3,228  | 2,672          | 52,789  |
|                             | 14,111 | 30,185 | 46,464 | 43,030 | 41,154 | 332,961        | 507,905 |

### 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 15      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, 12, 15 and 22 to the consolidated financial statements for the year ended October 31, 2025 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 Quebec. These agreements typically cover a one-year period and are renewable annually. As at April 30, 2026, the total amount of these guarantees unsecured by deposits totalled \$3,498. Historically, the Corporation has not made any significant payments under such agreements. As at April 30, 2026, no amounts had been accrued with respect to the above-mentioned agreements.

**Note 16      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.

