

Transat A.T. Inc. Reports Results for the Second Quarter of Fiscal 2026

Profitability impacted by an unprecedented industry-wide fuel crisis

Second-quarter highlights:

- Revenues of \$1,027.6 million, down 0.3% from \$1,031.1 million last year
- Negative adjusted EBITDA¹ of \$20.7 million, compared to an adjusted EBITDA¹ of \$98.4 million last year
- Net loss of \$79.0 million (\$1.94 per share), versus net loss of \$22.9 million (\$0.58 per share) last year
- Free cash flow¹ of \$59.1 million, compared to \$142.3 million last year
- Cash and cash equivalents of \$390.1 million as at April 30, 2026
- Repayment of \$55.0 million of long-term debt, bringing the balance of long-term debt and deferred government grant to \$320.0 million, compared to \$812.2 million last year
- Intent to apply to the Government of Canada's new Liquidity for Airline Sector Resilience facility for up to \$150 million in funding to help offsetting the prolonged impact of rising fuel costs

MONTREAL, June 11, 2026 /CNW/ - Transat A.T. Inc. reported today its second quarter 2026 financial results ended on April 30.

"Following a solid first quarter that continued the positive momentum of fiscal 2025 and reflected the tangible benefits of our strategic initiatives, second-quarter results were disappointing as factors largely beyond our control severely impacted profitability. The suspension of flights to Cuba and the material increase in aviation fuel prices, an industry-wide crisis, resulted in an estimated negative impact of \$95 million on adjusted EBITDA¹, of which approximately \$70 million is attributable to higher fuel costs in March and April. The impact of rising aviation fuel prices persisted through May, resulting in additional costs compared to the same period last year. Transat has implemented specific measures to mitigate these adverse effects, including surcharges on new bookings and selective capacity adjustments across its network. While surcharges on new bookings were initially well absorbed by consumers and effectively mitigated the impact of rising fuel costs, recent market volatility has weakened pricing power," said Annick Guérard, President and Chief Executive Officer of Transat.

"We welcome the introduction by the Government of Canada of the Liquidity for Airline Sector Resilience (LASR) facility, which acknowledges the significant fuel cost pressures currently facing airlines. This initiative reflects the essential role aviation plays in the Canadian economy. Transat intends to apply to the LASR facility, which would provide meaningful support as we continue to navigate the current environment with discipline while maintaining our focus on customers and stakeholders," added Annick Guérard.

"Second-quarter adjusted EBITDA¹ declined significantly year-over-year, driven primarily by the surge in aviation fuel costs and the prolonged suspension of flights to Cuba. Profitability was further affected by lower financial compensation from Pratt & Whitney related to the ongoing engine issue, as well as higher salaries and benefits resulting from the new collective agreement with our pilots. Transat intends to apply to the LASR facility, administered by the Canada Enterprise Emergency Funding Corporation (CEEFC), which would provide additional financial flexibility as we remain focused on executing our strategic priorities," said Jean-François Pruneau, Chief Financial Officer of Transat.

Second-quarter results

For the quarter ended April 30, 2026, revenues reached \$1,027.6 million, down 0.3% from \$1,031.1 million in the corresponding period last year. The decrease in revenues was attributable to the suspension of flights to Cuba, resulting in a revenue shortfall of \$81.0 million compared with 2025, as well as to the financial compensation from the original equipment manufacturer of GTF² 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. For the quarter, across the entire network, the capacity increased by 4.8%, compared with 2025, while the capacity for sun routes, the main program during this period, increased by 1.7%. Airline unit revenues (yield) decreased by 0.7%. Persistent issues with Pratt & Whitney's GTF² engines continued to result in less effective revenue management, alongside inefficiencies caused by having to unexpectedly redeploy part of the capacity after suspending flights to Cuba in peak season, owing to fuel supply issues at destination airports.

Adjusted EBITDA¹ amounted to negative \$20.7 million, compared with positive \$98.4 million in 2025. This variation resulted primarily from higher fuel prices, the suspension of flights to Cuba, the increase in salaries and employee benefits and from the decrease in the financial compensation from the original equipment manufacturer of the GTF² engines, compared with fiscal 2025.

² Geared turbofan ("GTF")

Six-month results

For the six-month period ended April 30, 2026, revenues reached \$1,898.3 million, up 2.0% from \$1,860.6 million, compared with 2025, despite a \$53.0 million decline in revenue in the Cuban market, due to the suspension of flights to Cuba. The variation is attributable to a 3.1% increase in traffic and by a 0.2% increase in yield. Network-wide capacity increased by 3.0% compared to the same period in 2025, while the capacity for sun routes, the main program during this period, increased by 2.6%. However, the increase in revenue was reined in by persistent issues with the Pratt & Whitney GTF² engines which continued to result in less effective revenue management, alongside inefficiencies caused by having to unexpectedly redeploy part of the capacity after suspending flights to Cuba, increased competition and economic conditions.

For the six-month period, adjusted EBITDA¹ totaled \$12.9 million, compared with \$118.4 million for fiscal 2025. The decrease was mainly attributable to a marked increase in fuel prices, higher salaries and employee benefits and a lower financial compensation from the original equipment manufacturer of the GTF[1] engines, compared with fiscal 2025. The disruptions caused by Hurricane Melissa during the first quarter of 2026, combined with those resulting from the repositioning of capacity following the suspension of flights to Cuba, also contributed to the operating loss.

Cash flow and financial position

Cash flows related to operating activities generated \$118.3 million during the second quarter of 2026, compared with a cash generation of \$207.8 million for the same period last year, mainly due to lower profitability this year versus last. After accounting for investing activities and repayment of lease liabilities, free cash flow¹ was \$59.1 million during the quarter, compared with \$142.3 million for the corresponding period last year.

As at April 30, 2026, cash and cash equivalents stood at \$390.1 million, compared to \$164.9 million as at October 31, 2025. Cash and cash equivalents in trust or otherwise reserved mainly resulting from travel package bookings totaled \$193.6 million as at April 30, 2026, compared with \$430.0 million as at October 31, 2025, reflecting the seasonal nature of operations.

Customers deposits for future travel totaled \$955.1 million as at April 30, 2026, compared to

\$823.3 million as at October 31, 2025.

Long-term debt and deferred government grant totaled \$320.0 million as at April 30, 2026, compared to \$400.0 million as at October 31, 2025. This decrease is attributable to the repayment of \$50.0 million on the Corporation's revolving term credit facility and \$30.0 million on its subordinated working capital facility during the six-month period.

Long-term debt and deferred government grant, net of cash and cash equivalents, stood at a net cash position of \$70.1 million, compared to a net debt position of \$235.1 million as at October 31, 2025.

Key indicators

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.

Conference call

The second quarter 2026 conference call will take place on Thursday, June 11, 2026, 10:00 a.m. To join the conference call without operator assistance, you may register by entering your phone number [here](#) to receive an instant automated call back.

You can also dial direct to be entered into the call by an operator:

Montreal: 514 400-3794

North America (toll-free): 1 800 990-4777

Name of conference: Transat

The conference will also be accessible live via webcast: [click here to register](#).

An audio replay will be available until June 18, 2026, by dialing 1 888 660-6345 (toll-free in North America), access code 38236 followed by the pound key (#). The webcast will remain available for 90 days following the call.

(1) Non-IFRS financial measures

Transat prepares its financial statements in accordance with International Financial Reporting Standards ["IFRS"]. We will occasionally refer to non-IFRS financial measures in the news release. These non-IFRS financial measures do not have any meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other issuers. They are intended to provide additional information and should not be considered as a substitute for measures of performance prepared in accordance with IFRS. All dollar figures are in Canadian dollars unless otherwise indicated.

The following are non-IFRS financial measures used by management as indicators to evaluate ongoing and recurring operational performance.

Adjusted operating income (loss) or adjusted EBITDA: 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.

Adjusted pre-tax income (loss) or adjusted EBT: 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.

Adjusted net income (loss): 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.

Adjusted net earnings (loss) per share: Adjusted net income (loss) divided by the adjusted weighted average number of outstanding shares used in computing diluted earnings (loss) per share.

Free cash flow: Cash flows related to operating activities less cash flows related to investing activities and repayment of lease liabilities. The Corporation uses this measure to assess the cash that's available to be distributed in a discretionary way such as repayment of long-term debt or deferred government grant or distribution of dividend to shareholders.

Total debt: 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.

Total net debt: 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.

Additional Information

The results were affected by non-operating items, as summarized in the following table:

Highlights and non-IFRS financial measures

	Second quarter		First six-month period	
	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)
Adjusted operating income (loss)¹ or adjusted EBITDA¹	(20,740)	98,446	12,858	118,415
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)
Adjusted net income (loss)¹	(104,995)	4,735	(152,851)	(70,233)
Adjusted net income (loss) ¹	(104,995)	4,735	(152,851)	(70,233)
Adjusted weighted average number of outstanding shares used in computing diluted earnings per share	40,763	39,752	40,652	39,607
Adjusted net earnings (loss) per share¹	(2.58)	0.12	(3.76)	(1.77)
Cash flows related to operating activities	118,317	207,842	414,714	376,420
Cash flows related to investing activities	(21,098)	(19,312)	(34,752)	(11,578)
Repayment of lease liabilities	(38,109)	(46,251)	(74,295)	(93,434)
Free cash flow¹	59,110	142,279	305,667	271,408

	As at April 30, 2026 \$	As at October 31, 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
Total debt¹	1,603,961	1,761,631
Total debt	1,603,961	1,761,631
Cash and cash equivalents	(390,147)	(164,920)
Total net debt¹	1,213,814	1,596,711

About Transat

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

Caution regarding forward-looking statements

This news release 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.

The reader is cautioned that the foregoing list of factors is not exhaustive of the factors that may affect any of the Corporation's forward-looking statements. The reader is also cautioned to consider these and other factors carefully and not to place undue reliance on forward-looking statements.

The forward-looking statements in this news release are based on a number of assumptions relating to economic and market conditions as well as the Corporation's operations, financial position and transactions. Examples of such forward-looking statements include, but are not limited to, statements concerning:

- The outlook whereby the Corporation will be able to meet its obligations with cash on hand, cash flows from operations, 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 press release. 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 news release is issued, and represent the Corporation's expectations as of that date. For additional information with respect to these and other factors, see the Management's Discussion and Analysis for the quarter ended April 30, 2026 filed with the Canadian securities commissions and available on SEDAR+ at www.sedarplus.ca. 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.

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