

Transat A.T. Inc. Reports Results for the Fourth Quarter of Fiscal 2025

All-time record Adjusted EBITDA for fiscal 2025

Fiscal year highlights:

- Revenues of \$3,398.5 million, up 3.5% from \$3,283.8 million for fiscal 2024
- Adjusted EBITDA¹ of \$271.0 million, compared to \$203.2 million last year
- Net income of \$241.9 million (\$6.06 per share), compared to a net loss of \$114.0 million (\$2.94 per share) in 2024
- Negative free cash flow¹ of \$45.0 million, compared to negative \$122.1 million last year
- Elevation Program initiatives are expected to contribute \$100M in adjusted EBITDA¹ by mid-2026, in line with the objective
- Conclusion of the LEEFF debt restructuring, reducing the amount owed under the program from \$762.2 million as of the second-quarter to \$350.0 million as at October 31, 2025

Fourth-quarter highlights:

- Revenues of \$771.6 million, down 2.2% from \$788.8 million last year
- Adjusted EBITDA¹ of \$71.4 million, compared to \$128.4 million last year
- Net loss of \$12.5 million (\$0.31 per share), versus net income of \$41.2 million (\$1.05 per share) last year
- Negative free cash flow¹ of \$194.2 million, compared to negative \$102.2 million last year
- Cash and cash equivalents of \$164.9 million as at October 31, 2025

MONTRÉAL, Dec. 18, 2025 /CNW/ - Transat A.T. Inc. today reported its fourth quarter 2025 financial results.

"Transat posted all-time record adjusted EBITDA in fiscal 2025. Operationally, we established key building blocks to generate growth momentum through the deployment of high-potential routes, the rigorous execution of our Elevation Program, and the refinancing of our government debt. As for financial performance, adjusted EBITDA grew 33% to \$271 million on revenues of \$3.4 billion, despite a volatile macro-economic environment and persistent Pratt & Whitney engine issues. As expected, fourth quarter revenues declined slightly as substantially lower year-end compensation from Pratt & Whitney overshadowed underlying revenue growth driven by higher yields. We have delivered on the objectives set for fiscal 2025 and continue to make progress toward the full execution of our business plan. Finally, the tentative agreement reached with our pilots' union allows us to focus on meeting solid customer demand for leisure travel. In addition, all collective agreements that had expired since 2023 have now been successfully renegotiated for a period extending at least through 2027," said Annick Guérard, President and Chief Executive Officer of Transat.

"We are optimistic about accelerating our growth trajectory in 2026. Targeted network expansion across destinations in Africa, Europe and South America, combined with fewer grounded aircraft and network optimization, should result in increased capacity for 2026. In addition, we expect to derive the full impact from our Elevation Program through revamped cost and revenue management practices," added Ms. Guérard.

"In terms of profitability, despite the impact of certain unfavorable provisions in the fourth-quarter, Transat still delivered solid adjusted EBITDA growth for the year. On the refinancing front, the successful restructuring of our government debt proved to be a key milestone in 2025. This significant debt reduction enables us to pursue growth initiatives and complete the implementation of

our optimization program. On top of these benefits, interest expenses will decrease substantially in the upcoming year while debt maturity dates have been extended until 2035. Ultimately, we can now focus on executing our strategy to create long-term value for our shareholders," said Jean-François Pruneau, Chief Financial Officer of Transat.

Fiscal year results

For the year ended October 31, 2025, revenues reached \$3,398.5 million, up 3.5% from \$3,283.8 million in the corresponding period a year ago. The variation is attributable to a 2.3% increase in yield and a 0.2% increase in traffic. Network-wide capacity increased by 0.8% compared to the same period in 2024.

For the year, adjusted EBITDA¹ totaled \$271.0 million, compared with \$203.2 million for fiscal 2024. The increase was mainly attributable to revenue growth, productivity gains and lower fuel prices by 9.8%, compared with fiscal 2024.

Fourth-quarter results

For the quarter ended October 31, 2025, revenues reached \$771.6 million, down 2.2% from \$788.8 million in the corresponding period last year. This decrease was attributable to the financial compensation received from the original equipment manufacturer of the GTF² engines that was \$28.2 million lower than in the fourth quarter of 2024. Excluding the impact of this lower compensation, revenues increased by 1.5%. Traffic, expressed in revenue-passenger-miles (RPM), decreased by 2.0%, resulting from a capacity reduction of 1.8% compared to the corresponding period last year. These factors were partially offset by a 3.3% increase in airline unit revenues (yield).

Adjusted EBITDA¹ amounted to \$71.4 million, compared with \$128.4 million in 2024. This variation resulted from lower revenues, as well as from higher aircraft maintenance costs and salaries and employee benefits.

Cash flow and financial position

Cash flows related to operating activities used \$114.5 million during the fourth quarter of 2025, compared with a cash usage of \$108.1 million for the same period last year, as lower profitability was partially offset by an increase in non-cash working capital balances. For the 2025 fiscal year, cash flows related to operating activities generated \$157.0 million, compared to a cash generation of \$94.7 million in fiscal 2024.

After accounting for investing activities and repayment of lease liabilities, free cash flow¹ was negative \$194.2 million during the quarter, compared with negative \$102.2 million for the corresponding period last year. The difference primarily reflects that, during the same quarter last year, the company entered into sale-leaseback transactions involving three Pratt & Whitney GTF² engines for a total of \$92.1 million. For fiscal 2025, free cash flow¹ was negative \$45.0 million, compared to negative \$122.1 million in fiscal 2024.

As at October 31, 2025, cash and cash equivalents stood at \$164.9 million, compared to \$260.3 million as at October 31, 2024. Cash and cash equivalents in trust or otherwise reserved mainly resulting from travel package bookings totaled \$465.6 million as at October 31, 2025, compared with \$484.9 million as at October 31, 2024. Customers deposits for future travel totaled \$823.3 million as at October 31, 2025, compared to \$781.2 million as at October 31, 2024.

Long-term debt and deferred government grant totaled \$400.0 million as at October 31, 2025,

compared to \$803.1 million as at October 31, 2024. This decrease is mainly attributable to the reduction in long-term debt following the Corporation's debt restructuring, including the full repayment of the \$41.4 million principal balance of the secured LEEFF financing. During fiscal 2025, the Corporation also made a \$13.7 million mandatory principal prepayment on its Unsecured debenture – LEEFF and redeemed 6,243,026 Series 4 Preferred Shares for \$16.3 million. The Corporation drew down \$30.0 million under its Subordinated working capital facility – LEEFF.

Reflecting these transactions, the long-term debt and deferred government grant net of cash and cash equivalents stood at \$235.1 million, down from \$542.7 million as at October 31, 2024.

² Geared turbofan ("GTF")

Key indicators

To date, airline unit revenues, expressed as yield, for Winter 2026 are 1.4% higher compared to the same date in fiscal 2025, while load factors are 0.8 percentage points lower than they were at this time last year, mainly influenced by second-quarter dynamics, with potential for improvement as the season progresses.

For fiscal year 2026, the Corporation expects a 6% to 8% increase in capacity, measured in available seat-miles, compared to 2025.

Conference call

The fourth quarter 2025 conference call will take place on Thursday, December 18, 2025, 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 December 25, 2025, by dialing 1 888 660-6345 (toll-free in North America), access code 02859 followed by the pound key (#). The webcast will remain available for 90 days following the call.

First-quarter 2026 results will be announced on March 10, 2026.

(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

(in thousands of Canadian dollars, except per share amounts)	Fourth quarter		Fiscal year	
	2025	2024	2025	2024
	\$	\$	\$	\$

Operating income (loss)	248	64,700	9,803	(12,727)
Depreciation and amortization	68,478	61,546	256,797	221,870
Reversal of impairment of the investment in a joint venture	—	—	—	(3,112)
Effect of discount rate changes	2,767	5,131	5,908	9,589
Changes in market price of CORSIA Eligible Emissions Units	2,903	—	2,903	—
Restructuring costs	1,449	689	5,663	3,166
Premiums related to derivatives that matured during the period	(4,478)	(3,649)	(10,112)	(15,574)
Adjusted operating income¹ or adjusted EBITDA¹	71,367	128,417	270,962	203,212

Net income (loss)	(12,489)	41,227	241,916	(114,030)
Reversal of impairment of the investment in a joint venture	—	—	—	(3,112)
Effect of discount rate changes	2,767	5,131	5,908	9,589
Changes in market price of CORSIA Eligible Emissions Units	2,903	—	2,903	—
Restructuring costs	1,449	689	5,663	3,166
Gain on asset disposals	—	(18,711)	(19,243)	(24,887)
Change in fair value of derivatives	(17,875)	(632)	14,267	23,691
Revaluation of liability related to warrants and preferred shares	(6,012)	(5,027)	(3,031)	(12,297)
Foreign exchange loss	15,069	12,530	6,411	5,778
Gain on long-term debt extinguishment	—	—	(345,332)	—
Premiums related to derivatives that matured during the period	(4,478)	(3,649)	(10,112)	(15,574)
Adjusted net income (loss)¹	(18,666)	31,558	(100,650)	(127,676)

Adjusted net income (loss) ¹	(18,666)	31,558	(100,650)	(127,676)
Adjusted weighted average number of outstanding shares used in computing diluted earnings per share	44,949	39,156	41,645	38,839
Adjusted net earnings (loss) per share¹	(0.42)	0.81	(2.42)	(3.29)

Cash flows related to operating activities	(114,530)	(108,108)	156,975	94,673
Cash flows related to investing activities	(29,830)	57,874	(10,206)	(31,451)
Repayment of lease liabilities	(49,877)	(51,982)	(191,732)	(185,280)
Free cash flow¹	(194,237)	(102,216)	(44,963)	(122,058)

(in thousands of dollars)	As at October 31, 2025	As at October 31, 2024
	\$	\$
Long-term debt	200,818	682,295
Deferred government grant	199,182	120,784
Liability related to warrants	14,235	8,519
Lease liabilities	1,347,396	1,465,722
Total debt¹	1,761,631	2,277,320
Total debt	1,761,631	2,277,320
Cash and cash equivalents	(164,920)	(260,336)
Total net debt¹	1,596,711	2,016,984

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 World's Best Leisure Airline by passengers at the 2025 Skytrax World Airline Awards, it flies to international destinations. By renewing its fleet with the most energy-efficient aircraft in their category, it is committed to a healthier environment, knowing that this is essential to its operations and the destinations it serves. Based in Montreal, Transat has nearly 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 from internally generated funds or otherwise, the Corporation's ability to adequately mitigate the Pratt & Whitney GTF engine issues, fluctuations in fuel prices and exchange rates and interest rates, the Corporation's dependence on key suppliers, the availability and fluctuation of costs related to our aircraft, information technology and telecommunications, cybersecurity risks, changes in legislation, regulatory developments or procedures, pending litigation and third-party lawsuits, the Corporation's ability to reduce operating costs through, among other things, the Elevation 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 MD&A.

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

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

- The outlook whereby the Corporation will be able to meet its obligations with cash on hand, cash flows from operations, drawdowns under existing credit facilities or by other means.*
- The outlook whereby, for fiscal year 2026, the Corporation expects a 6% to 8% increase in capacity, measured in available seat-miles, compared to 2025.*
- The outlook whereby the initiatives from the Elevation Program are expected to contribute \$100 million to adjusted operating income by mid-2026.*
- The outlook whereby the targeted network expansion across destinations in Africa, Europe and South America, combined with fewer grounded aircraft and network optimization, should result*

in increased capacity for 2026.

In making these statements, the Corporation assumes, among other things, that the standards and measures for the health and safety of personnel and travellers imposed by government and airport authorities will be consistent with those currently in effect, that workers will continue to be available to the Corporation, its suppliers and the companies providing passenger services at the airports, that credit facilities and other terms of credit extended by its business partners will continue to be made available as in the past, that management will continue to manage changes in cash flows to fund working capital requirements for the full fiscal year and that fuel prices, exchange rates, selling prices and hotel and other costs remain stable, the Corporation will be able to adequately mitigate the Pratt & Whitney GTF engine issues and that the initiatives identified to improve adjusted operating income (adjusted EBITDA) can be implemented as planned, and will result in cost reductions and revenue increases of the order anticipated by mid-2026. 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 MD&A for the quarter ended October 31, 2025 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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