



chorus

First Quarter 2026

Unaudited Interim Condensed Consolidated
Financial Statements

Chorus Aviation Inc.

Chorus Aviation Inc.

Unaudited Consolidated Statements of Financial Position

(expressed in thousands of Canadian dollars)

	March 31, 2026 \$	As at December 31, 2025 \$
Assets		
Current assets		
Cash	98,032	28,656
Accounts receivable – trade and other	81,957	114,355
Inventories	158,395	159,204
Prepaid expenses and deposits	27,035	24,723
Current portion of finance lease receivables	1,075	1,041
Income tax receivable	7,213	8,772
	373,707	336,751
Finance lease receivables	5,145	5,329
Property and equipment	890,926	920,113
Intangibles	1,681	1,681
Goodwill	10,371	10,371
Other long-term assets	33,778	36,201
	1,315,608	1,310,446
Liabilities		
Current liabilities		
Accounts payable, accrued liabilities and other liabilities	197,007	191,929
Current portion of lease liabilities	2,502	2,553
Current portion of long-term incentive plan	5,545	—
Current portion of long-term debt	65,924	64,336
	270,978	258,818
Lease liabilities	10,698	11,122
Long-term debt	304,297	296,145
Deferred income tax liability	183,787	187,623
Other long-term liabilities	46,656	48,901
	816,416	802,609
Equity	499,192	507,837
	1,315,608	1,310,446

Economic dependence (note 11)

Subsequent events (note 13)

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

Chorus Aviation Inc.

Unaudited Consolidated Statements of Changes in Equity

(expressed in thousands of Canadian dollars)

	Equity Attributable to Shareholders						Total \$
	Capital \$	Deficit \$	Exchange differences on foreign operations \$	Contributed surplus \$	Warrants \$	Equity component of convertible units/ debentures \$	
Balance - December 31, 2024	394,774	(836,996)	1,555	925,566	24,366	2,683	511,948
Net income for the period	—	18,933	—	—	—	—	18,933
Other comprehensive (loss) income for the period (net of tax)	—	(3,759)	27	—	—	—	(3,732)
Comprehensive income for the period	—	15,174	27	—	—	—	15,201
Repurchase of shares under normal course issuer bid	(9,595)	—	—	(3,665)	—	—	(13,260)
Share repurchase commitment under the automatic share purchase plan	1,940	—	—	1,321	—	—	3,261
Redemption of convertible debentures	—	—	—	1,620	—	(1,620)	—
Expense related to stock-based compensation plans	—	—	—	(926)	—	—	(926)
Balance - March 31, 2025	387,119	(821,822)	1,582	923,916	24,366	1,063	516,224
Net income for the period	—	59,806	—	—	—	—	59,806
Other comprehensive income for the period (net of tax)	—	4,945	948	—	—	—	5,893
Comprehensive income for the period	—	64,751	948	—	—	—	65,699
Dividends declared	—	(3,931)	—	—	—	—	(3,931)
Repurchase of shares under normal course issuer bid	(8,451)	—	—	(4,055)	—	—	(12,506)
Share repurchase commitment under the automatic share purchase plan	3,041	—	—	1,046	—	—	4,087
Repurchase of shares under substantial issuer bid	(37,666)	—	—	(24,070)	—	—	(61,736)
Redemption of convertible debentures	—	—	—	1,063	—	(1,063)	—
Balance - December 31, 2025	344,043	(761,002)	2,530	897,900	24,366	—	507,837
Net income for the period	—	7,001	—	—	—	—	7,001
Other comprehensive (loss) income for the period (net of tax)	—	(347)	13	—	—	—	(334)
Comprehensive income for the period	—	6,654	13	—	—	—	6,667
Dividends declared	—	(2,564)	—	—	—	—	(2,564)
Repurchase of shares under normal course issuer bid	(3,351)	—	—	(2,005)	—	—	(5,356)
Share repurchase commitment under the automatic share purchase plan	(4,842)	—	—	(2,550)	—	—	(7,392)
Balance - March 31, 2026	335,850	(756,912)	2,543	893,345	24,366	—	499,192

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

Chorus Aviation Inc.**Unaudited Consolidated Statements of Income
For the three-month periods ended March 31, 2026 and 2025****chorus**

(expressed in thousands of Canadian dollars, except earnings per share)

	Three months ended March 31,	
	2026	2025
	\$	\$
Operating revenue (notes 4 and 11)	325,424	348,129
Operating expenses (note 11)		
Salaries, wages and benefits	133,628	125,795
Depreciation, amortization and impairment	25,382	27,151
Aircraft maintenance materials, supplies and services	69,346	86,046
Airport and navigation fees	33,473	34,867
Terminal handling services	4,567	2,761
Other	40,874	41,799
	307,270	318,419
Operating income	18,154	29,710
Non-operating (expenses) income		
Interest revenue	423	1,695
Interest expense	(3,756)	(5,439)
Gain on disposal of property and equipment	—	1
Foreign exchange (loss) gain	(3,852)	152
	(7,185)	(3,591)
Income before income taxes	10,969	26,119
Income tax (expense) recovery (note 7)		
Current income tax	(7,674)	(5,977)
Deferred income tax	3,706	(1,209)
	(3,968)	(7,186)
Net income	7,001	18,933
Earnings per common share, basic (note 9)	0.30	0.71
Earnings per common share, diluted (note 9)	0.29	0.70

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

Chorus Aviation Inc.**Unaudited Consolidated Statements of Comprehensive Income
For the three-month periods ended March 31, 2026 and 2025****chorus**

(expressed in thousands of Canadian dollars)

	Three months ended March 31,	
	2026	2025
	\$	\$
Net income	7,001	18,933
Other comprehensive income (loss)		
<i>Items that will not be subsequently reclassified to the statements of income</i>		
Actuarial loss on employee benefit liabilities, net of tax recovery of \$129 (2025 - \$1,407)	(347)	(3,759)
<i>Items that will be subsequently reclassified to the statements of income</i>		
Exchange differences on translation of foreign operations	13	27
Comprehensive income	6,667	15,201

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

Chorus Aviation Inc.**Unaudited Consolidated Statements of Cash Flows
For the three-month periods ended March 31, 2026 and 2025****chorus**

(expressed in thousands of Canadian dollars)

	Three months ended March 31,	
	2026	2025
	\$	\$
Cash provided by (used in)		
Operating activities		
Net income	7,001	18,933
Charges (credits) to operations not involving cash		
Depreciation, amortization and impairment	25,382	27,151
Amortization of accrued transaction and financing fees	88	109
Gain on disposal of property and equipment	—	(1)
Unrealized foreign exchange loss (gain)	5,069	(3,551)
Realized foreign exchange loss	159	3,326
Effect of foreign exchange rate changes on cash	(1,249)	693
Deferred income tax (recovery) expense	(3,706)	1,209
Other	47	(926)
	32,791	46,943
Net changes in non-cash balances related to operations (note 12)	30,786	(69,457)
	63,577	(22,514)
Financing activities		
Repayment of lease liabilities	(727)	(809)
Repayment of long-term borrowings	(14,492)	(22,881)
Repayment of Series B Debentures and Series C Debentures	—	(81,570)
Proceeds from operating credit facility	20,000	—
Repurchase of shares under normal course issuer bid	(5,251)	(13,260)
Common share dividends	(2,564)	—
	(3,034)	(118,520)
Investing activities		
Additions to property and equipment	(11,173)	(6,389)
Payments received on finance lease receivables	254	250
Proceeds on disposal of property and equipment	17,977	1
	7,058	(6,138)
Effect of foreign exchange rate changes on cash	1,251	(693)
Net change in cash during the periods	68,852	(147,865)
Cash – Beginning of periods prior to adoption of IFRS 9	28,656	222,216
Adjustment on adoption of IFRS 9	524	—
Cash – Beginning of periods	29,180	222,216
Cash – End of periods	98,032	74,351

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

(expressed in thousands of Canadian dollars, except shares, share prices and earnings per share)

1 General information

Chorus Aviation Inc. is a holding company with various aviation interests incorporated on September 27, 2010, pursuant to the Canada Business Corporations Act (the "CBCA"). Its registered office is located at 100 King Street West, 1 First Canadian Place, Suite 6200, P.O. Box 50, Toronto, Ontario, M5X 1B8 and its country of domicile is Canada.

The accompanying consolidated financial statements (the "financial statements") are of Chorus Aviation Inc. References to "Chorus" in the following notes to the consolidated financial statements refer, as the context may require, to one or more of Chorus Aviation Inc. and its current and former subsidiaries.

Chorus' primary business activities include contract flying, aircraft leasing, as well as maintenance, repair and overhaul services and pilot training.

Contract flying operations are conducted through both its Jazz Aviation LP ("Jazz") and Voyageur Aviation Corp. ("Voyageur") subsidiaries. Through Jazz's operations, Chorus provides a significant part of Air Canada's domestic and transborder network. Jazz and Air Canada are parties to an amended and restated capacity purchase agreement dated January 1, 2015, most recently amended effective January 1, 2021 and previously amended and restated on January 1, 2019 (the "CPA"), under which Air Canada purchases substantially all of Jazz's fleet capacity at pre-determined rates. As Chorus derives a majority of its revenue from the CPA, it is substantially dependent on Air Canada (refer to note 11 - Economic dependence for further details). Jazz also operates charter flights for a variety of customers. Voyageur provides specialized contract ACMI (aircraft, crew, maintenance and insurance) flying, such as medical, logistical and humanitarian flights, to international and domestic customers.

Chorus formally launched Cygnet Aviation Academy LP ("Cygnet") on March 28, 2023, a pilot academy in Canada, that through an arrangement with CAE Inc., enables cadets to achieve their Integrated Airline Transport Pilot License and acquire an airline specific type rating.

On August 28, 2025, Chorus acquired all of the outstanding shares of Elisen & Associates Inc. ("Elisen"). Elisen provides aerospace engineering and certification services.

2 Basis of presentation

These financial statements are in compliance with International Accounting Standards ("IAS") 34, Interim Financial Reporting. Accordingly, certain information included in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS Accounting Standards"), as issued by the International Accounting Standards Board ("IASB"), have been omitted or condensed. The preparation of financial statements in accordance with IAS 34 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying Chorus' accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, have been set out in note 4 of Chorus' annual consolidated financial statements for the year ended December 31, 2025. These financial statements should be read in conjunction with Chorus' consolidated financial statements for the year ended December 31, 2025.

These financial statements have been authorized for issuance by Chorus' Board of Directors on May 7, 2026.

(expressed in thousands of Canadian dollars, except shares, share prices and earnings per share)

3 Material accounting policies, judgements and estimation uncertainty

Accounting policies

Except as otherwise indicated hereunder, these financial statements have been prepared using the same policies and methods of computation as the annual consolidated financial statements of Chorus for the year ended December 31, 2025.

Critical accounting estimates and judgements

The preparation of financial statements in conformity with generally accepted accounting principles in Canada ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

New accounting standards adopted during the period

IFRS 9 - Classification and Measurement of Financial Instruments

On January 1, 2026, Chorus adopted the amendments to *IFRS 9, Classification and Measurement of Financial Instruments* and *IFRS 7, Financial Instruments* using the retrospective without restatement of prior period method. In applying these amendments, Chorus did not elect the optional exemption to recognize electronic fund transfer payments at the date of initiation; instead, such payments are recognized on the date of settlement. Except for an impact on the opening cash flow statement, the adoption of the amendments had no material impact on its consolidated financial statements.

In May 2024, the IASB issued Amendments to the Classification and Measurement of Financial Instruments which amends *IFRS 9 Financial Instruments* and *IFRS 7 Financial Instruments: Disclosures* (the "Amendments"). These Amendments provide clarity on the timing of recognition and derecognition of financial assets and liabilities, the assessment of contractual cash flow characteristics, and the resulting classification and disclosure of financial assets with environmental, social, and governance linked or other contingent features. Additionally, the Amendments clarify that a financial liability is derecognized on the settlement date, with the accounting policy choice to derecognize financial liability settled using an electronic payment system before the settlement date, provided specific conditions are met. Additional disclosures are required for financial instruments with contingent features and investments in equity instruments designated at fair value through other comprehensive income with these Amendments.

Accounting standards issued but not yet applied

IFRS 18 - Presentation and Disclosure in Financial Statements

The IASB has issued *IFRS 18*, the new standard on presentation and disclosure in financial statements, with a focus on updates to the statement of profit or loss. The key new concepts introduced in *IFRS 18* relate to: the structure of the statement of profit or loss; required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

IFRS 18 will replace *IAS 1*; many of the other existing principles in *IAS 1* are retained, with limited changes. *IFRS 18* will not impact the recognition or measurement of items in the financial statements, but it might change what an entity reports as its 'operating profit or loss'.

IFRS 18 will apply for reporting periods beginning on or after 1 January 2027 and also applies to comparative information. Chorus is currently evaluating the new standard for any potential impact on the consolidated financial statements.

(expressed in thousands of Canadian dollars, except shares, share prices and earnings per share)

4 Revenue from contracts with customers

Chorus earns revenue from contracts with customers in addition to aircraft leasing.

	Three months ended March 31,	
	2026	2025
	\$	\$
Revenue from contracts with customers		
Controllable cost revenue	194,207	209,298
Fixed margin and incentive revenue ⁽¹⁾	11,402	15,705
CPA pass-through revenue	58,986	50,249
Parts sales, contract flying, MRO and other revenue	26,999	34,314
	291,594	309,566
Lease revenue ⁽²⁾	33,830	38,563
	325,424	348,129

(1) Jazz earned a fixed margin of \$10,979 for the three months ended March 31, 2026 (\$15,060 for the three months ended March 31, 2025) based on the number of covered aircraft operated by Jazz under the CPA. The fixed margin does not vary based on flight activity.

(2) Revenue relating to lease income (including any rights to use specified aircraft that have been identified as lease revenues embedded in the CPA and contract flying service agreements).

All revenue from external customers is earned in Canada, based on where the customer carries on business.

A significant customer is one that represents 10% or more of revenue earned during the period. For the three-months ended March 31, 2026 and March 31, 2025, Chorus reported revenue from one significant customer. See note 11 "Economic dependence" for a discussion of transactions between Chorus and Air Canada.

5 Property and equipment

During the three months ended March 31, 2026, Chorus sold two aircraft to a third party for proceeds of \$17,977. The net book value of the aircraft removed from property and equipment was \$17,977.

(expressed in thousands of Canadian dollars, except shares, share prices and earnings per share)

6 Credit facilities**Operating credit facility**

Chorus has a \$150,000 operating credit facility. On February 9, 2026, Chorus amended the operating credit facility to extend the maturity date to January 29, 2029.

The operating credit facility provides Chorus and certain designated subsidiaries with a committed limit of up to \$150,000, subject to a borrowing base calculation. As at March 31, 2026, the borrowing base calculation supported a limit of \$150,000. Letters of credit issued by Chorus under this facility further reduce the amount available under the facility.

As at March 31, 2026, Chorus had drawn \$70,000 on the facility and had also provided letters of credit totaling \$9,043 that reduce the amount available under this facility.

The facility bears interest for Canadian dollar advances at Canadian Prime plus 1.50% - 2.50% or Canadian Overnight Repo Rate Average ("CORRA") plus a credit spread adjustment plus 2.50% - 3.50%, and for US dollar advances at Base Rate plus 1.50% - 2.50% or Secured Overnight Financing Rate ("SOFR") plus a credit spread adjustment plus 2.50% - 3.50%.

The operating credit facility is secured by all present and after-acquired personal property of Chorus and certain designated subsidiaries, excluding certain specified assets such as aircraft and engines and the equity securities of certain specified entities. Any outstanding balance under this facility is immediately repayable if Chorus undergoes a change in control without the lender's consent. It contains customary representations, warranties and covenants, including a covenant to maintain a minimum consolidated interest coverage ratio. As at March 31, 2026, Chorus was in compliance with all covenants under this facility.

Bi-lateral credit facility

Chorus has a bi-lateral credit facility which provides a revolving loan in an amount up to the lesser of (a) 50% of the current market value of certain unencumbered aircraft pledged as security for the loan, and (b) \$50,000. On February 9, 2026, Chorus amended the bi-lateral credit facility to extend the maturity date to January 29, 2029. As at March 31, 2026, Chorus had drawn \$nil on the facility.

Borrowings bear interest for Canadian dollar advances at Canadian Prime plus 2.50% or CORRA plus a credit spread adjustment plus 3.50%, and for US dollar advances at Base Rate plus 2.50% or SOFR plus a credit spread adjustment plus 3.50%, and are secured by the aircraft pledged as security together with the related leases and insurance proceeds. The loan agreement contains customary representations, warranties, covenants and events of default, and is cross-defaulted to any event of default under the operating credit facility. As at March 31, 2026, Chorus was in compliance with all covenants under this facility.

(expressed in thousands of Canadian dollars, except shares, share prices and earnings per share)

7 Income taxes

The effective income tax rate on Chorus' earnings before income tax differs from the expected amount that would arise using the combined statutory income tax rates. A reconciliation of the difference is as follows:

	Three months ended March 31,	
	2026	2025
	\$	\$
Income before income tax	10,969	26,119
Income tax expense at the statutory tax rate ⁽¹⁾	2,982	7,114
Recognition of previously unrecognized cumulative eligible capital	(1,014)	(1,093)
Non-taxable portion of capital losses (gains) ⁽²⁾	700	(31)
Unrecognized tax losses (recognition of previously unrecognized tax losses) ⁽¹⁾	700	(31)
Impact of the statutory tax rate on entities with other tax rates	(104)	(89)
Non-deductible expenses	671	733
Other	33	583
Income tax expense	3,968	7,186
Effective tax rate	36.2%	27.5%

(1) Chorus' statutory tax rate for the three months ended March 31, 2026 was 27.19% (27.24% for the three months ended March 31, 2025).

(2) The impact of capital items is mainly related to the foreign exchange fluctuations on the long-term debt associated with the aircraft. The impact of the non-deductible portion of any unrealized (gain) loss is recognized in the calculation of income tax expense at the end of each period. To the extent that a loss is recorded for accounting purposes, the benefit of the deductible portion of the capital loss, which does not expire, is recognized only to the extent that it is probable that the loss will be utilized. Income tax expense related to unrealized foreign exchange gains recorded in a period is reduced by previously unrecognized income tax assets related to unrealized foreign exchange losses. Chorus does not currently have a plan in place to utilize the gross capital loss balance of \$329,367 related mainly to foreign exchange losses. Accordingly, no deferred tax asset has been recognized related to these capital losses.

Chorus has tax deductible amounts of approximately \$209,440 as at March 31, 2026, related to capital cost allowance on eligible capital property. In accordance with the initial recognition exemption, as outlined in IAS 12 Income taxes, the benefit of these deductible expenditures cannot be recognized in the financial statements until such time as those benefits can be applied to reduce current tax expense. During the three months ended March 31, 2026 and March 31, 2025, Chorus utilized a total of \$3,730 (\$1,014 tax effected) and \$4,011 (\$1,093 tax effected), respectively, of these previously unrecognized tax deductions to reduce its taxable income.

8 Dividends

On June 25, 2025, Chorus announced the declaration of a quarterly cash dividend of \$0.08 per common share.

On February 12, 2026, Chorus announced an increase to its quarterly cash dividend from \$0.08 to \$0.11 per common share payable on March 31, 2026 to common shareholders of record on March 13, 2026.

Chorus' Board of Directors reserves the right to determine whether to pay dividends in the future and the amount, timing and frequency of any such dividends having regard to the Corporation's results of operations and financial condition and other factors as the directors of the Corporation consider appropriate from time to time, including compliance with the covenants contained in Chorus' debt agreements.

For the three months ended March 31, 2026, Chorus declared and paid \$2,564 in common share dividends (\$nil declared and paid for the three months ended March 31, 2025).

(expressed in thousands of Canadian dollars, except shares, share prices and earnings per share)

9 Capital stock

a) Common shares

Authorized:

An unlimited number of Class A variable voting shares, no par value (“Variable Voting Shares”); and
An unlimited number of Class B voting shares, no par value (“Voting Shares”)

Issued and outstanding:

	Number of Shares	\$
Shares issued and outstanding December 31, 2024	27,175,310	394,774
Shares repurchased and cancelled under normal course issuer bid	(1,226,755)	(18,046)
Share repurchase commitment under the automatic share purchase plan	—	4,981
Shares repurchased and cancelled under substantial issuer bid	(2,533,174)	(37,666)
Shares issued and outstanding December 31, 2025	23,415,381	344,043
Shares repurchased and cancelled under normal course issuer bid	(228,085)	(3,351)
Share repurchase commitment under the automatic share purchase plan	—	(4,842)
Shares issued and outstanding March 31, 2026	23,187,296	335,850

Normal course issuer bid (“NCIB”)

On February 12, 2026, Chorus received approval from the Toronto Stock Exchange (“TSX”) to renew the NCIB. Under the NCIB, Chorus may acquire up to a maximum of 1,963,003 of its shares, or approximately 10% of the public float of common shares as of February 6, 2026. The NCIB expires on February 17, 2027.

During the three months ended March 31, 2026 Chorus purchased 228,085 common shares under the NCIB for total consideration of \$5,251. Common share capital was reduced by a net amount of \$3,351 and the remaining \$1,900 was accounted for as a reduction of contributed surplus. Chorus also recognized share buyback tax of \$105 as a charge to contributed surplus for the repurchase of common shares. During the three months ended March 31, 2025 Chorus purchased 652,293 common shares under the NCIB for total consideration of \$13,260. The net reduction to equity, after applying the accounts payable accrual at December 31, 2024 of \$7,348, was \$5,914. Common share capital was reduced by a net amount of \$4,614 and the remaining \$1,300 was accounted for as a reduction of contributed surplus.

In connection with the NCIB, Chorus has established an automatic securities purchase plan (“the Plan”) with a designated broker to allow for the purchase of common shares. Chorus’ designated broker may purchase common shares under the Plan on any trading day during the NCIB during pre-determined trading blackout periods, subject to certain parameters as to price and number of common shares. The Plan will terminate when the NCIB terminates, unless terminated earlier in accordance with the terms of the Plan. As at March 31, 2026, an obligation for the repurchase of shares of \$7,392 (as at December 31, 2025 – \$nil) was recognized under the Plan, of which \$4,842 (2025 – \$nil) represents a reduction in share capital and the remaining \$2,550 (2025 – \$nil) was accounted for as a reduction of contributed surplus.

Chorus Aviation Inc.



Notes to the Unaudited Interim Condensed Consolidated Financial Statements For the three-month period ended March 31, 2026

(expressed in thousands of Canadian dollars, except shares, share prices and earnings per share)

9 Capital stock (continued)

b) Warrants

	Number of warrants	\$
Outstanding, December 31, 2024	18,642,772	24,366
Outstanding, December 31, 2025	18,642,772	24,366
Outstanding, March 31, 2026	18,642,772	24,366

As at March 31, 2026, each warrant outstanding is exercisable to purchase one-seventh of a common share at an exercise price of \$31.93 per common share and an expiry date of May 3, 2029. The exercise price is subject to adjustment in accordance with the terms of relevant warrant indenture.

c) Preferred shares

Authorized:

Chorus is authorized to issue up to 80,750,000 preferred shares issuable in series, with the designation, rights, privileges, restrictions and conditions attaching thereto determined, subject to any limitations set out in Chorus' articles, by the directors of Chorus.

d) Earnings per share

The following table provides a breakdown of the numerator and denominator used in the calculation of earnings per common share and diluted earnings per common share.

	Three months ended March 31,	
	2026	2025
	\$	\$
Numerator		
Net income	7,001	18,933
Denominator		
Weighted average number of common shares	23,371,115	26,852,629
Weighted average dilutive common shares in respect of stock-based compensation plans	480,975	323,967
Weighted average number of diluted common shares	23,852,090	27,176,596

(expressed in thousands of Canadian dollars, except shares, share prices and earnings per share)

10 Financial instruments and fair values

Financial assets and liabilities have been classified into categories that determine their basis of measurement and for items measured at fair value, whether changes in fair value are recognized in the statement of income or comprehensive income. Those categories are: fair value through profit or loss; fair value through other comprehensive income; and amortized cost. With the exception of the items noted below, all financial instruments have fair value that approximate carrying value due to their short-term nature.

Chorus' financial instruments consist of cash, accounts receivable, long-term defined benefit pension receivable, finance lease receivables, foreign currency contracts, total return swap, accounts payable and accrued liabilities, long-term incentive plan liability, long-term debt and lease liabilities.

The carrying amounts reported in the statement of financial position for cash, accounts receivable and accounts payable and accrued liabilities approximate fair values based on the immediate or short-term maturities of these financial instruments. Assets and liabilities, such as commodity taxes and deferred lease inducements, that are not contractual and that arise as a result of statutory requirements imposed by governments, do not meet the definition of financial assets or financial liabilities and are therefore excluded.

The following shows the fair value of other financial assets and liabilities compared to carrying value:

	As at March 31, 2026		As at December 31, 2025	
	Fair value \$	Carrying value \$	Fair value \$	Carrying value \$
Accounts receivable				
Foreign currency contracts ⁽¹⁾	18	18	1,211	1,211
Finance lease receivables⁽²⁾	6,291	6,220	6,467	6,370
Other long-term assets				
Defined benefit pension receivable ⁽²⁾	10,973	10,973	12,540	12,540
Accounts payable and accrued liabilities				
Total return swap ⁽¹⁾	1,789	1,789	636	636
Long-term debt				
Amortizing term loans ⁽³⁾	238,220	253,018	247,736	263,278
Series C Debentures ⁽⁴⁾	47,439	47,203	47,444	47,203
Operating credit facility ⁽³⁾	70,000	70,000	50,000	50,000

- (1) Fair value is estimated using valuation models that utilize market based observable inputs and is classified as level 2.
- (2) Fair value is calculated by discounting the future cash flow at the relevant market interest rate and is classified as level 2.
- (3) Fair value is calculated by discounting the future cash flow of the respective long-term debt at relevant market interest rates of similar debt instruments and is classified as level 2.
- (4) Fair value is calculated based on quoted prices observed in active markets and is classified as level 1.

(expressed in thousands of Canadian dollars, except shares, share prices and earnings per share)

11 Economic dependence

The transactions between Air Canada and Chorus are summarized in the table below:

	Three months ended March 31,	
	2026	2025
	\$	\$
Operating revenue	293,456	309,064
Operating expenses	229	174

The following current balances with Air Canada are included in the financial statements:

	March 31,	December 31,
	2026	2025
	\$	\$
Accounts receivable	45,142	79,830
Finance lease receivables	6,220	6,370
Contract asset ⁽¹⁾	13,710	14,173
Accrued Air Canada receivable - Deferred lease inducements, prepaid aircraft rent and related fees	1,019	1,410
Other long-term receivables ⁽²⁾	10,973	12,540
Accounts payable and accrued liabilities	12,415	2,371

(1) In March 2021, Chorus recorded a contract asset of \$20,000 in connection with the transfer and integration of the Embraer 175 aircraft into the covered aircraft fleet. Chorus is amortizing the balance over the remaining life of the CPA contract and has recorded amortization expense of \$333 for the three months ended March 31, 2026 (2025 - \$333).

(2) Defined benefit pension receivable, including interest accretion, relating to Air Canada's agreement to reimburse Jazz for the impact of the new pilot wage scales on the defined benefit pension plan for pilots. The accounts receivable are being repaid in 60 equal monthly payments with the final payment due on November 1, 2028.

(expressed in thousands of Canadian dollars, except shares, share prices and earnings per share)

12 Statement of cash flows - supplementary information

a) Net changes in non-cash balances related to operations:

	Three months ended March 31,	
	2026	2025
	\$	\$
Decrease in accounts receivable – trade and other	31,039	27,489
(Increase) decrease in inventories	(1,325)	756
Increase in prepaid expenses	(2,312)	(533)
Decrease (increase) in income tax receivable	1,465	(963)
Decrease in other long-term assets	2,091	1,686
Decrease in accounts payable and accrued liabilities	(2,841)	(97,212)
Increase in current portion long-term incentive plan	5,545	—
Decrease in income tax payable	—	(2,513)
(Decrease) increase in other long-term liabilities	(2,876)	1,833
	30,786	(69,457)

The above table excludes non-cash foreign currency adjustments.

b) Other

	Three months ended March 31,	
	2026	2025
	\$	\$
Cash payments of interest	3,356	4,514
Cash receipts of interest	490	1,857
Cash payments of tax	6,198	9,454

13 Subsequent events

Business Acquisition

On April 1, 2026, Chorus completed the acquisition of KADDEX Aero Supply Limited, an original equipment manufacturers aircraft parts and supplies distributor focused on the turboprop market, for a purchase price of approximately \$50,000, net of cash acquired. At closing, Chorus funded \$42,755 through the operating credit facility and cash on hand. The remaining purchase price is subject to customary adjustments and includes contingent consideration dependent on KADDEX's achievement of certain future performance targets payable over the next two years.

Aircraft Sale

On April 24, 2026, Chorus sold one aircraft to a third party for proceeds of \$9,272. The net book value of the aircraft classified as property and equipment was \$9,272.