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Second 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)

	As at	
	June 30, 2026 $	December 31, 2025 $
Assets		
Current assets		
Cash	26,774	28,656
Accounts receivable – trade and other	92,747	114,355
Inventories	169,411	159,204
Prepaid expenses and deposits	26,671	24,723
Current portion of finance lease receivables	1,113	1,041
Income tax receivable	6,462	8,772
	323,178	336,751
Finance lease receivables	4,961	5,329
Property and equipment	845,066	920,113
Intangibles (note 4)	22,134	1,681
Goodwill (note 4)	27,138	10,371
Other long-term assets	41,009	36,201
	1,263,486	1,310,446
Liabilities		
Current liabilities		
Accounts payable, accrued liabilities and other liabilities	205,060	191,929
Current portion of lease liabilities	3,110	2,553
Current portion of long-term incentive plan	6,181	—
Current portion of consideration payable (note 4)	3,000	—
Current portion of long-term debt	115,004	64,336
Income tax payable	706	—
	333,061	258,818
Lease liabilities	12,216	11,122
Long-term debt	177,534	296,145
Consideration payable (note 4)	6,497	—
Deferred income tax liability	191,345	187,623
Other long-term liabilities	36,810	48,901
	757,463	802,609
Equity	506,023	507,837
	1,263,486	1,310,446

Economic dependence (note 12)

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						
	Capital $	Deficit $	Exchange differences on foreign operations $	Contributed surplus $	Warrants $	Equity component of convertible units/ debentures $	Total $
Balance - December 31, 2024	394,774	(836,996)	1,555	925,566	24,366	2,683	511,948
Net income for the period	—	51,370	—	—	—	—	51,370
Other comprehensive income for the period (net of tax)	—	559	1,608	—	—	—	2,167
Comprehensive income for the period	—	51,929	1,608	—	—	—	53,537
Dividends declared	—	(2,068)	—	—	—	—	(2,068)
Repurchase of shares under normal course issuer bid	(12,548)	—	—	(4,799)	—	—	(17,347)
Share repurchase commitment under the automatic share purchase plan	1,582	—	—	766	—	—	2,348
Repurchase of shares under substantial issuer bid	(7,192)	—	—	(3,075)	—	—	(10,267)
Redemption of convertible debentures	—	—	—	1,620	—	(1,620)	—
Expense related to stock-based compensation plans	—	—	—	(926)	—	—	(926)
Balance - June 30, 2025	376,616	(787,135)	3,163	919,152	24,366	1,063	537,225
Net income for the period	—	27,369	—	—	—	—	27,369
Other comprehensive income (loss) for the period (net of tax)	—	627	(633)	—	—	—	(6)
Comprehensive income (loss) for the period	—	27,996	(633)	—	—	—	27,363
Dividends declared	—	(1,863)	—	—	—	—	(1,863)
Repurchase of shares under normal course issuer bid	(5,498)	—	—	(2,921)	—	—	(8,419)
Share repurchase commitment under the automatic share purchase plan	3,399	—	—	1,601	—	—	5,000
Repurchase of shares under substantial issuer bid	(30,474)	—	—	(20,995)	—		(51,469)
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	—	20,825	—	—	—	—	20,825
Other comprehensive income for the period (net of tax)	—	10,014	29	—	—	—	10,043
Comprehensive income for the period	—	30,839	29	—	—	—	30,868
Dividends declared	—	(5,058)	—	—	—	—	(5,058)
Repurchase of shares under normal course issuer bid	(12,415)	—	—	(8,032)	—	—	(20,447)
Share repurchase commitment under the automatic share purchase plan	(4,323)	—	—	(2,854)	—	—	(7,177)
Balance - June 30, 2026	327,305	(735,221)	2,559	887,014	24,366	—	506,023

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

Chorus Aviation Inc.

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Unaudited Consolidated Statements of Income

For the three and six-month periods ended June 30, 2026 and 2025

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

	Three months ended June 30,		Six months ended June 30,	
	2026	2025	2026	2025
	$	$	$	$
Operating revenue (notes 5 and 12)	349,420	324,612	674,844	672,741
Operating expenses (note 12)				
Salaries, wages and benefits	134,029	120,060	267,657	245,855
Depreciation, amortization and impairment	25,661	27,257	51,043	54,408
Aircraft maintenance materials, supplies and services	84,691	71,197	154,037	157,243
Airport and navigation fees	34,372	36,230	67,845	71,097
Terminal handling services	2,881	4,335	7,448	7,096
Other	42,913	41,461	83,787	83,260
	324,547	300,540	631,817	618,959
Operating income	24,873	24,072	43,027	53,782
Non-operating (expenses) income				
Interest revenue	361	838	784	2,533
Interest expense	(3,468)	(4,347)	(7,224)	(9,786)
Gain on disposal of property and equipment	2,475	9	2,475	10
Foreign exchange (loss) gain	(4,604)	12,261	(8,456)	12,413
	(5,236)	8,761	(12,421)	5,170
Income before income taxes	19,637	32,833	30,606	58,952
Income tax (expense) recovery (note 8)				
Current income tax	(7,321)	(7,762)	(14,995)	(13,739)
Deferred income tax	1,508	7,366	5,214	6,157
	(5,813)	(396)	(9,781)	(7,582)
Net income	13,824	32,437	20,825	51,370
Earnings per common share, basic (note 10)	0.60	1.24	0.90	1.94
Earnings per common share, diluted (note 10)	0.59	1.22	0.88	1.91

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 and six-month periods ended June 30, 2026 and 2025

(expressed in thousands of Canadian dollars)

	Three months ended June 30,		Six months ended June 30,	
	2026	2025	2026	2025
	$	$	$	$
Net income	13,824	32,437	20,825	51,370
Other comprehensive income				
Items that will not be subsequently reclassified to the statements of income				
Actuarial gain on employee benefit liabilities, net of tax expense of $3,831 and $3,702 (2025 - $1,614 and $208)	10,361	4,318	10,014	559
Items that will be subsequently reclassified to the statements of income				
Exchange differences on translation of foreign operations	16	1,581	29	1,608
Comprehensive income	24,201	38,336	30,868	53,537

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 and six-month periods ended June 30, 2026 and 2025

(expressed in thousands of Canadian dollars)

	Three months ended June 30,		Six months ended June 30,	
	2026	**2025**	**2026**	**2025**
	$	**$**	**$**	**$**
Cash provided by (used in)				
Operating activities				
Net income	13,824	32,437	20,825	51,370
Charges (credits) to operations not involving cash				
Depreciation, amortization and impairment	25,661	27,257	51,043	54,408
Amortization of accrued transaction and financing fees	88	89	176	198
Gain on disposal of property and equipment	(2,475)	(9)	(2,475)	(10)
Unrealized foreign exchange loss (gain)	4,469	(15,228)	9,538	(18,779)
Realized foreign exchange loss	693	568	852	3,894
Effect of foreign exchange rate changes on cash	(26)	2,403	(1,275)	3,096
Deferred income tax recovery	(1,508)	(7,366)	(5,214)	(6,157)
Other	119	70	166	(856)
	40,845	40,221	73,636	87,164
Net changes in non-cash balances related to operations (note 13)	(1,999)	(17,392)	28,787	(86,849)
	38,846	22,829	102,423	315
Financing activities				
Repayment of lease liabilities	(741)	(801)	(1,468)	(1,610)
Repayment of long-term borrowings	(17,203)	(16,658)	(31,695)	(39,539)
Repayment of Series B Debentures and Series C Debentures	—	—	—	(81,570)
Repayment of operating credit facility	(65,000)	—	(45,000)	—
Repurchase of shares under normal course issuer bid	(14,795)	(4,087)	(20,046)	(17,347)
Repurchase of shares under substantial issuer bid	—	(10,267)	—	(10,267)
Common share dividends	(2,494)	—	(5,058)	—
	(100,233)	(31,813)	(103,267)	(150,333)
Investing activities				
Business acquisition, net of cash acquired	(40,376)	—	(40,376)	—
Additions to property and equipment	(10,161)	(7,126)	(21,334)	(13,515)
Payments received on finance lease receivables	261	246	515	496
Proceeds on disposal of property and equipment	40,380	9	58,357	10
	(9,896)	(6,871)	(2,838)	(13,009)
Effect of foreign exchange rate changes on cash	25	(2,406)	1,276	(3,099)
Net change in cash during the periods	(71,258)	(18,261)	(2,406)	(166,126)
Cash – Beginning of periods prior to adoption of IFRS 9	98,032	74,351	28,656	222,216
Adjustment on adoption of IFRS 9	—	—	524	—
Cash – Beginning of periods	98,032	74,351	29,180	222,216
Cash – End of periods	26,774	56,090	26,774	56,090

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 12 - 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.

On April 1, 2026 Chorus acquired all of the outstanding shares of KADEX Aero Supply Ltd. (“KADEX”). KADEX is a leading independent distributor of original equipment manufacturers (“OEM”) aircraft parts, supplies, and repair and overhaul 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 August 4, 2026.

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.

Business combinations

Chorus applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of an entity is equal to the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the group. Under the acquisition method, the acquiring company adds to its statement of financial position the estimated fair value of the acquired company's assets and assumed liabilities. There are various assumptions made when determining the fair value of the acquired company's assets and assumed liabilities.

The initial recognition of intangible assets acquired that require critical accounting estimates are customer relationships and trade name. To determine the fair value of these intangible assets, a discounted cash flow methodology was used. Significant assumptions were made, which include, among others, the determination of projected revenues and margins, customer retention rates and discount rates.

The customer relationships is an intangible asset with a finite life and will be amortized over 10 years and the trade name is an indefinite life asset and will not be amortized.

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.

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

3 Material accounting policies, judgements and estimation uncertainty (continued)

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.

4 Business acquisition

On April 1, 2026, Chorus purchased all of the outstanding shares of KADEX, an original equipment manufacturers aircraft parts and supplies distributor focused on the turboprop market, for a purchase price of $51,825. The acquisition of KADEX strengthens its aviation services platform by expanding its aircraft parts distribution and component repair capabilities. 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 KADEX’s achievement of certain future performance targets payable over the next two years. The consideration payable was recorded at the fair value on the date of acquisition at a discount rate of 6.20% and is non-interest bearing.

Chorus uses the acquisition method to account for business combinations. As such, the results of operations include revenue and expenses of KADEX since April 1, 2026. Revenue of $16,389 and net income of $1,178 was included in the consolidated statement of income since the acquisition date for the three months ended June 30, 2026. If KADEX had been part of the Chorus consolidated group since January 1, 2026, the six months ended June 30, 2026 consolidated revenue and net income would have been $690,471 and $22,206, respectively.

Chorus recorded acquisition costs of $171 and $721 in the statement of income for the three and six months ended June 30, 2026, respectively, mainly due to professional fees.

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

4 Business acquisition (continued)

The purchase price has been allocated on a preliminary basis to the assets acquired and the liabilities assumed based on their estimated fair values as follows:

	$
Purchase price	
Cash consideration	42,755
Working capital adjustment	(328)
Consideration payable	9,398
Total Consideration	51,825
Fair value of the identifiable assets acquired and liabilities assumed	
Assets	
Cash	2,379
Accounts receivable – trade and other	7,225
Inventories	18,817
Prepaid expenses and deposits	71
Property and equipment	2,109
Intangibles	20,941
Goodwill	16,768
	68,310
Liabilities	
Accounts payable and accrued liabilities	8,766
Income tax payable	702
Lease liabilities	1,782
Deferred income tax liability	5,235
	16,485
Total identifiable net assets acquired	51,825

Chorus will finalize the purchase price allocation upon completion of its review of the fair values of the tangible and intangible assets acquired, as such, the purchase price allocation is provisional and subject to change within the measurement period which will not extend beyond one year from the acquisition date. The fair values of the intangible assets were determined with the assistance of independent valuation specialists.

As part of the preliminary purchase price allocation, identifiable intangible assets were recognized separately from goodwill and include customer relationships and the KADEX trade name, reflecting their estimated acquisition-date fair values. Preliminary goodwill is primarily attributable to the present value of expected future economic benefits and the assembled workforce of KADEX that do not qualify for separate recognition as identifiable assets. As all of the outstanding shares of KADEX were acquired, intangible assets and goodwill are not deductible for tax purposes.

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

5 Revenue from contracts with customers

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

	Three months ended June 30,		Six months ended June 30,	
	2026	2025	2026	2025
	$	$	$	$
Revenue from contracts with customers				
Controllable cost revenue	193,096	189,620	387,303	398,918
Fixed margin and incentive revenue(1)	11,102	15,609	22,504	31,314
CPA pass-through revenue	54,622	54,732	113,608	104,981
Parts sales, contract flying, MRO and other revenue	57,024	29,863	84,023	64,177
	315,844	289,824	607,438	599,390
Lease revenue(2)	33,576	34,788	67,406	73,351
	349,420	324,612	674,844	672,741

(1) Jazz earned a fixed margin of $10,978 and $21,957 for the three and six months ended June 30, 2026, respectively ($15,060 and $30,120 for the for the three and six months ended June 30, 2025, respectively) 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 and six-months ended June 30, 2026 and June 30, 2025, Chorus reported revenue from one significant customer. See note 12 "Economic dependence" for a discussion of transactions between Chorus and Air Canada.

6 Property and equipment

During the three and six months ended June 30, 2026, Chorus sold four and six aircraft to a third party for proceeds of $40,380 and $58,357, respectively. The net book value of the aircraft removed from property and equipment was $37,905 and $55,882 for the three and six months ended June 30, 2026, respectively.

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

7 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 June 30, 2026, the borrowing base calculation supported a limit of $140,902, excluding certain assets of KADEX. Letters of credit issued by Chorus under this facility further reduce the amount available under the facility.

As at June 30, 2026, Chorus had drawn $5,000 on the facility and had also provided letters of credit totaling $9,130 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 June 30, 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 June 30, 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 June 30, 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)

8 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 June 30, 2026 $	2025 $
Income before income tax	19,637	32,833
Combined statutory tax rate	26.9%	26.5%
Income tax expense at the Canadian statutory tax rate	5,278	8,700
Recognition of previously unrecognized cumulative eligible capital	(1,000)	(1,089)
Non-taxable portion of capital losses (gains)(1)	687	(2,044)
Unrecognized tax losses (recognition of previously unrecognized tax losses)(1)	687	(2,044)
Impact of the Canadian statutory tax rate on entities with other tax rates	(331)	61
Non-deductible expenses	494	1,020
Other	(2)	(4,208)
Income tax expense	5,813	396
Effective tax rate	29.6%	1.2%

	Six months ended June 30, 2026 $	2025 $
Income before income tax	30,606	58,952
Combined statutory tax rate	27.0%	26.5%
Income tax expense at the statutory tax rate	8,260	15,622
Recognition of previously unrecognized cumulative eligible capital	(2,014)	(2,182)
Non-taxable portion of capital losses (gains)(1)	1,387	(2,075)
Unrecognized tax losses (recognition of previously unrecognized tax losses)(1)	1,387	(2,075)
Impact of the statutory tax rate on entities with other tax rates	(435)	164
Non-deductible expenses	1,165	1,753
Other	31	(3,625)
Income tax expense	9,781	7,582
Effective tax rate	32.0%	12.9%

(1) 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 $336,100 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 $205,709 as at June 30, 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 six-month periods ended June 30, 2026 and June 30, 2025, Chorus utilized a total of $7,461 ($2,014 tax effected) and $8,023 ($2,182 tax effected), respectively, of these previously unrecognized tax deductions to reduce its taxable income.

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

9 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.

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 and six months ended June 30, 2026, Chorus declared and paid $2,494 and $5,058, respectively in common share dividends ($2,068 declared and paid $nil for the three and six months ended June 30, 2025).

10 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	(844,976)	(12,415)
Share repurchase commitment under the automatic share purchase plan	—	(4,323)
Shares issued and outstanding June 30, 2026	**22,570,405**	**327,305**

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 and six months ended June 30, 2026 Chorus purchased 616,891 and 844,976 common shares, respectively under the NCIB for total consideration of $20,046. Common share capital was reduced by a net amount of $12,415 and the remaining $7,631 was accounted for as a reduction of contributed surplus. Chorus also recognized share buyback tax of $401 as a charge to contributed surplus for the repurchase of common shares. During the three and six months ended June 30, 2025 Chorus purchased 200,733 and 853,026 common shares, respectively under the NCIB for total consideration of $17,347. The net reduction to equity, after applying the accounts payable accrual at December 31, 2024 of $7,348, was $9,999. Common share capital was reduced by a net amount of $7,567 and the remaining $2,432 was accounted for as a reduction of contributed surplus.

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

10 Capital stock (continued)

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 June 30, 2026, an obligation for the repurchase of shares of $7,177 (as at December 31, 2025 – $nil) was recognized under the Plan, of which $4,323 (2025 – $nil) represents a reduction in share capital and the remaining $2,854 (2025 – $nil) was accounted for as a reduction of contributed surplus.

b) Warrants

	Number of warrants	$
Outstanding, December 31, 2024	18,642,772	24,366
Outstanding, December 31, 2025	18,642,772	24,366
Outstanding, June 30, 2026	18,642,772	24,366

As at June 30, 2026, each warrant outstanding is exercisable to purchase one-seventh of a common share at an exercise price of $31.82 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 June 30,		Six months ended June 30,	
	2026	2025	2026	2025
	$	$	$	$
Numerator				
Net income	13,824	32,437	20,825	51,370
Denominator				
Weighted average number of common shares	22,877,094	26,214,776	23,122,740	26,531,940
Weighted average dilutive common shares in respect of stock-based compensation plans	541,320	354,849	537,007	356,086
Weighted average number of diluted common shares	23,418,414	26,569,625	23,659,747	26,888,026

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

11 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, consideration payable 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 June 30, 2026		As at December 31, 2025	
	Fair value $	Carrying value $	Fair value $	Carrying value $
Accounts receivable				
Foreign currency contracts(1)	—	—	1,211	1,211
Finance lease receivables(2)	6,097	6,074	6,467	6,370
Other long-term assets				
Defined benefit pension receivable(2)	9,386	9,386	12,540	12,540
Accounts payable and accrued liabilities				
Total return swap(1)	134	134	636	636
Foreign currency contracts(1)	626	626	—	—
Long-term debt				
Amortizing term loans(3)	224,822	240,335	247,736	263,278
Series C Debentures(4)	47,354	47,203	47,444	47,203
Operating credit facility(3)	5,000	5,000	50,000	50,000
Consideration payable(2)	9,497	9,497	—	—

(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)

12 Economic dependence

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

	Three months ended June 30, 2026 $	Three months ended June 30, 2025 $	Six months ended June 30, 2026 $	Six months ended June 30, 2025 $
Operating revenue	287,198	290,475	580,654	599,539
Operating expenses	178	217	407	391

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

	June 30, 2026 $	December 31, 2025 $
Accounts receivable	48,120	79,830
Finance lease receivables	6,074	6,370
Contract asset(1)	13,283	14,173
Accrued Air Canada receivable - Deferred lease inducements, prepaid aircraft rent and related fees	1,006	1,410
Other long-term receivables(2)	9,386	12,540
Accounts payable and accrued liabilities	6,999	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 and $667 for the three and six months ended June 30, 2026, respectively (year ended December 31, 2025 - $1,333).

(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)

13 Statement of cash flows - supplementary information

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

	Three months ended June 30,		Six months ended June 30,	
	2026	2025	2026	2025
	$	$	$	$
(Increase) decrease in accounts receivable – trade and other	(6,165)	19,784	24,874	47,273
Decrease in inventories	6,088	759	4,763	1,515
Decrease (increase) in prepaid expenses	435	1,057	(1,877)	524
Decrease in income tax receivable	470	977	1,935	14
(Increase) decrease in other long-term assets	(4,930)	2,073	(2,839)	3,759
Decrease in accounts payable and accrued liabilities	(120)	(46,020)	(2,961)	(143,232)
Increase in current portion long-term incentive plan	636	451	6,181	451
Increase (decrease) in income tax payable	4	384	4	(2,129)
Increase (decrease) in other long-term liabilities	1,583	3,143	(1,293)	4,976
	(1,999)	(17,392)	28,787	(86,849)

The above table excludes non-cash foreign currency adjustments.

b) Other

	Three months ended June 30,		Six months ended June 30,	
	2026	2025	2026	2025
	$	$	$	$
Cash payments of interest	4,115	5,718	7,471	10,232
Cash receipts of interest	484	1,136	974	2,993
Cash payments of tax	6,703	6,402	13,001	15,856