

Management's Discussion and Analysis of Financial Condition and Results of Operations

For the Three and Nine Month Periods Ended September 30, 2026

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CARGOJET INC.
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1. INTRODUCTION AND KEY ASSUMPTIONS

The following is the Management's Discussion and Analysis ("MD&A") of the condensed consolidated interim financial condition and results of operations of Cargojet Inc. ("Cargojet" or the "Company") for the three and nine month periods ended September 30, 2026. The following also includes a discussion of the comparative operating results for the three and nine month periods ended September 30, 2025.

Cargojet is publicly listed with shares traded on the Toronto Stock Exchange ("TSX"). The Company is incorporated in Ontario and domiciled in Canada and the registered office is located at 2281 North Sheridan Way, Mississauga, Ontario, L5K 2S3.

The MD&A was approved by the Board of Directors and authorized for issuance on November 11, 2026. The condensed consolidated interim financial statements have been prepared in accordance with IFRS Accounting Standards applicable to the preparation of interim financial statements, under International Accounting Standard 34, Interim Financial Reporting. This MD&A should be read in conjunction with the condensed consolidated interim financial statements of the Company for the three and nine month periods ended September 30, 2026 and 2025 and with the audited consolidated financial statements of the Company for the years ended December 31, 2025 and 2024.

All amounts in the MD&A are expressed in Canadian dollars unless otherwise noted.

The results of operations, business prospects and financial condition of the Company are subject to a number of risks and uncertainties and are affected by a number of factors outside the control of the management of the Company. See the MD&A for the three month period and year ended December 31, 2025 dated February 24, 2026 which was filed with SEDAR+ at www.sedarplus.ca for a more complete discussion of the risks affecting the Company's business.

Caution Concerning Forward Looking Statements

This MD&A includes certain forward-looking statements that are based upon current expectations which involve risks and uncertainties associated with our business and the environment in which the business operates. Any statements contained herein that are not statements of historical facts may be deemed to be forward-looking statements including those identified by the expressions "anticipate", "believe", "plan", "estimate", "expect", "intend", "project" and similar expressions to the extent they relate to the Company or its management. The forward-looking statements are not historical facts, but reflect Cargojet's current expectations regarding future results or events. These forward-looking statements are subject to a number of risks and uncertainties that could cause actual results or events to differ materially from current expectations. Examples of the factors that can affect the results are government regulations, competition, seasonal fluctuations, international trade, climate-change, retention of key personnel, labour relations, terrorist activity, general industry risk and economic sensitivity, the Company's ability to manage growth and profitability, fuel prices, other cost controls and foreign exchange fluctuations, and capability of maintaining its fleet. The risks and uncertainties are detailed in the "Risk Factors" section of the MD&A for the three month period and year ended December 31, 2025 and the Annual Information Form for the fiscal year ended December 31, 2025 (the "AIF"), which were filed with SEDAR+ at www.sedarplus.ca. Except as disclosed under "Risk Factors" in this MD&A, the Company is not aware of any significant changes to its risk factors from those disclosed at that time.

Forward looking statements are based on a number of material factors, expectations or assumptions of the Company which have been used to develop such statements and information but which may prove to be incorrect. Although the Company believes that the expectations reflected in such forward-looking statements or information are reasonable, undue reliance should not be placed on forward-looking statements because the Company can give no assurance that such expectations will prove to be correct. The statements are based on the following factors: the continued and timely development of infrastructure, continued availability of debt financing and cash flows, future commodity prices, currency, exchange and interest rates, regulatory framework regarding taxes and environmental matters in the jurisdictions in which the Company operates.

This document contains forward-looking statements that reflect management's current expectations related to matters such as future financial performance and liquidity and capital resources of the Company. Specific forward-looking statements in this document include, but are not limited to, statements with respect to:

- Outlook and Strategic Update – Page 6.
- Fleet Overview – Page 8.
- Quarterly Liquidity and Capital Resources – Page 17
- Off-Balance Sheet Arrangements – Page 37.

Many factors could cause our actual results, level of activity, performance or achievements or future events or developments to differ materially from those expressed or implied by the forward-looking statements. The Company cautions that the list of risk factors and uncertainties described in this MD&A and the AIF is not exhaustive and other factors could also adversely affect its results. Readers are urged to consider the risks, uncertainties and assumptions carefully in evaluating the forward-looking information and are cautioned not to place undue reliance on such information. The forward-looking information contained herein represents our expectations as of the date hereof (or as the date they are otherwise stated to be made) and are subject to change after such date. However, we disclaim any intention or obligation or undertaking to update or revise any forward-looking information whether as a result of new information, future events or otherwise, except as required under applicable securities laws.

2. FINANCIAL INFORMATION AND OPERATING STATISTICS HIGHLIGHTS

(Canadian dollars in millions, except where indicated)

	Three Month Periods Ended September 30,				Nine Month Periods Ended September 30,			
	2026	2025	Change	%	**2026**	2025	Change	%
Domestic network, ACMI and charter revenues	**$233.6**	$187.1	$46.5	24.9%	**$670.6**	$601.9	$68.7	11.4%
Fuel surcharge and other revenues	**$56.0**	$40.7	$15.3	37.6%	**$160.1**	$124.2	$35.9	28.9%
Total revenues excluding amortization	**$289.6**	$227.8	$61.8	27.1%	**$830.7**	$726.1	$104.6	14.4%
Amortization of contract assets	**($3.1)**	($7.9)	$4.8	(60.8%)	**($13.7)**	($18.1)	$4.4	(24.3%)
Total revenues	**$286.5**	$219.9	$66.6	30.3%	**$817.0**	$708.0	$109.0	15.4%
Direct expenses	**$233.2**	$190.3	$42.9	22.5%	**$664.1**	$576.1	$88.0	15.3%
Gross margin	**$53.3**	$29.6	$23.7	80.1%	**$152.9**	$131.9	$21.0	15.9%
Gross margin - (%)	**18.6%**	13.5%	5.1%		**18.7%**	18.6%	0.1%	
Selling, general and administrative expenses	**$22.3**	$17.5	$4.8	27.4%	**$72.8**	$57.4	$15.4	26.8%
Net finance costs and other losses	**$6.2**	$3.0	$3.2	106.7%	**$35.7**	$14.9	$20.8	139.6%
Share of (income) loss in associate	**$0.0**	($0.6)	$0.6	nm	**$0.1**	($2.1)	$2.2	nm
Earnings before income taxes	**$24.8**	$9.7	$15.1	155.7%	**$44.3**	$61.7	($17.4)	(28.2%)
Income taxes	**$5.7**	$0.9	$4.8	533.3%	**$14.1**	$8.1	$6.0	74.1%
Net earnings	**$19.1**	$8.8	$10.3	117.0%	**$30.2**	$53.6	($23.4)	(43.7%)
Adjusted net earnings[1]	**$18.0**	$4.9	$13.1	267.3%	**$36.9**	$45.9	($9.0)	(19.6%)
Earnings per share								
Basic	**$1.28**	$0.58	$0.70	120.7%	**$2.03**	$3.50	($1.47)	(42.0%)
Diluted	**$1.28**	$0.58	$0.70	120.7%	**$2.03**	$3.46	($1.43)	(41.3%)
Adjusted[1]	**$1.21**	$0.32	$0.89	278.1%	**$2.48**	$3.00	($0.52)	(17.3%)
Adjusted EBITDA [1]	**$90.2**	$70.4	$19.8	28.1%	**$259.4**	$231.4	$28.0	12.1%
Adjusted EBITDA margin [1] - (%)	**31.5%**	32.0%	(0.5%)		**31.8%**	32.7%	(0.9%)	
Net cash from operating activities	**$86.9**	$112.1	($25.2)	(22.5%)	**$253.0**	$204.9	$48.1	23.5%
Free cash flow [1]	**$62.1**	$152.4	($90.3)	(59.3%)	**$205.7**	$34.0	$171.7	505.0%
Operating statistics [2]								
Operating days [3]	**49**	49	-	0.0%	**148**	148	-	0.0%
Average domestic network revenue per operating day [4]	**2.27**	2.03	0.24	11.8%	**2.21**	2.07	0.14	6.8%
Block hours [5]	**18,405**	15,861	2,544	16.0%	**51,186**	49,046	2,140	4.4%
B757-200	**16**	16	-		**16**	16	-	
B767-200	**2**	3	(1)		**2**	3	(1)	
B767-300	**24**	22	2		**24**	22	2	
Cargo operating fleet	**42**	41	1	2.4%	**42**	41	1.0	2.4%
Head count	**1,867**	1,838	29	1.6%	**1,867**	1,838	29	1.6%

1. Non-GAAP measures. See "Non-GAAP Financial Measures" section.
2. The definitions for the Operating statistics included in this table are provided in the notes below.
3. Operating days refer to the days on which the full domestic network air cargo network is in operation. The Company's domestic network air cargo network operates primarily from Monday to Thursday with a reduced network operating on Friday, weekends and on certain weekdays that are adjacent to certain statutory holidays.
4. Average domestic network revenue per operating day refers to total domestic network revenues earned by the Company per operating day.
5. Block hours refer to the total duration of a flight from the time the aircraft releases its brakes when it initially moves from the airport parking area prior to flight, to the time the brakes are set when it arrives at the airport parking area after the completion of the flight.

3. OUTLOOK AND STRATEGIC UPDATE

Note: See Caution Concerning Forward Looking Statements, page 3.

Cargojet's "One Fleet" approach including continued focus on fleet utilization, enhancing revenue quality, and maintaining disciplined cost management continued to yield positive outcomes in Q3 as Cargojet achieved third quarter records for both total revenue and Adjusted EBITDA(1). That achievement was despite continued global trade instability and uncertainty due to the on-again-off-again closure of the Strait of Hormuz and rhetoric about potential military action driving unprecedented volatility in global trade and energy prices, including the price of jet fuel. Cargojet's fuel pass-through mechanisms continued to be effective in the third quarter as revenue from fuel cost passthroughs and fuel cost increases from rising fuel prices largely offset one another, resulting in no material impact on the Company's Adjusted EBITDA, but approximately 190 basis points of compression in Adjusted EBITDA Margin(1).

Cargojet's new five-year collective agreement with its pilots, which became effective in Q3, recognizes the operational requirements of the air cargo industry by preserving the no-strike, no-lockout provision of its previous agreement, representing long-term stability for customers and other stakeholders.

As management continues to focus on revenue quality, cost discipline and asset utilization, the positive results achieved so far in 2026 have set Cargojet up for success. While macroeconomic factors and upward pressures on costs, including increased wages net of productivity benefits as a result of our new pilot agreement, represent potential headwinds in the fourth quarter, Cargojet continues to monitor the marketplace for new opportunities, and expects to deliver robust revenue and EBITDA performance during a strong peak season.

Cargojet's continued focus on fleet efficiency and maximizing the use of existing assets supports the Company's capital allocation priorities. In the third quarter, improved Adjusted EBITDA year-over-year allowed Cargojet to reduce its Net Debt to Adjusted EBITDA leverage ratio(1) to 2.5x, within our long-term target of 1.5x to 2.5x.

The Company remains disciplined in its capital allocation framework, prioritizing:

1. Sustained dividend growth;
2. Pursuit of accretive growth opportunities;
3. Opportunistic execution of its share buyback program; and
4. Maintaining a Net Debt to Adjusted EBITDA leverage ratio of 1.5x to 2.5x over the long term.

Management continues to focus on market-leading customer service, operational and cost discipline, and flexibility to adapt to changing market conditions and capture new opportunities. Those core strengths, which have historically driven the success of the business, will continue to underpin the resilience of Cargojet's operating model through 2026 and beyond.

1. See "Non-GAAP Financial Measures" section.

4. RECENT EVENTS

Financial Liability

During the three month period ended September 30, 2026, the Company sold one B767-300 aircraft to a financial institution and simultaneously leased it back. The aircraft is leased for a period of two years from the delivery date. At the end of the lease term, the Company has an option to buy back the aircraft at an agreed price. As a result of the sales transaction, proceeds of $46.4 million were realized net of a transaction cost of $0.1 million upon initial recognition.

Due to buyback option embedded in the arrangement, the transfer of the asset is not a sale in accordance with IFRS 15 as the control of the asset was not transferred. Therefore, the transaction was classified as failed sale and leaseback transaction. The Company continues to recognize the asset as is without recognizing any gain or loss on the transfer of asset and recognized a financial liability equal to the transfer proceeds net of transaction costs. This financial liability is accounted for under IFRS 9. The asset continued to be depreciated over its useful life.

Share buyback

On November 11, 2025, the Company renewed its normal course issuer bid (the "2026 NCIB"). The 2026 NCIB allows the Company to repurchase, at its discretion, up to 1,400,000 Voting Shares in the open market, subject to the standard terms and limitations. The 2026 NCIB terminated on November 10, 2026. On November 11, 2026, the TSX accepted the Company's notice of intention to proceed with the renewal of its normal course issuer bid (the "2027 NCIB" and, together with the 2026 NCIB, the "NCIB Programs"). The 2027 NCIB allows the Company to repurchase, at its discretion, up to 1,400,000 Voting Shares in the open market, subject to the standard terms and limitations. The 2027 NCIB will commence on November 16, 2026 and terminate on November 15, 2027. Under the NCIB programs, other than purchases made under block purchase exemptions, Cargojet may purchase up to the daily limit, as approved by TSX, on the TSX during any trading day, which represents approximately 25% of the average daily trading volume, as calculated in accordance with TSX rules.

From time to time, the Company participates in an automatic share purchase plan ("ASPP") with a broker in order to facilitate the repurchase of the Company's common shares under its NCIB programs. During the effective period of the ASPP, the Company's broker may purchase common shares at times when the Company would not be active in the market.

During the nine month period ended September 30, 2026, the Company purchased for cancellation an aggregate of 198,139 Voting Shares under the 2026 NCIB program for a total cost of $16.4 million, including $0.3 million share buyback tax. A corresponding amount of $16.4 million was recorded in shareholder's equity, including $7.5 million under shareholders' capital and $8.9 million under retained earnings.

As at September 30, 2026, no repurchase obligation was recognized under the ASPP (December 31, 2025 – $nil).

ALPA Collective Agreement

On July 27, 2026, the Company received the final arbitration award establishing the terms of a new collective agreement with the Air Line Pilots Association ("ALPA"), which represents the Company's pilots. The agreement is effective from July 1, 2026 through June 30, 2031 and concludes the collective bargaining process that commenced in 2025. The agreement includes changes to pilot compensation and operating provisions and provides continuity and stability for customers, team members and shareholders.

5. FLEET OVERVIEW

Note: See Caution Concerning Forward-Looking Statements, page 3.

The table below sets forth the Company's cargo operating fleet as at December 31, 2025 and September 30, 2026 as well as the Company's planned operating fleet for the years ending December 31, 2026, 2027 and 2028:

Aircraft Type		Leased or Owned	Average Age	Number of Aircraft in Service					Maximum Payload (lbs.)	Range (miles)
				Actual		Plan				
				Dec. 31, 2025	Sep. 30, 2026	Dec. 31, 2026	Dec. 31, 2027	Dec. 31, 2028		
B767-300	**Freighter**	**Leased**	**31**	6	**6**	6	6	6	125,000	6,000
B767-300	**Freighter**	**Owned**	**32**	16	**18**	18	18	18	125,000	6,000
B767-200	**Freighter**	**Owned**	**24**	2	**2**	2	2	2	100,000	5,000
B767-200	**Freighter**	**Leased**	**39**	1	**-**	-	-	-	100,000	5,000
B757-200	**Freighter**	**Owned**	**32**	16	**16**	16	16	16	80,000	3,900
Total Aircraft				41	**42**	42	42	42		

During the nine months ended September 30, 2026, the Company took delivery of one owned B767-300 aircraft that had been under conversion and inducted it into the operational fleet.

The lease of one B767-200 aircraft, previously extended through March 2026 to support ongoing operational needs, ended during the first quarter of 2026 and the aircraft was returned to the lessor.

During the third quarter ended September 30, 2026, the Company completed the purchase of one fully converted B767-300 aircraft and inducted it into the operational fleet.

The Company currently has one B767-200 aircraft under conversion, with an expected delivery date in 2027. As the Company is exploring options to divest this aircraft, it has been excluded from the future fleet plan.

6. CORPORATE OVERVIEW

The Company is Canada's leading provider of time sensitive domestic network air cargo services. Its main air cargo business is comprised of the following:

- Operating a domestic network air cargo co-load network between sixteen major Canadian cities;
- Providing aircraft to customers on an Aircraft, Crew, Maintenance and Insurance ("ACMI") basis, operating between points in Canada, North America, South America and Europe; and
- Operating scheduled and ad hoc international routes for multiple cargo customers between USA and Bermuda, between Canada and Europe, between Canada and Asia, and between Canada and international destinations in North, South and Central America.

The Company operates its business across North America transporting time sensitive air cargo each business night utilizing its fleet of all-cargo aircraft. The Company's domestic network air cargo co-load network consolidates cargo received from customers and transports such cargo to the appropriate destination in a timely and safe manner. The Company continually monitors key performance indicators and uses this information to reduce costs and improve the efficiency of its services.

Revenues

The Company's revenues are generated from its domestic network air cargo service between 16 major Canadian cities each business night. Most customers pre-purchase a guaranteed space and weight allocation on the Company's network and a corresponding guaranteed daily revenue amount is paid to the Company for this space and weight allocation. Remaining capacity is sold on an ad hoc basis to contract and non-contract customers. Although a significant portion of domestic network revenues are fixed due to guaranteed customer allocations, Cargojet's revenues will generally rise and fall with the overall level of customer volume typically expressed in pounds.

- Revenues and shipping volumes from the Company's domestic network air cargo service are generally seasonal. Customer demand is highest in the fourth quarter of each year primarily due to the increase in retail activity during the holiday season in December. The Company's domestic network air cargo service operates primarily from Monday to Thursday with a reduced network operating on Friday, weekends and on certain weekdays that are adjacent to certain statutory holidays. The Company defines the term "operating day" to refer to the days on which the full domestic network air cargo network is in operation. Typically, each fiscal year will have between 197 and 199 operating days depending on the timing of certain statutory holidays and leap years. The variance in number of operating days between quarters and year over year will have an impact on comparative quarterly revenues. The Company also provides services to customers on a crew, maintenance and insurance basis ("CMI"). As these services are integrated with the domestic network, the revenues from CMI services are included in domestic network revenues.

The Company also generates revenue from a variety of other primarily air cargo services:

- The Company provides domestic air cargo services for a number of international airlines between points in Canada that connect such airlines' gateways to Canada. This helps to support lower demand legs and provides a revenue opportunity with little or no incremental cost as the flights are operating on regular schedules.

- The Company provides aircraft to customers on an ad hoc and scheduled basis typically in the daytime and on weekends for cargo and passenger charters. Ad hoc flights for cargo and passengers are sold under a one-time agreement while scheduled flights are sold under longer-term agreements. The ad hoc charter business for cargo targets livestock shipments, military equipment, emergency relief supplies and virtually any large shipment requiring immediate delivery across North, South and Central America and to Europe. The ad hoc charter business for passenger flights mostly operates within Canada and between Canada and the USA. Scheduled charter business provides aircraft for recurring flights as required by the customer for cargo and passenger charters. Ad hoc and scheduled flights are sold either on an "all-in" basis or on an ACMI basis:
    - Under an all-in ad hoc or scheduled charter agreement, the customer will pay a single, all-inclusive fixed amount per flight. All costs of the flight including fuel, navigation fees and landing fees are borne by the Company and recognized in its financial statements as direct expenses.
    - Under an ACMI ad hoc or scheduled charter agreement, the customer is responsible for all commercial activities and the Company is paid a fixed amount to operate the flight priced as a rate per block hour (see definition of "block hours" in Expenses below). Variable flight costs such as fuel, navigation fees and landing fees are borne by the customer.
- The Company operates an international route between Newark, New Jersey, USA and Hamilton, Bermuda. This provides a five-day per week air cargo service for multiple customers and is patterned after the domestic business that Cargojet has built in Canada. Customer contracts contain variable surcharges for uncontrollable costs (including ability to pass through increases in fuel costs) guaranteed volume minimums and CPI-based annual price increases.
- The Company operates an international route connecting Canada and Europe. This provides a weekly service linking Liege Airport with Canada's major cargo hubs.

Expenses

Direct expenses consist of fixed and variable expenses that are largely driven by the size of the Company's aircraft fleet and the volume of flight activity required by the level of customer demand. Fixed costs include salaries for full-time employees in maintenance, flight operations and commercial operations, depreciation and amortization and insurance. Variable costs that are directly related to the volume of flight activity include fuel expense, navigation fees, and landing fees.

Flight activity is measured in "block time" and is expressed in "block hours". Block time represents the total duration of a flight from the time the aircraft releases its brakes when it initially moves from the airport parking area prior to flight to the time the brakes are set when it arrives at the airport parking area after the completion of the flight.

Selling, general and administrative expenses are primarily costs associated with executive and corporate management and the overhead of the Company's business that include functions such as load scheduling, flight operations coordination, aircraft maintenance planning and engineering, client relations, administration, accounting, human resources and information systems. Selling, general and administrative expenses include management bonuses, legal, audit and other consulting fees, bank charges and data and communication expenses.

7. REVIEW OF OPERATIONS FOR THE THREE MONTH PERIODS

Highlights For The Quarter

- Total revenue for the three month period ended September 30, 2026 was $286.5 million compared to $219.9 million for the same period in 2025, representing an increase of $66.6 million or 30.3%. Revenue from domestic network, ACMI and all-in charter for the three month period ended September 30, 2026 was $233.6 million compared to $187.1 million for the same period in 2025, representing an increase of $46.5 million or 24.9%.

- Average domestic network revenue[(1)] for the three month period ended September 30, 2026 was $2.27 million per operating day compared to $2.03 million for the same period in 2025, representing an increase of $0.24 million or 11.8%.

- Net earnings for the three month period ended September 30, 2026 were $19.1 million compared to $8.8 million for the same period in 2025, an increase of $10.3 million.

- Adjusted EBITDA[(2)] for the three month period ended September 30, 2026 was $90.2 million compared to $70.4 million for the same period in 2025, an increase of $19.8 million or 28.1%.

- Adjusted EBITDA margin[(2)] for the three month period ended September 30, 2026 was 31.5% compared to 32.0% for the same period in 2025. The decrease was primarily due to a 58% increase in average fuel price compared to the same period in prior year, which resulted in higher fuel costs and a corresponding increase in fuel revenue recovered from customers. Although the net impact on Adjusted EBITDA was immaterial, the increase in revenue resulted in dilution of Adjusted EBITDA margin by approximately 190 basis points.

- Cash generated from operating activities was $86.9 million for the three month period ended September 30, 2026 compared to $112.1 million for the same period in 2025.

- Free Cash Flow[(2)] was $62.1 million for the three month period ended September 30, 2026 compared to $152.4 million for the same period in 2025.

- Earnings per diluted share for the three month period ended September 30, 2026 amounted to $1.28 compared to $0.58 for the same period in 2025, an increase of $0.70.

- Adjusted EPS[(2)] for the three month period ended September 30, 2026 was $1.21 compared to $0.32 for the same period in 2025, an increase of $0.89.

(1) Average domestic network revenue per operating day refers to total domestic network revenue earned by the Company per operating day.
(2) Non-GAAP measures. See "Non-GAAP Financial Measures" section.

Revenue

Total revenue for the three month period ended September 30, 2026 was $286.5 million, compared to $219.9 million for the same period in 2025, representing an increase of $66.6 million or 30.3%. The increase in revenue is primarily due to an increase of $46.5 million in total domestic network, ACMI and charter revenues, an increase of $15.3 million in fuel surcharge and other revenues, and a decrease of $4.8 million in amortization of contract assets, compared to the same period in 2025.

The following table presents information about the Company's revenue for the three month periods ended September 30, 2026 and 2025:

(Canadian dollars in millions)	Three Month Periods Ended September 30,		CHANGE	
	2026	2025	**$**	**%**
Domestic network revenues	**$111.2**	$99.6	$11.6	11.6%
ACMI revenues	**60.5**	54.6	5.9	10.8%
All-in charter revenues	**61.9**	32.9	29.0	88.1%
Total domestic network, ACMI and charter revenues	**233.6**	187.1	46.5	24.9%
Fuel surcharge and other revenues	**56.0**	40.7	15.3	37.6%
Amortization of contract assets	**(3.1)**	(7.9)	4.8	(60.8%)
Total revenues	**286.5**	219.9	66.6	30.3%

Revenue related to the domestic network business for the three month period ended September 30, 2026 was $111.2 million compared to $99.6 million for the same period in 2025, an increase of $11.6 million or 11.6%. The increase was primarily due to an increase in e-commerce and B2B volumes during the period, consumer price index increases for contractual customers and higher fuel prices. Certain domestic customer contracts include fuel price adjustments within the contractual pricing mechanism, which increased domestic revenue by approximately $5.3 million as average fuel price increased by 58% during the quarter, compared to the same period in 2025.

ACMI revenues for the three month period ended September 30, 2026 were $60.5 million compared to $54.6 million for the same period in 2025, an increase of $5.9 million or 10.8%. The increase was primarily driven by an increase in e-commerce and B2B volumes during the period, and consumer price index increases for contractual customers.

All-in charter revenues for the three month period ended September 30, 2026 were $61.9 million compared to $32.9 million for the same period in 2025, an increase of $29.0 million or 88.1%. The increase in revenue was primarily due to new charter opportunities, partially offset by the reductions in year-over-year frequency of scheduled charter services between China and Canada.

Fuel surcharge and other revenues primarily consist of fuel surcharges and other cost pass-through revenues, aircraft lease revenue, hangar rental revenue, maintenance revenue for aircraft line maintenance services provided to other airlines and ground handling services provided to customers. Fuel surcharge and other revenues were $56.0 million for the three month period ended September 30, 2026 compared to $40.7 million for the same period in 2025, representing an increase of $15.3 million or 37.6%. The increase was primarily due to a 58% increase in average fuel price, which resulted in an increase of approximately $15.5 million in fuel surcharges. Fuel surcharges passed on to customers are based on the index published by Statistics Canada which lag current market rates by two months.

Amortization of contract assets, a charge against revenue, was $3.1 million for the three month period ended September 30, 2026 compared to $7.9 million for the same period in 2025, a decrease of $4.8 million or 60.8%. The decrease is primarily due to Amazon stock warrant contract asset amortization of $5.1 million recognized in the prior period with no corresponding amortization in the current period following the expiration of the stock warrants in the first quarter.

Direct Expenses

Total direct expenses were $233.2 million for the three month period ended September 30, 2026 compared to $190.3 million for the same period in 2025, representing an increase of $42.9 million or 22.5%. The net impact of higher total revenue and total direct expenses increased the gross margin to 18.6% in 2026 from 13.5% in 2025. Certain direct non-cash expenses, such as depreciation and heavy maintenance amortization, do not vary directly with revenue in the short term. In addition, period-over-period changes in the Company's share price may result in an expense or a recovery of share-based incentive costs within crew costs, which are not directly correlated with revenue in the short term. See below for separate discussion of the notable components of the year-over-year change in direct expenses.

The following table presents information about the Company's direct expenses for the three month periods ended September 30, 2026 and 2025:

(Canadian dollars in millions)	Three Month Periods Ended September 30,		CHANGE	
	2026	2025	**$**	**%**
Fuel costs	**67.8**	48.6	19.2	39.5%
Depreciation	**45.5**	41.3	4.2	10.2%
Aircraft cost	**7.6**	6.1	1.5	24.6%
Heavy maintenance amortization	**7.0**	6.4	0.6	9.4%
Maintenance cost	**26.5**	19.5	7.0	35.9%
Crew costs	**31.2**	26.8	4.4	16.4%
Ground services	**24.3**	21.9	2.4	11.0%
Airport services	**10.8**	8.7	2.1	24.1%
Navigation and insurance	**12.5**	11.0	1.5	13.6%
Total direct expenses	**233.2**	190.3	42.9	22.5%

Fuel costs were $67.8 million for the three month period ended September 30, 2026 compared to $48.6 million for the same period in 2025. The $19.2 million or 39.5% increase in fuel costs was due primarily to a 58% increase in average fuel price, which resulted in an increase of approximately $19.2 million in fuel costs compared to the same period in 2025. Any changes in fuel costs experienced by the Company due to changes in fuel prices are substantially passed on to customers as an increase or decrease in their fuel surcharges or ad hoc rates.

Depreciation expense was $45.5 million for the three month period ended September 30, 2026 compared to $41.3 million for the same period in 2025, an increase of $4.2 million or 10.2%. The increase was primarily due to additions of aircraft, engines, facilities and other assets.

Aircraft costs were $7.6 million for the three month period ended September 30, 2026 compared to $6.1 million for the same period in 2025, representing an increase of $1.5 million or 24.6%. The increase was primarily due to an increase in temporary sub-charter costs on scheduled ACMI routes.

Heavy maintenance amortization costs were $7.0 million for the three month period ended September 30, 2026 compared to $6.4 million for the same period in 2025, representing an increase of $0.6 million or 9.4% primarily due to the timing of heavy maintenance checks. Heavy maintenance of aircraft occurs at regular and predetermined intervals and the costs related to these are deferred by the Company and amortized until the next scheduled heavy maintenance. The heavy maintenance component of newly acquired aircraft is also deferred and amortized until the next scheduled event.

Maintenance costs were $26.5 million for the three month period ended September 30, 2026 compared to $19.5 million for the same period in 2025, representing an increase of $7.0 million or 35.9%. This increase was primarily due to increase in periodic line maintenance and the hiring of additional maintenance personnel.

Crew costs including salaries, training and positioning were $31.2 million for the three month period ended September 30, 2026 compared to $26.8 million for the same period in 2025, representing an increase of $4.4 million or 16.4%. The increase was primarily due to higher payroll costs from the new collective agreement with ALPA.

Ground services costs were $24.3 million for the three month period ended September 30, 2026 compared to $21.9 million for the same period in 2025, representing an increase of $2.4 million or 11.0%. This increase was primarily due to increase in payroll costs and ground service equipment costs.

Airport services costs were $10.8 million for the three month period ended September 30, 2026 compared to $8.7 million for the same period in 2025, representing an increase of $2.1 million or 24.1%. The increase was primarily driven by higher landing costs.

Navigation and insurance were $12.5 million for the three month period ended September 30, 2026 compared to $11.0 million for the same period in 2025, representing an increase of $1.5 million or 13.6%. The increase was primarily due to higher navigation charges.

Selling, General and Administrative Expenses

(Canadian dollars in millions)	Three Month Periods Ended September 30,		CHANGE	
	2026	2025	**$**	**%**
Selling, general and administrative expenses	**22.3**	17.5	4.8	27.4%

Selling, general and administrative ("SG&A") expenses for the three month period ended September 30, 2026 were $22.3 million compared to $17.5 million for the same period in 2025, an increase of $4.8 million or 27.4%. This increase was primarily due to a $4.7 million increase in salaries, benefits and incentives.

Net Finance Costs and Other Gains and Losses

Net finance costs and other gains and losses for the three month period ended September 30, 2026 were a net loss of $6.2 million compared to a net loss of $3.0 million for the same period in 2025. See below for separate discussion of the notable components of the year-over-year change in net finance costs and other gains and losses.

(Canadian dollars in millions)	Three Month Periods Ended September 30,		CHANGE	
	2026	2025	**$**	**%**
Fair value decrease on stock warrants	**(2.7)**	(13.5)	10.8	80.0%
(Gain) loss on swap derivative	**(2.3)**	1.6	(3.9)	(243.8%)
Finance costs	**11.6**	14.3	(2.7)	(18.9%)
Other (gain) loss, net	**(0.4)**	0.6	(1.0)	(166.7%)
Total net finance costs and other gains and losses	**6.2**	3.0	3.2	106.7%

Fair value adjustment on stock warrants

Fair value adjustment on stock warrants for the three month period ended September 30, 2026 was a gain of $2.7 million compared to a gain of $13.5 million for the same period in 2025. The change in the fair value adjustment of stock warrants was primarily due to the relative movement in the Company's share price compared to the same period in the prior year.

Gain or Loss on swap derivatives

Gain on swap derivatives for the three month period ended September 30, 2026 was $2.3 million compared to a loss of $1.6 million for the same period in 2025. The change was primarily due to the relative movement in the Company's share price compared to the same period in the prior year.

Finance costs

Finance costs for the three month period ended September 30, 2026 were $11.6 million compared to $14.3 million for the same period in 2025, representing a decrease of $2.7 million or 18.9%. The decrease was primarily due to decrease in debt and interest rates compared to 2025.

Other gain or loss, net

Other gain, net for the three month period ended September 30, 2026 was $0.4 million compared to net loss of $0.6 million for the same period in the prior year.

Share of Income in Associate

(Canadian dollars in millions)	Three Month Periods Ended September 30,		CHANGE	
	2026	2025	**$**	**%**
Share of income in associate	**-**	(0.6)	(0.6)	(100.0%)

In April 2026, the Company disposed of its investment in Avia Acquisition LLC ("Avia"), parent company of 21 Air LLC ("21 Air"). No share of income or loss in associate was recognized for the three month period ended September 30, 2026 (2025 – income of $0.6 million).

Net Earnings

Net earnings for the three month period ended September 30, 2026 were $19.1 million compared to $8.8 million for the same period in 2025, an increase of $10.3 million or 117.0%. The increase in net earnings was primarily due to gross margin increase of $23.7 million, partially offset by an increase of $4.8 million in selling, general and administrative expenses and an increase of $4.8 million in income taxes.

Current Income Taxes

No provision for current income taxes was made for the three month periods ended September 30, 2026 and 2025, due to the current income tax losses and carry forward of losses from prior years.

Deferred Income Taxes

The deferred income taxes for the three month period ended September 30, 2026 was a provision of $5.7 million compared to $0.9 million for the same period in 2025. Deferred taxes result from the change in temporary differences between the financial reporting and tax bases of certain balance sheet items for the period.

Adjusted EBITDA[(1)]

Adjusted EBITDA for the three month period ended September 30, 2026 was $90.2 million compared to $70.4 million for the same period in 2025. The increase in Adjusted EBITDA of $19.8 million was primarily due to an increase of $61.8 million in revenue excluding amortization of contract assets, partially offset by an increase of $41.9 million in direct and SG&A expenses excluding depreciation, amortization and share-based compensation.

[(1)] Non-GAAP measures. See "Non-GAAP Financial Measures" section.

8. QUARTERLY DIVIDENDS

Total dividends declared for the three month period ended September 30, 2026 were $5.7 million or $0.3850 per share. In comparison, total dividends declared for the three month period ended September 30, 2025 were $5.3 million or $0.3500 per share.

Record Date	Date Dividends Paid/Payable	Declared	Number of Shares	Per Share	Paid
		$		$	$
June 19, 2026	July 2, 2026	-	14,799,859	0.3850	5,697,946
September 18, 2026	October 1, 2026	5,675,707	14,742,095	0.3850	-
		5,675,707			5,697,946

Record Date	Date Dividends Paid/Payable	Declared	Number of Shares	Per Share	Paid
		$		$	$
June 20, 2025	July 4, 2025	-	15,087,310	0.3500	5,280,559
September 19, 2025	October 3, 2025	5,280,559	15,087,310	0.3500	-
		5,280,559			5,280,559

9. QUARTERLY LIQUIDITY AND CAPITAL RESOURCES

Quarterly Cash Flow Movements

Cash generated by operating activities was $86.9 million for the three month period ended September 30, 2026 (2025 – $112.1 million). The $25.2 million decrease in cash generated was due primarily to changes in non-cash working capital items, partially offset by higher revenue and improved gross margin.

Cash used in investing activities during the three month period ended September 30, 2026 was $71.2 million and was comprised of additions to capital assets of $73.7 million, partially offset by $2.5 million in proceeds from disposals of property, plant and equipment. Cash used in investing activities during the three month period ended September 30, 2025 was $98.9 million and was comprised of property, plant and equipment purchases of $67.5 million and note receivable of $35.7 million on assets held for sale, partially offset by $4.3 million in proceeds from disposals of property, plant and equipment.

Cash used in financing activities during the three month period ended September 30, 2026 was $0.9 million and was comprised of repayment of borrowings of $23.7 million, repayment of obligations under lease and financial liabilities of $11.6 million, share buyback of $6.3 million and dividend payment of $5.7 million, partially offset by proceeds from financial liability of $46.4 million. Cash used in financing activities during the three month period ended September 30, 2025 was $14.5 million and was comprised of repayment of borrowings of $102.9 million and dividend payment of $5.3 million, partially offset by proceeds from financial liability of $103.5 million.

Free Cash Flow[(1)]

Free cash flow was $62.1 million for the three month period ended September 30, 2026 compared to $152.4 million for the same period in 2025. The decrease in free cash flow was due primarily to higher proceeds from sale and leaseback arrangements accounted for as financial liabilities in the prior year.

Capital Expenditures

The additions to capital assets of $73.7 million in the three month period ended September 30, 2026 were primarily comprised of additions to aircraft, engines, ground services equipment, rotable spares, property, plant and equipment under development, deferred heavy maintenance and intangible assets. Out of $73.7 million capital expenditures, $46.0 million was due to maintenance capital expenditure[(1)] and $27.7 million was due to growth capital expenditure[(1)].

The additions to capital assets of $67.5 million in the three month period ended September 30, 2025 were primarily comprised of additions to property, plant and equipment under development and rotable spare. Out of $67.5 million capital expenditures, $45.5 million was due to maintenance capital expenditure[(1)] and $22.0 million was due to growth capital expenditure[(1)].

[(1)] Non-GAAP measures. See "Non-GAAP Financial Measures" section.

Quarterly Liquidity Risk Management

Note: See Caution Concerning Forward Looking Statements, page 3.

The Company manages its liquidity needs through its balance of cash, cash from operations and its available borrowing capacity under its revolving operating credit facility (the "Credit Facility"). Liquidity needs are primarily related to meeting its financial liabilities, capital commitments, ongoing operations, contractual and other obligations. The Company manages its liquidity risk by preparing cash flow forecasts for a period of at least twelve months after each reporting period, including under various scenarios. As at September 30, 2026, the Company had $18.8 million in cash and $472.4 million of available borrowing capacity under the Credit Facility.

The Company considers that its current cash balance, the cash from operations and its available borrowing capacity under the Credit Facility is sufficient to support its operations, meets capital asset requirements and its liquidity needs. As at September 30, 2026, the Company was in compliance with all covenants.

The Credit Facility is subject to customary terms and conditions for borrowers of this nature, including, namely, limits on incurring additional indebtedness, granting liens, selling assets, or making investments without the consent of the Lenders, and certain restrictions on the Company's ability to pay dividends. The Credit Facility is also subject to the maintenance of a minimum interest coverage ratio, unencumbered asset coverage ratio and a total adjusted leverage ratio.

10. REVIEW OF OPERATIONS FOR THE NINE MONTH PERIODS

Highlights For The Nine Month Period

- Total revenue for the nine month period ended September 30, 2026 was $817.0 million compared to $708.0 million for the same period in 2025, representing an increase of $109.0 million or 15.4%. Revenue from domestic network, ACMI and all-in charter for the nine month period ended September 30, 2026 was $670.6 million compared to $601.9 million for the same period in 2025, representing an increase of $68.7 million or 11.4%.

- Average domestic network revenue[(1)] for the nine month period ended September 30, 2026 was $2.21 million per operating day compared to $2.07 million for the same period in 2025, representing an increase of $0.14 million per operating day or 6.8%.

- Net earnings for the nine month period ended September 30, 2026 were $30.2 million compared to $53.6 million for the same period in 2025.

- Adjusted EBITDA[(2)] for the nine month period ended September 30, 2026 was $259.4 million compared to $231.4 million for the same period in 2025, representing an increase of $28.0 million or 12.1%.

- Adjusted EBITDA margin[(2)] for the nine month period ended September 30, 2026 was 31.8% compared to 32.7% for the same period in 2025. The decrease was primarily due to a 43% increase in average fuel price in the nine month period ended September 30, 2026 compared to the same period in prior year, which resulted in higher fuel costs and a corresponding increase in fuel revenue recovered from customers. Although the net impact on Adjusted EBITDA was immaterial, the increase in revenue resulted in dilution of Adjusted EBITDA margin by approximately 150 basis points.

- Cash generated from operating activities was $253.0 million for the nine month period ended September 30, 2026 compared to $204.9 million for the same period in 2025, representing an increase of $48.1 million or 23.5%.

- Free Cash Flow[(2)] was $205.7 million for the nine month period ended September 30, 2026 compared to $34.0 million for the same period in 2025, representing an increase of $171.7 million.

- Diluted EPS for the nine month period ended September 30, 2026 was $2.03 compared to $3.46 for the same period in 2025.

- Adjusted EPS [(2)] for the nine month period ended September 30, 2026 was $2.48 compared to $3.00 for the same period in 2025.

(1) Average domestic network revenue per operating day refers to total domestic network revenue earned by the Company per operating day.
(2) Non-GAAP measures. See "Non-GAAP Financial Measures" section.

Revenue

Total revenue for the nine month period ended September 30, 2026 was $817.0 million, compared to $708.0 million for the same period in 2025, representing an increase of $109.0 million or 15.4%. The increase in revenue is primarily due to an increase of $68.7 million in domestic network, ACMI and charter revenue, and an increase of $35.9 million in fuel surcharge and other revenues compared to the same period in 2025.

The following table presents information about the Company's revenue for the nine month periods ended September 30, 2026 and 2025:

(Canadian dollars in millions)	Nine Month Periods Ended September 30,		CHANGE	
	2026	2025	**$**	**%**
Domestic network revenues	**$326.6**	$306.7	$19.9	6.5%
ACMI revenues	**169.3**	176.5	(7.2)	(4.1%)
All-in charter revenues	**174.7**	118.7	56.0	47.2%
Total domestic network, ACMI and charter	**670.6**	601.9	68.7	11.4%
Fuel surcharge and other revenues	**160.1**	124.2	35.9	28.9%
Amortization of contract assets	**(13.7)**	(18.1)	4.4	(24.3%)
Total revenues	**817.0**	708.0	109.0	15.4%

Revenue related to the domestic network business for the nine month period ended September 30, 2026 was $326.6 million compared to $306.7 million for the same period in 2025, an increase of $19.9 million or 6.5%. The increase was primarily due to consumer price index increases for contractual customers and higher fuel prices. Certain domestic customer contracts include fuel price adjustments within the contractual pricing mechanism, which increased domestic revenue by approximately $11.0 million as average fuel price increased by 43% during the nine month period ended September 30, 2026, compared to the same period in 2025.

ACMI revenues for the nine month period ended September 30, 2026 were $169.3 million compared to $176.5 million for the same period in 2025, a decrease of $7.2 million or 4.1%. The decrease was primarily due to the redeployment of aircraft from long distance routes of Asia and Europe to certain South American routes.

All-in charter revenues for the nine month period ended September 30, 2026 were $174.7 million compared to $118.7 million for the same period in 2025, an increase of $56.0 million or 47.2%. The increase in revenue was primarily due to new charter opportunities, partially offset by the reductions in year-over-year frequency of scheduled charter services between China and Canada.

Fuel surcharge and other revenues primarily consist of fuel surcharges and other cost pass-through revenues, aircraft lease revenue, hangar rental revenue, maintenance revenue for aircraft line maintenance services provided to other airlines and ground handling services provided to customers. Fuel surcharge and other revenues were $160.1 million for the nine month period ended September 30, 2026 compared to $124.2 million for the same period in 2025, representing an increase of $35.9 million or 28.9%. The increase was primarily due to a 43% increase in average fuel price during the nine month period ended September 30, 2026, which resulted in an increase of approximately $35.5 million in fuel surcharges. Fuel surcharges passed on to customers are based on the index published by Statistics Canada which lag current market rates by two months.

Amortization of contract assets, a charge against revenue, was $13.7 million for the nine month period ended September 30, 2026 compared to $18.1 million for the same period in 2025, a decrease of $4.4 million or 24.3%.

Direct Expenses

Total direct expenses were $664.1 million for the nine month period ended September 30, 2026 compared to $576.1 million for the same period in 2025, representing an increase of $88.0 million or 15.3%. The net impact of higher total revenue and total direct expenses increased the gross margin to 18.7% in 2026 from 18.6% in 2025. Certain direct non-cash expenses, such as depreciation and heavy maintenance amortization, do not vary directly with revenue in the short term. In addition, period-over-period changes in the Company's share price may result in an expense or a recovery of share-based incentive costs within crew costs, which are not directly correlated with revenue in the short term. See below for separate discussion of the notable components of the year-over-year change in direct expenses.

The following table presents information about the Company's direct expenses for the nine month periods ended September 30, 2026 and 2025:

(Canadian dollars in millions)	Nine Month Periods Ended September 30,		CHANGE	
	2026	2025	**$**	**%**
Fuel costs	**193.0**	155.0	38.0	24.5%
Depreciation	**134.6**	116.6	18.0	15.4%
Aircraft cost	**21.1**	16.0	5.1	31.9%
Heavy maintenance amortization	**21.0**	17.2	3.8	22.1%
Maintenance cost	**73.7**	60.9	12.8	21.0%
Crew costs	**77.6**	78.4	(0.8)	(1.0%)
Ground services	**67.7**	65.5	2.2	3.4%
Airport services	**37.9**	32.3	5.6	17.3%
Navigation and insurance	**37.5**	34.2	3.3	9.6%
Total direct expenses	**664.1**	576.1	88.0	15.3%

Fuel costs were $193.0 million for the nine month period ended September 30, 2026 compared to $155.0 million for the same period in 2025. The $38.0 million or 24.5% increase in fuel costs was primarily due to a 43% increase in average fuel price during the nine month period ended September 30, 2026, which resulted in an increase of approximately $43.3 million in fuel costs compared to the same period in 2025. Any changes in fuel costs experienced by the Company due to changes in fuel prices are passed on to customers as an increase or decrease in their fuel surcharges or ad hoc rates.

Depreciation expense was $134.6 million for the nine month period ended September 30, 2026 compared to $116.6 million for the same period in 2025, an increase of $18.0 million or 15.4%. The increase was primarily due to additions of aircraft, engines, facilities and other assets.

Aircraft costs were $21.1 million for the nine month period ended September 30, 2026 compared to $16.0 million for the same period in 2025, representing an increase of $5.1 million or 31.9%. The increase was primarily due to an increase in temporary sub-charter costs on scheduled ACMI routes.

Heavy maintenance amortization costs were $21.0 million for the nine month period ended September 30, 2026 compared to $17.2 million for the same period in 2025, representing an increase of $3.8 million or 22.1% primarily due to the timing of heavy maintenance checks. Heavy maintenance of aircraft occurs at regular and predetermined intervals and the costs related to these are deferred by the Company and amortized until the next scheduled heavy maintenance. The heavy maintenance component of newly acquired aircraft is also deferred and amortized until the next scheduled event.

Maintenance costs were $73.7 million for the nine month period ended September 30, 2026 compared to $60.9 million for the same period in 2025, representing an increase of $12.8 million or 21.0%. This increase was primarily due to increase in periodic line maintenance and the hiring of additional maintenance personnel.

Crew costs including salaries, training and positioning were $77.6 million for the nine month period ended September 30, 2026 compared to $78.4 million for the same period in 2025, representing a decrease of $0.8 million or 1.0%. The decrease was primarily related to lower overtime, positioning and share-based incentive costs, partially offset by higher payroll costs resulting from the new collective agreement with ALPA in the third quarter of 2026. The decrease in share-based incentive costs was due to a $5.3 million recovery of share-based incentive costs recognized in the nine month period ended September 30, 2026, compared to $1.7 million of share-based incentive expenses in the same period in the prior year, reflecting period-over-period changes in the Company's share price.

Ground services costs were $67.7 million for the nine month period ended September 30, 2026 compared to $65.5 million for the same period in 2025, representing an increase of $2.2 million or 3.4%.

Airport services costs were $37.9 million for the nine month period ended September 30, 2026 compared to $32.3 million for the same period in 2025, representing an increase of $5.6 million or 17.3%. The increase was primarily driven by higher landing costs and higher deicing costs due to increased adverse weather conditions.

Navigation and insurance were $37.5 million for the nine month period ended September 30, 2026 compared to $34.2 million for the same period in 2025, representing an increase of $3.3 million or 9.6%. This increase was primarily due to increase in insurance costs due to increase in insurance rates, and increase in navigation costs.

Selling, General and Administrative Expenses

(Canadian dollars in millions)	Nine Month Periods Ended September 30,		CHANGE	
	2026	2025	**$**	**%**
Selling, general and administrative expenses	**72.8**	57.4	15.4	26.8%

SG&A expenses for the nine month period ended September 30, 2026 were $72.8 million compared to $57.4 million for the same period in 2025, representing an increase of $15.4 million or 26.8%. This increase was primarily due to a $10.4 million increase in salaries and benefits, a $1.8 million increase in realized foreign exchange loss, and a $3.2 million increase in other SG&A expenses.

Net Finance Costs and Other Gains and Losses

Net finance costs and other gains and losses for the nine month period ended September 30, 2026 were a net loss of $35.7 million compared to a net loss of $14.9 million for the same period in 2025. See below for separate discussion of the notable components of the year-over-year change in net finance costs and other gains and losses.

(Canadian dollars in millions)	Nine Month Periods Ended September 30,		CHANGE	
	2026	2025	**$**	**%**
Fair value decrease on stock warrants	**(3.2)**	(36.2)	33.0	91.2%
(Gain) loss on swap derivative	**(2.8)**	8.9	(11.7)	(131.5%)
Finance costs	**34.8**	38.0	(3.2)	(8.4%)
Other loss, net	**6.9**	4.2	2.7	64.3%
Total net finance costs and other gains and losses	**35.7**	14.9	20.8	139.6%

Fair value adjustment on stock warrants

Fair value adjustment on stock warrants for the nine month period ended September 30, 2026 was a gain of $3.2 million compared to a gain of $36.2 million for the same period in 2025. The change in the fair value adjustment of stock warrants was primarily due to the relative movement in the Company's share price compared to the same period in the prior year.

Gain or loss on swap derivatives

Gain on swap derivatives for the nine month period ended September 30, 2026 was $2.8 million compared to a loss of $8.9 million for the same period in 2025. The change was primarily due to the relative movement in the Company's share price compared to the same period in the prior year.

Finance costs

Finance costs for the nine month period ended September 30, 2026 were $34.8 million compared to $38.0 million for the same period in 2025, representing a decrease of $3.2 million or 8.4%. The decrease was primarily due to decrease in debt and interest rates compared to 2025.

Other loss, net

Other loss, net for the nine month period ended September 30, 2026 was $6.9 million, which was comprised of a $2.6 million loss on lease termination and a $6.1 million loss on disposal of property, plant and equipment, partially offset by a $1.8 million gain on extinguishment of stock warrant.

Other loss, net for the nine month period ended September 30, 2025 was $4.2 million, which was comprised of a $7.0 million fair value write-down of assets held for sale, partially offset by a $1.9 million unrealized foreign exchange gain, and a $0.9 million gain on disposal of property, plant and equipment.

Share of Loss or Income in Associate

(Canadian dollars in millions)	Nine Month Periods Ended September 30,		CHANGE	
	2026	2025	**$**	**%**
Share of loss (income) in associate	**0.1**	(2.1)	2.2	nm

In April 2026, the Company disposed of its investment in Avia, parent company of 21 Air LLC. Share of loss in associate for the nine month period ended September 30, 2026 was $0.1 million (2025 – income of $2.1 million), which represents the company's share of income or loss from investment in an associate prior to the disposal.

Net Earnings

Net earnings for the nine month period ended September 30, 2026 was $30.2 million compared to $53.6 million for the same period in 2025, a decrease of $23.4 million or 43.7%. The decrease in net earnings was primarily due to $20.8 million increase in net finance costs and other gains and losses, $15.4 million increase in SG&A expenses, $6.0 million increase in income taxes and a decrease of $2.2 million in share of income in associate, partially offset by an increase in gross margin of $21.0 million.

Current Income Taxes

No provision for current income taxes was made for the nine month period ended September 30, 2026 and 2025, due to the current income tax losses and carry forward of losses from prior years.

Deferred Income Taxes

The deferred income taxes for the nine month period ended September 30, 2026 was a provision of $14.1 million compared to $8.1 million for the same period in 2025. Deferred taxes result from the change in temporary differences between the financial reporting and tax bases of certain balance sheet items for the period.

Adjusted EBITDA[(1)]

Adjusted EBITDA for the nine month period ended September 30, 2026 was $259.4 million compared to $231.4 million for the same period in 2025. The increase in Adjusted EBITDA of $28.0 million was primarily due to an increase of $104.6 million in revenues excluding amortization of stock warrant contract assets, partially offset by an increase of $77.0 million in direct and SG&A expenses excluding depreciation, amortization and share-based compensation.

(1) Non-GAAP measures. See "Non-GAAP Financial Measures" section.

11. PERIOD TO DATE DIVIDENDS

Total dividends declared for the nine month period ended September 30, 2026 were $17.1 million or $1.1550 per share. In comparison, total dividends declared for the nine month period ended September 30, 2025 were $16.0 million or $1.0500 per share.

Record Date	Date Dividends Paid/Payable	Declared	Number of Shares	Per Share	Paid
		$		$	$
December 20, 2025	January 2, 2026	-	14,899,038	-	5,214,663
March 20, 2026	March 31, 2026	5,744,681	14,921,249	0.3850	5,744,681
June 19, 2026	July 2, 2026	5,697,946	14,799,859	0.3850	5,697,946
September 18, 2026	October 1, 2026	5,675,707	14,742,095	0.3850	-
		17,118,334		1.1550	16,657,290

Record Date	Date Dividends Paid/Payable	Declared	Number of Shares	Per Share	Paid
		$		$	$
March 20, 2025	April 4, 2025	5,431,622	15,518,921	0.3500	5,431,622
June 20, 2025	July 4, 2025	5,280,559	15,087,310	0.3500	5,280,559
September 19, 2025	October 3, 2025	5,280,559	15,087,310	0.3500	
		15,992,740		1.0500	10,712,181

12. PERIOD TO DATE LIQUIDITY AND CAPITAL RESOURCES

Cash Flow Movements

Cash generated by operating activities after net changes in non-cash working capital balances was $253.0 million for the nine month period ended September 30, 2026 (2025 – $204.9 million). The $48.1 million increase in cash generated was due primarily to higher revenue and improved gross margin, as well as changes in non-cash working capital items.

Cash used in investing activities during the nine month period ended September 30, 2026 was $93.7 million and was comprised of property, plant and equipment purchases of $172.6 million, partially offset by proceeds of $68.1 million from asset disposals and related notes receivable and proceeds of $10.8 million from disposal of investment in associate and related loan repayment. Cash used in investing activities during the nine month period ended September 30, 2025 was $310.1 million and was comprised of property, plant and equipment additions of $279.9 million and note receivable of $35.7 million on assets held for sale, partially offset by proceeds from the disposal of property, plant and equipment of $5.5 million.

Cash used in financing activities during the nine month period ended September 30, 2026 was $147.2 million and was comprised of share buyback of $16.5 million, repayment of borrowings of $129.6 million, repayment of obligations under lease and financial liabilities of $30.8 million, and dividends paid to shareholders of $16.7 million, partially offset by proceeds from financial liability of $46.4 million. Cash provided by financing activities during the nine month period ended September 30, 2025 was $107.4 million and was comprised of proceeds from issuance of debentures of $248.9 million and proceeds from financial liability of $103.5 million, partially offset by share buyback of $71.8 million, repayment of borrowings of $137.1 million, and dividends paid to shareholders of $10.7 million.

Free Cash Flow[(1)]

Free cash flow was $205.7 million for the nine month period ended September 30, 2026 compared to $34.0 million for the same period in 2025. The increase of $171.7 million in free cash flow was due primarily to an increase of $48.1 million in cash generated from operating activities, as well as a decrease of $107.3 million in additions to capital assets, compared to the same period in the prior year.

Capital Expenditures

The additions to capital assets of $172.6 million in the nine month period ended September 30, 2026 were primarily comprised of additions to aircraft, engines, ground services equipment, rotable spares, property, plant and equipment under development, deferred heavy maintenance and intangible assets. Out of $172.6 million capital expenditures, $132.8 million was due to maintenance capital expenditure[(1)] and $39.8 million was due to growth capital expenditure[(1)].

The additions to capital assets of $279.9 million in the nine month period ended September 30, 2025 were primarily comprised of additions to property, plant and equipment under development and rotable spares. Out of $279.9 million capital expenditures, $174.0 million was due to maintenance capital expenditure[(1)] and $105.9 million was due to growth capital expenditure[(1)].

[(1)] Non-GAAP measures. See "Non-GAAP Financial Measures" section.

13. NON-GAAP FINANCIAL MEASURES

Below is a description of the non-GAAP financial measures and ratios referenced in this MD&A. Non-GAAP financial measures and ratios do not have any standardized meaning prescribed by IFRS Accounting Standards and are therefore unlikely to be comparable to similar measures used by other issuers.

Management believes that the non-GAAP financial measures provide a more consistent basis to compare the performance of the Company between the periods and improve comparability between other companies including other airlines. They provide additional information to users of the MD&A to enhance their understanding of the Company's financial performance. These measures are also used by the Company to guide its decisions on dividend policy, to set financial targets for its management incentive plans and to monitor the Company's compliance with its debt covenants. Investors are cautioned that the non-GAAP financial measures should not be construed as an alternative to net income determined in accordance with IFRS Accounting Standards as indicators of the Company's performance or to cash flows from operating, investing and financing activities as measures of liquidity and cash flows.

EBITDA and Adjusted EBITDA

"EBITDA" is defined as earnings before interest, taxes, depreciation and amortization. EBITDA is calculated as net income or loss excluding the following: depreciation and amortization of capital assets, interest and provision for current and deferred income taxes. EBITDA is a measure of the Company's operating profitability and by definition excludes certain items as detailed above.

"Adjusted EBITDA" is defined as EBITDA excluding the following: share-based compensation, gain or loss on disposal of property, plant and equipment and assets held for sale, fair value write-down of assets held for sale and property, plant and equipment, fair value increase or decrease on stock warrant, gain on extinguishment of stock warrant obligations, amortization of contract assets, gain or loss on fair value or settlement of swap derivatives, unrealized foreign exchange gains or losses, gains or losses on settlement of debts and lease termination, share of income or loss in associate, and provision for employee pension. Adjusted EBITDA is a measure of the Company's operating profitability and excludes certain items as detailed below.

The underlying reasons for exclusion of each item are as follows:

Depreciation and amortization of capital assets - as a non-cash item, depreciation and amortization has no impact on the determination of Adjusted EBITDA.

Interest - interest is a function of the Company's treasury/financing activities and represents a different class of expense than those included in Adjusted EBITDA.

Provision for deferred income taxes - the calculation of deferred income taxes is a function of temporary differences between the financial reporting and the tax basis of balance sheet items for calculating tax expense and is separate from the daily operations of the Company.

Provision for current income taxes - the provision for current income taxes is a non-operating item and represents a different class of expense than those included in Adjusted EBITDA.

Share-based compensation - expense arising from the grant of stock-based awards to employees is excluded as the amount of such expenses in any specific period may not directly correlate to the underlying performance of business operations and such expenses can vary significantly between periods as a result of the timing of grants of new stock-based awards, valuation methodologies and market sentiments. Additionally, excluding stock-based compensation from Adjusted EBITDA assists management and investors in making meaningful comparisons with the Company's operating performance between the periods and the operating performance of other companies that may use different forms of employee compensation or different valuation methodologies for their stock-based compensation.

Gain or loss on disposal of property, plant and equipment and assets held for sale - the gain or loss arising from the disposal of property, plant and equipment is a non-cash item and has no impact on the determination of Adjusted EBITDA.

Fair value write-down of assets held for sale and property, plant and equipment - the fair value write-down of assets held for sale and property, plant and equipment is a non-cash item and has no impact on the determination of Adjusted EBITDA.

Fair value increase or decrease on stock warrant - the fair value increase or decrease from the valuation of stock warrant is a non-cash item and has no impact on the determination of Adjusted EBITDA.

Gain or loss on extinguishment of stock warrant obligations - the gain or loss on extinguishment of stock warrant obligations is a non-cash item and has no impact on the determination of Adjusted EBITDA.

Amortization of stock warrant contract asset - amortization of stock warrant contract asset represents a non-cash item and is excluded from Adjusted EBITDA.

Gain or loss on fair value or settlement of swap derivatives related to financing arrangement - the gain or loss arising from the fair value of total return swap or its settlement related to a financing arrangement is a function of the Company's treasury/financing activities and has no impact on the determination of Adjusted EBITDA.

Gain or loss on fair value or settlement of swap derivatives related to share-based compensation - the gain or loss arising from the fair value of total return swap or its settlement related to share-based compensation is excluded from Adjusted EBITDA measure. Swaps are used by the Company to offset its exposure on share-based compensation. The Company is exposed to market price fluctuation in its share price which is the asset underlying the swaps. This item is excluded as the amount of income or expense in any specific period may not directly correlate to the underlying performance of business operations and as such this income or expenses can vary significantly between periods as a result of the fluctuation in the share price. Additionally, excluding income or expense from swaps from Adjusted EBITDA assists management and investors in making meaningful comparisons between Company's operating performance between the periods and the operating performance of other companies that may or may not use swaps.

Unrealized foreign exchange gain or loss - the unrealized gain or loss arising from the valuation of the foreign exchange balances at the period-end is a non-cash item and has no impact on the determination of Adjusted EBITDA.

Gain and loss on extinguishment of debts and lease termination - The loss on extinguishment of long-term debts including borrowings and lease liabilities is a function of the Company's treasury/financing activities and represents a different loss of expense than those included in Adjusted EBITDA.

Share of income or loss in associate - is a different class of income or expense than those included in EBITDA.

Employee pension - the provision for employee pension represents a different class of expense than those included in EBITDA.

"Adjusted EBITDA margin" is defined as Adjusted EBITDA as a percentage of revenue. Adjusted EBITDA margin is commonly used in the airline industry and is used by the Company as a means to measure the operating margin excluding certain items as described above.

Reconciliation of net earnings, which is the most directly comparable GAAP measure, to EBITDA, Adjusted EBITDA and Adjusted EBITDA margin is presented in the table below:

(Unaudited - Canadian dollars in millions, except where indicated)	Three Month Periods Ended September 30,		Nine Month Periods Ended September 30,	
	2026	2025	**2026**	2025
Calculation of EBITDA and Adjusted EBITDA	**$**	$	**$**	$
Net earnings	**19.1**	8.8	**30.2**	53.6
Add:				
Interest	**11.6**	14.3	**34.8**	38.0
Provision of deferred taxes	**5.7**	0.9	**14.1**	8.1
Depreciation and amortization of capital assets	**52.8**	48.2	**156.7**	135.2
EBITDA	**89.2**	72.2	**235.8**	234.9
Add:				
Share-based compensation	**3.2**	2.1	**8.1**	3.3
(Gain) loss on disposal of property, plant and equipment	**(0.5)**	-	**6.1**	(0.9)
Fair value write-down of assets held for sale and property, plant and equipment	**-**	-	**-**	7.0
Fair value adjustment on warrant valuation and amortization of contract assets	**0.4**	(5.5)	**10.5**	(18.0)
(Gain) loss on swap derivative	**(2.3)**	1.6	**(2.8)**	8.9
Unrealized foreign exchange loss (gain)	**0.2**	0.6	**-**	(1.9)
(Gain) loss on lease termination	**(0.1)**	-	**2.6**	-
Gain on extinguishment of stock warrant obligations	**-**	-	**(1.8)**	-
Share of net (income) loss in associate	**-**	(0.6)	**0.1**	(2.1)
Employee pension	**0.1**	-	**0.8**	0.2
Adjusted EBITDA	**90.2**	70.4	**259.4**	231.4
Revenue	**286.5**	219.9	**817.0**	708.0
Adjusted EBITDA margin	**31.5%**	32.0%	**31.8%**	32.7%

Free Cash Flow

Cargojet uses Free Cash Flow as a measure to evaluate its financial strength and performance of its business, indicating the amount of cash the Company can generate from operations after capital expenditures.

"Free Cash Flow" is defined as cash flows from operating activities less additions to capital assets plus proceeds from disposals of assets and the related notes receivable and proceeds from disposal of investment in associate and related loan repayment.

Maintenance Capital Expenditures - These are defined as any capital expenditures during a reporting period to maintain the Company's aircraft fleet and other assets at the level required to continue operating the existing business. They also include any capital expenditure required to extend the operational life of the fleet including heavy maintenance. Maintenance capital expenditures exclude any capital expenditures that result in new and additional capacity required to grow operational revenue and cash flows.
Growth Capital Expenditure - These are discretionary investments of the Company to increase capacity, geographic reach and to acquire more customers with a purpose to grow operational revenue, profits and cash flows.

Reconciliation of Free Cash Flow to cash generated from operating activities, which is the most directly comparable GAAP measure is presented in the table below.

(Unaudited - Canadian dollars in millions)	Three Month Periods Ended September 30,		Nine Month Periods Ended September 30,	
	2026	2025	**2026**	2025
Calculation of Free Cash Flow	**$**	$	**$**	$
Net cash from operating activities	**86.9**	112.1	**253.0**	204.9
Additions to capital assets[(2)]	**(73.7)**	(67.5)	**(172.6)**	(279.9)
Proceeds from asset disposals and related notes receivable[(1)]	**48.9**	107.8	**114.5**	109.0
Proceeds from disposal of investment and loan repayment	**-**	-	**10.8**	-
Free cash flow	**62.1**	152.4	**205.7**	34.0

(1) Includes proceeds of $46.4 million from aircraft sale and leaseback arrangement accounted for as financial liabilities for both the three and nine months ended September 30, 2026 (2025 – $103.5 million).

(2) Additions to capital assets consist of the following

(Unaudited - Canadian dollars in millions)	Three Month Periods Ended September 30,		Nine Month Periods Ended September 30,	
	2026	2025	**2026**	2025
	$	$	**$**	$
Maintenance capital expenditures	**46.0**	45.5	**132.8**	174.0
Growth capital expenditures	**27.7**	22.0	**39.8**	105.9
Additions to capital assets	**73.7**	67.5	**172.6**	279.9

Adjusted Net Earnings and Adjusted Net Earnings Per Share

"Adjusted net earnings" and "Adjusted net earnings per share" ("Adjusted EPS") are used to assess the overall financial performance of its business. Adjusted net earnings and adjusted EPS are defined as net earnings and net earnings per basic share excluding fair value write-down of assets held for sale and property, plant and equipment, fair value increase or decrease on stock warrant, gain on extinguishment of stock warrant obligations, amortization of contract assets, gain or loss on swap derivatives, and unrealized foreign exchange gain or loss, as well as the tax impact of these adjustments where applicable. These items are excluded as they may distort the analysis of certain business trends and render comparative analysis to other airlines less meaningful.

Reconciliation of adjusted net earnings and adjusted net earnings per share to GAAP net earnings is presented in the table below

(Unaudited - Canadian dollars in millions, except where indicated)	Three Month Periods Ended September 30,		Nine Month Periods Ended September 30,	
	2026	2025	**2026**	2025
Calculation of Adjusted Earnings and Adjusted EPS	**$**	$	**$**	$
Net earnings	19.1	8.8	30.2	53.6
Add:				
Fair value write-down of assets held for sale and property, plant and equipment	-	-	-	7.0
Fair value adjustment on stock warrant and amortization of contract assets	0.4	(5.5)	10.5	(18.0)
Gain on extinguishment of stock warrant obligations	-	-	(1.8)	-
(Gain) loss on swap derivative	(2.3)	1.6	(2.8)	8.9
Unrealized foreign exchange loss (gain)	0.2	0.6	-	(1.9)
Tax impact on items listed above	0.6	(0.6)	0.8	(3.7)
Adjusted net earnings	**18.0**	4.9	**36.9**	45.9
Weighted average number of shares - basic (in millions of shares)	**14.9**	15.1	**14.9**	15.3
Adjusted EPS	**1.21**	0.32	**2.48**	3.00

Return on Invested Capital

"Return on Invested Capital" ("ROIC") is defined as net operating income after tax, divided by the average invested capital. Net operating income after tax is calculated as the trailing twelve months ("TTM") of operating income, after tax using the statutory tax rate of the Company. Average invested capital is calculated as the total of equity, debentures, borrowings, non-current lease liabilities, net of cash, property, plant and equipment under development (See Note 6 in Financial Statements on Property Plant and Equipment) and assets held for sale, averaged between the beginning and ending balance over the TTM period. Invested capital related to property, plant and equipment under development and assets held for sale are not used in generating revenue, therefore, excluded from the invested capital calculation.

Management believes ROIC is a useful measure in the efficiency in the use of funds. The Company has a performance share unit plan (the "PSU Plan"), which is linked to ROIC. The ROIC is used to measure the performance factor for the achievement of the PSU plan.

(Unaudited - Canadian dollars in million, except where indicated)

	TTM Periods Ended September 30,	
Calculation of Return on Invested Capital	**2026**	2025
	$	$
Gross margin	**219.9**	205.5
Selling, general and administrative expenses	**98.8**	82.7
Operating income	**121.1**	122.8
Taxes @ 26.5%	**32.1**	32.5
Net operating profit after tax ("NOPAT")	**89.0**	90.3
Invested capital, end of period		
Equity	**742.6**	735.5
Debentures	**248.7**	362.8
Borrowings	**431.2**	401.0
Non-current lease liabilities	**179.2**	168.0
Cash	**(18.8)**	(3.7)
Property, plant and equipment under development	**(57.8)**	(69.5)
Assets held for sale	**-**	(30.7)
	1,525.1	1,563.4
Invested capital, beginning of period		
Equity	**735.5**	712.3
Debentures	**362.8**	227.6
Borrowings	**401.0**	370.5
Non-current lease liabilities	**168.0**	85.0
Cash	**(3.7)**	(6.7)
Property, plant and equipment under development	**(69.5)**	(100.0)
Assets held for sale	**(30.7)**	-
	1,563.4	1,288.7
Average invested capital	**1,544.3**	1,426.1
Return on invested capital	**5.8%**	6.3%

Net Debt to Adjusted EBITDA Leverage Ratio

"Net Debt to Adjusted EBITDA Leverage Ratio" (or "Leverage Ratio") is obtained by dividing Net Debt by Adjusted EBITDA and is a measure of the Company's ability to meet its financial obligations. Net Debt is a metric obtained by subtracting cash from debt and lease liabilities and is used to monitor the Corporation's financial leverage.

Calculation of Net Debt to Adjusted EBITDA Leverage Ratio and reconciliation to the most directly comparable GAAP measures is presented in the table below.

(Unaudited - Canadian dollars in millions, except where indicated)

Calculation of Net Debt to Adjusted EBITDA Leverage ratio	**September 30, 2026**	December 31, 2025
	$	$
Borrowing	**431.2**	560.8
Debentures	**248.7**	248.4
Lease and financial liabilities	**210.4**	185.4
Total	**890.3**	994.6
Less: Cash	**(18.8)**	(6.7)
Net debt	**871.5**	987.9
Adjusted EBITDA (TTM period)	**354.4**	326.4
Net debt to adjusted EBITDA leverage ratio	**2.5**	3.0

14. FINANCIAL CONDITION

The following is a comparison of the financial position of the Company as at September 30, 2026 to the financial position of the Company as at December 31, 2025:

Trade and Other Receivables

Trade and other receivables as at September 30, 2026 amounted to $129.2 million compared to $123.9 million as at December 31, 2025. The increase of $5.3 million was primarily due to the timing of cash collections from customers. The quality of the Company's net receivable balances and its current collections, in management's opinion, remain excellent.

Notes Receivable

Notes receivable as at September 30, 2026 were nil compared to $63.8 million as at December 31, 2025. During the nine month period ended September 30, 2026, cash payment of $63.8 million was received from the collection of notes receivable related to prior-year asset disposals.

Property, Plant and Equipment

As at September 30, 2026, property, plant and equipment amounted to $1,745.5 million compared to $1,724.5 million as at December 31, 2025. The $21.0 million net increase in property, plant and equipment was due to additions of $191.9 million in property, plant and equipment, partially offset by depreciation of $156.6 million, as well as disposal and adjustments of $14.3 million.

Trade and Other Payables

Trade and other payables as at September 30, 2026 were $157.2 million compared to $105.9 million as at December 31, 2025. The increase of $51.3 million was primarily due to the timing of the supplier payments.

Lease and Financial Liabilities

The lease and financial liabilities are in respect of the lease of two B767-300, hangars, warehouses and offices, as well as the sale and leaseback of three B767-300 aircraft. Total lease and financial liabilities including the current portion were $210.4 million as at September 30, 2026 compared to $185.4 million as at December 31, 2025. The change was primarily due to sale and leaseback of one B767-300 in 2026, partially offset by scheduled monthly repayments made during the nine month period ended September 30, 2026.

15. SUMMARY OF CONTRACTUAL OBLIGATIONS

As at September 30, 2026	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
(Canadian dollars in millions)	$	$	$	$	$
Borrowings and debentures	-	-	679.9	-	679.9
Lease and financial liabilities	31.2	55.5	118.2	5.5	210.4
Derivative financial instruments	31.4	-	-	-	31.4
Interest on leases	10.4	7.7	11.9	0.4	30.4
Interest on debentures	11.5	11.5	23.0	-	46.0
Purchase obligations	25.7	4.1	1.9	-	31.7
Trade and other payables	157.2	-	-	-	157.2
Share-based compensation and pension	2.0	2.9	10.0	3.7	18.6
	269.4	81.7	844.9	9.6	1,205.6

16. QUARTERLY FINANCIAL DATA

(Unaudited - Canadian dollars in millions, except per share amounts)

	Three Month Periods Ended							
	Sep 30 2026	June 30 2026	Mar 31 2026	Dec 31 2025	Sep 30 2025	Jun 30 2025	Mar 31 2025	Dec 31 2024
Revenues	**$286.5**	$275.8	$254.7	$284.7	$219.9	$238.2	$249.9	$293.2
Net earnings (loss)	**19.1**	7.0	4.1	26.6	8.8	(3.2)	48.0	71.2
Adjusted net earnings[(1)]	**18.0**	10.0	8.9	22.2	4.9	15.7	25.3	27.2
Earnings (loss) per Share								
- Basic	**1.28**	0.47	0.28	1.76	0.58	(0.21)	3.07	4.49
- Diluted	**1.28**	0.47	0.27	1.76	0.58	(0.21)	2.87	4.28
- Adjusted[(1)]	**1.21**	0.67	0.60	1.47	0.32	1.02	1.62	1.71
Adjusted EBITDA[(1)]	**90.2**	87.3	81.9	95.0	70.4	80.2	80.8	91.7

(1) Non-GAAP measures. See "Non-GAAP Financial Measures" section

17. FINANCIAL INSTRUMENTS

Total Return Swap

The Company has a total return swap agreement with a financial institution to manage its exposure related to options to be issued under the Stock Option Plan for certain employees and DSUs to be issued under the long-term incentive plan for its existing pilots. The Company also has an additional total return swap agreement with a financial institution to manage its exposure related to the warrants to be issued under the stock warrant agreement with DHL.

The Company did not designate the total return swap agreements as a hedging instrument for accounting purposes.

Under the agreements, the Company pays interest based on CORRA on the total value of the notional equity amount of $81.6 million, which is equal to the total cost of the underlying shares. At the settlement of the total return swap agreements, the Company will receive or remit the net difference between the total value of the notional equity amount and the total proceeds of sale of the underlying shares.

As at September 30, 2026, the fair value measurement of the 5,736 and 567,934 underlying shares under the swap agreements in effect was a liability of $31.4 million (December 31, 2025 – liability of $34.2 million). During the three and nine month periods ended September 30, 2026, the fair value adjustment for the 567,934 share units resulted in a gain of $2.3 million and $2.8 million, respectively (2025 – loss of $1.6 million and $8.9 million, respectively). For the same periods, no fair value adjustment was recognized for the 5,736 share units (2025 – $nil and loss of $0.1 million, respectively).

The fair value of the total return swap is classified as level 2 under the fair value hierarchy and is determined by using the mark-to-market method provided by the financial institutions. An increase of 20% in the share price will result in a gain of $10.2 million and a decrease of 20% in the share price will result in a loss of the same amount.

Fair Values

As at September 30, 2026, the fair value of the 4.599% debentures due June 30, 2030 was approximately $240.3 million (December 31, 2025 – $235.5 million). The fair value of the debentures was determined using the discounted cash flow method using a discount rate of 6.0%. The discount rate is determined by using the government of Canada's benchmark bond rate adjusted for the Company's specific credit risk. The debentures are categorized as Level 3 under the fair value hierarchy. An increase or decrease of 10% in the discount rate used for valuation of the debentures will decrease or increase the fair value by $4.7 million respectively.

The fair value of the performance share units due March 15, 2027, March 15, 2028 and March 15, 2029 are classified as Level 3 financial liabilities. As at September 30, 2026, the performance share units due March 15, 2027, March 15, 2028, and March 15, 2029, were valued at $2.7 million, $4.2 million and $7.4 million, respectively (December 31, 2025 – March 15, 2026, at $2.3 million, March 15, 2027, at $2.9 million and March 15, 2028, at $4.4 million). The Company used an option pricing model utilizing Monte Carlo simulation to value the TSR-PSUs and analytically valued the ROIC-PSUs at inception and on subsequent valuation dates. The discount rate was determined by using the Canadian deposit and swap rates adjusted for the Company's specific credit risk. Other significant inputs consisted of historical volatility and dividend rates.

The fair value of the DHL warrant obligations was $28.2 million as at September 30, 2026 (December 31, 2025 – $33.2 million for DHL and Amazon warrant obligations). The revaluation resulted in a gain of $3.2 million for the nine month period ended September 30, 2026 (2025 – gain of $36.2 million). The warrants were classified as Level 3 derivative liabilities that are valued using an American option pricing model utilizing Monte Carlo simulation. Level 3 financial liabilities consist of the derivative liabilities for which there is no current market for these securities such that the determination of fair value requires significant judgment or estimation. Changes in fair value measurements categorized within Level 3 of the fair value hierarchy are analyzed each period based on changes in estimates or assumptions and recorded as appropriate. Significant unobservable inputs for the DHL warrant obligation include volatility of the Company's common shares of 39.53% and forecasted revenues from DHL associated with this arrangement utilized to predict future vesting events. Other inputs include a risk-free rate of 3.7% and a dividend yield of 1.6%.

A significant increase in the volatility of the Company's common shares in isolation may result in a significantly higher fair value measurement. Changes in the values of the derivative liabilities were recorded in fair value increase or decrease on stock warrant on the Company's Condensed Consolidated Interim Statements of Earnings and Comprehensive Income. A significant change to the timing of forecasted revenues may change the vesting dates. Changes to the vesting dates will not significantly affect the fair value of the warrant obligations, provided the total number of warrants vested in the vesting period remains the same. A significant change to the total forecasted revenues may result in significant change to the total number of warrants vested during the vesting period and the fair value measurement of warrant obligation.

For every increase or decrease of volatility by 10% with all other factors remaining the same, the estimated fair value of the DHL warrants will increase by $2.4 million and decrease by the same amount. For every increase or decrease of the total forecasted revenue by 20% with all other factors remaining the same, the estimated fair value of DHL warrants will increase by $5.6 million or decrease by $6.6 million.

The fair value of borrowings approximates their carrying value as borrowings bear variable interest rates tied to current market rates.

The fair values of all other financial assets and liabilities approximate their carrying values given the short-term nature of these items. The fair values of the interest rate swap are the estimated amounts the issuer would receive or pay to terminate the agreement at the reporting date. Unrealized gains on derivatives are recorded as derivative instrument assets and unrealized losses are recorded as derivative instrument liabilities in the Condensed Consolidated Interim Balance Sheets.

18. OFF-BALANCE SHEET ARRANGEMENTS

Note: See Caution Concerning Forward Looking Statements, page 3.

The Company's primary off-balance sheet arrangements are as follows:

(a) The Company has provided indemnities under lease agreements for the use of various operating facilities and leased aircraft. Under the terms of these agreements, the Company agrees to indemnify the lessors of aircraft and facilities for various items including, but not limited to, all liabilities, losses, suits and damages arising during, on or after the term of the agreement. The maximum amount of any potential future payment cannot be reasonably estimated.

(b) Indemnities have been provided to all directors and officers of the Company for various items including, but not limited to, all costs to settle suits or actions due to association with the Company, subject to certain restrictions. The Company has purchased directors' and officers' liability insurance to mitigate the cost of any potential future lawsuits or actions. The term of the indemnification is not explicitly defined, but is limited to the period over which the indemnified party served as a director or officer of the Company. The maximum amount of any potential future payment cannot be reasonably estimated.

(c) In the normal course of business, the Company has entered into agreements that include indemnities in favour of third parties, such as purchase and sale agreements, confidentiality agreements, engagement letters with advisors and consultants, outsourcing agreements, leasing contracts, information technology agreements and service agreements. These indemnification agreements may require the Company to compensate counterparties for losses incurred by the counterparties as a result of breaches in representation and regulations or as a result of litigation claims or statutory sanctions that may be suffered by the counterparty as a consequence of the transaction. The terms of these indemnities are not explicitly defined and the maximum amount of any potential reimbursement cannot be reasonably estimated.

(d) The Company participates in six Fuel Facility Corporations ("FFC") along with other airlines that contract for fuel services at various major airports in Canada. Each FFC operates on a cost recovery basis. The purpose of the FFC is to own and finance the system that distributes fuel to the contracting airlines, including leasing the required land rights. The aggregate debt of these FFC and any liabilities of environmental remediation costs are not considered part of the financial statements of the Company and are not consolidated. The airlines that participate in FFC guarantee on a pro-rata basis of the share of the debt based on system usage. The Company views the potential for losses in respect of the FFC as remote.

The nature of these indemnification agreements prevents the Company from making a reasonable estimate of the maximum exposure due to the difficulties in assessing the amount of liability which stems from the unpredictability of future events and the unlimited coverage offered to counterparties.

Historically, the Company has not made any payments under such or similar indemnification agreements and therefore no amount has been accrued in the balance sheet with respect to these agreements.

(e) The Company has provided irrevocable standby letters of credit totaling approximately $1.6 million as at September 30, 2026. The other guarantees are provided to financial institutions as security for its corporate credit cards, and to a number of vendors as a security for the Company's ongoing leases and purchases.

19. RELATED PARTY TRANSACTIONS

Head Office

The Company entered into a lease agreement in February 2017 with respect to a 62,000 square feet head office and warehouse area that is indirectly and beneficially owned by one of the Company's executive officers and directors. The lease will expire in 2032. The basic rent is subject to revision every five years at a predetermined rate per the terms of the lease.

During the nine month period ended September 30, 2026, the Company made lease payments of $0.8 million (2025 – $0.8 million), out of which $0.6 million (2025 – $0.5 million) was adjusted towards principal payments against the liability and $0.2 million (2025 – $0.3 million) was recorded as related interest cost. The Company also paid utilities, taxes, maintenance, insurance and other related costs for the leased premises. As at September 30, 2026, the Company had a liability of $5.9 million (December 31, 2025 – $6.5 million) due under the lease.

Investment in Associate

The Company had an investment in Avia. 21 Air, which is wholly owned by Avia, is one of the vendors of the Company and provides charter services to the Company.

The Company also leased one Boeing 767-200 aircraft and one Boeing 757 aircraft to 21 Air. The leases will expire in May 2027 and August 2031, respectively.

In April 2026, the Company disposed of its investment in Avia. As a result, Avia and 21 Air ceased to be related parties of the Company from the date of disposal.

20. RISK FACTORS

Risks Related to the Business

A detailed description of risk factors associated with the Company's business is given in the "Risk Factors" section of the MD&A for the three months and year ended December 31, 2025 dated February 24, 2026 which was filed with SEDAR+ at www.sedarplus.ca. Except as described below, the Company is not aware of any significant changes to its risk factors from those disclosed at that time.

Given the nature of the Company's business, geopolitical conflicts and instability may adversely affect the Company's business and results of operations. Ongoing geopolitical conflicts between Russia and Ukraine, and in Iran and in the Middle East, and escalations or expansions thereof, have resulted in volatility and increases in fuel prices, as well as uncertainty regarding the supply and transport of fuel from these regions. While Cargojet is largely able to pass on fuel surcharges to its customers and is actively implementing mitigation strategies, the uncertainty of a slowdown in the global economy, volatility in shipping patterns impacting supply chains, and increased global inflation reducing consumer discretionary spending, may have an adverse effect on the Company's business and may also have the effect of heightening other risks disclosed under the "Risk Factors" section of the MD&A for the three months and year ended December 31, 2025 dated February 24, 2026 which was filed on SEDAR+ at www.sedarplus.ca.

Labour Relations

On July 27, 2026, Cargojet and ALPA received a final arbitration award establishing the terms of a new collective agreement that is effective July 1, 2026 through June 30, 2031. The five-year agreement more closely aligns Cargojet pilots' compensation and operating provisions with current industry standards.

The commercial aviation industry continues to see upward pressure on wages from pilot unions seeking increased compensation in collective bargaining negotiations. Any future agreements or outcomes of collective bargaining processes at Cargojet could contribute to upward pressure on labour costs. There can be no assurance that Cargojet will be able to maintain labour costs under future agreements at levels that do not adversely affect Cargojet's business, operating results and financial position.

None of Cargojet's other employees are unionized. The maintenance of a productive and efficient labour environment and the successful negotiation of collective bargaining agreements cannot be assured. Protracted and extensive work stoppages or labour disruptions such as strikes or lockouts, and any resulting collective bargaining agreement may increase labour costs or impose terms and conditions that restrict or reduce Cargojet's ability to sustain its business objectives or pursue its strategic initiatives, all of which could have a material adverse effect on Cargojet's business, results of operations or financial condition.

In addition to labour relations at Cargojet, there can be no assurance that there will not otherwise be any labour conflict or action that could also lead to an interruption or stoppage by key suppliers or other parties with whom Cargojet conducts business or relies on, such as interline partners, which could have a material adverse effect on Cargojet's business, results of operations or financial condition.

Information Technology Systems

Cargojet's business depends on the efficient, secure and uninterrupted operation of its information technology infrastructure, including the systems that support its cargo operations and its financial systems, including its internal control over financial reporting.

Cargojet's financial systems are designed to process large volumes of transactions and accounting data and to provide reports and other information on a timely basis. Cargojet is in the process of transforming its business processes within its existing SAP S/4HANA environment in phases. While the automation of certain manual processes and the standardization of business and reporting processes are intended to strengthen internal control over financial reporting, new or modified controls may not operate as intended, particularly during periods of transition. In addition, the implementation of new technologies or processes may give rise to performance issues, processing or reporting errors or other losses. Any interruption in the operation of these systems, or any challenges in integrating new technologies and processes into Cargojet's existing infrastructure, could adversely impact its operations and financial results and make it more difficult for Cargojet to maintain effective internal control over financial reporting.

The implementation of major technology initiatives also carries risks that such initiatives may not achieve their intended functionality. These risks include the capacity of key resources to both execute and deliver such initiatives while also sustaining and supporting ongoing business operations, as well as the adoption and acceptance of new processes by Cargojet's personnel. In addition, Cargojet relies on third-party suppliers and service providers to develop, implement and support certain of its systems, and does not have direct control over their performance.

Cargojet expects that technologies applicable to its business and financial reporting will continue to evolve, and Cargojet may be required to make significant investments to adapt to technological change. There can be no guarantee that Cargojet will be able to do so successfully. Any of the foregoing could have a material adverse effect on Cargojet, its business, results of operations and financial condition.

21. OUTSTANDING SHARE DATA

The Company's common and variable voting shares are listed under the symbol "CJT" on the TSX. The Company completed the necessary searches through broker intermediaries. The following table sets out the shares of the Company outstanding, along with shares potentially issuable, as of September 30, 2026:

	Authorized/ Principal	Number of shares
Issued and Outstanding Shares		
Common Voting Shares	Unlimited	13,862,334
Variable Voting Shares	Unlimited	861,254
Total Common and Variable Voting Shares		**14,723,588**
Common and Variable Voting Shares Potentially Issuable		
Stock options	N/A	153,353
Restricted Share Units	N/A	49,864
Total Shares Potentially Issuable		**203,217**
Total Outstanding and Potentially Issuable Shares		**14,926,805**

22. ACCOUNTING POLICIES

The Company's accounting policies are summarized in Note 2 of the audited 2025 consolidated financial statements. Except as noted below, these policies have been applied consistently in preparing the interim financial statements.

Intangible assets

Indefinite life intangible assets, such as licenses, have no foreseeable limit to the period over which they are expected to generate net cash inflows and are carried at cost less impairment losses and are not amortized.

Development costs that are directly attributable to the design, development, implementation and testing of identifiable software are recognized as intangible assets when the capitalization criteria are met. In assessing cloud computing arrangements, the Company evaluates whether the arrangement provides the Company with a resource it can control or represents a service contract. Where the arrangement provides the Company with a resource it can control and the recognition criteria for an intangible asset are satisfied, the related qualifying costs are capitalized as an intangible asset. These criteria include technical feasibility, the intention and ability to complete and use the software, and the ability to demonstrate that the asset will generate probable future economic benefits. Costs that do not meet these criteria are expensed as incurred. Directly attributable costs include software-related employee costs, third-party development costs and an appropriate allocation of directly attributable overhead.

Capitalized internal-use software costs are amortized on a straight-line basis over an estimated useful life of five years once the software is available for use and are assessed for impairment when indicators of impairment exist. The estimated useful life and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Adoption of new accounting policies

Effective January 1, 2026, the Company adopted the International Accounting Standards Board ("IASB") issued amendments to IFRS 9, "Financial Instruments" and IFRS 7, "Financial Instruments: Disclosures". The amendments clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system; clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion; add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI). The Company elected to apply the exception to derecognize financial liabilities settled through an electronic payment system at an earlier date. The adoption of these amendments did not have a material impact on the Company's Condensed Consolidated Interim Financial Statements.

Standards, amendments and interpretations issued and not yet adopted

Presentation and Disclosure in Financial Statements (IFRS 18): In April 2024, the IASB issued IFRS 18, the new standards on presentation and disclosure in financial statements, with a focus on updates to the statement of profit or loss, where companies will be required to present separate categories for operating, investing, financing, income taxes and discontinued operations. Some additional prescribed subtotals must be presented, including operating profit. Additionally, management-defined performance measures related to the income statement are required to be disclosed within the Notes to the Consolidated Financial Statements. IFRS 18 will be effective for years beginning on or after January 1, 2027, with earlier application permitted. Retrospective application is required. The Company is continuing to evaluate the impact of the new standard.

23. CRITICAL ACCOUNTING JUDGMENTS ESTIMATION

In preparing the financial statements, the Company's management is required to make judgments, estimates and assumptions that may affect the reported amount of the assets, liabilities, revenues and expenses. Although these estimates are based on management's best knowledge of the current events and actions that the Company may undertake in the future, actual results may differ from these estimates. Areas involving significant judgments, estimates and assumptions include impairment and depreciation of property, plant and equipment, lease liabilities, deferred taxes, and stock warrant obligations. These judgments and estimates are discussed below.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period or in the period of the revision and future periods, if the revision affects both current and future periods.

Impairment of property, plant and equipment

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. To determine the recoverable amount of the CGU, management is required to estimate its fair value by evaluating expected future cash flow using an appropriate growth rate, margins, and a suitable discount rate to calculate the value in use.

Depreciation of property, plant and equipment
Amounts recorded for depreciation of property, plant and equipment are based on estimates including economic life of the assets and residual values of the asset at the end of its economic life. The actual economic life of the assets and residual values are assessed at reporting period end taking into account factors such as actual utilization and maintenance and service protocols.

Lease Liabilities
The recognition of lease liabilities and the associated right of use assets requires estimation related to discount rate used for discounting the lease payments and for determination of lease period where judgement is required to determine whether it is reasonably certain that option to renew the lease will be exercised (or not exercised).

Deferred taxes
Deferred tax assets are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future. The Company reviews the carrying amount of deferred tax assets at the end of each reporting period and assesses recoverability using forecasts that are based on the actual operating results and the expected future performance based on management's estimates and assumptions of revenue growth and development. The deferred tax assets are reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Stock warrants
The Company's accounting for warrants issued to DHL is determined in accordance with the financial reporting guidance for financial instruments and revenue recognition. The initial fair value of the warrants issued to a customer are recognized as a contract asset and liability respectively. The contract asset is amortized against revenues in proportion to the payments to date over the total forecasted payments specified in the agreement. Unexercised warrants are remeasured to fair value at each reporting period, resulting in a gain or loss. The valuation involves assumption and estimates including the vesting of shares driven by the forecasted payments specified in the stock warrant agreements, and future share price volatility. The estimate of forecasted payments is based on management's judgment of business activities in the future. Due to the long-term nature of the warrants, such estimates are subject to significant uncertainty.

24. CONTROLS AND PROCEDURES

Disclosure controls and procedures within the Company are designed to provide reasonable assurance that appropriate and timely decisions are made regarding public disclosure. This is accomplished through the establishment of systems that identify and communicate relevant information to persons responsible for preparing public disclosure items, in accordance with the Disclosure Policy adopted by the Board of Directors of the Company.

Internal controls over financial reporting are designed to provide reasonable assurance regarding the reliability of the Company's financial reporting and its preparation of financial statements for external purposes in accordance with IFRS Accounting Standards.

An evaluation of the effectiveness of the Company's disclosure controls and procedures and internal controls over financial reporting, as defined under the rules of the Canadian Securities Administrators, was conducted as at December 31, 2025 by management. Based on this evaluation, the Chief Executive Officer and the Chief Financial Officer have concluded that the disclosure controls and procedures and internal controls over financial reporting of the Company are effective. This MD&A was reviewed by the Disclosure Officers of the Company (individuals authorized to communicate with the public about information concerning the Company), the Audit Committee and the Board of Directors of the Company, all of whom approved it prior to its publication.

Changes in Internal Control Over Financial Reporting

The Company is transforming its business processes within its existing SAP S/4HANA environment in phases to improve operational efficiency and strengthen internal controls over financial reporting. During the third quarter of 2026, the Company completed the purchase-to-pay phase, including changes to certain aspects of purchase order authorization, payment approval and transmission, and fixed asset accounting. These changes are reasonably likely to materially affect the Company's internal control over financial reporting.

While management expects the transformation to strength internal financial controls through increased automation, improved real-time data visibility, and integration and standardization of business and reporting processes across the organization, it will continue to evaluate and monitor internal controls as the affected areas evolve. For a discussion of the associated implementation risks, refer to "Information Technology Systems" in the "Risk Factors" section of this MD&A.