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Consolidated Financial Statements

December 31, 2024 and 2023

Chorus Aviation Inc.

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February 19, 2025

Management's Report

The accompanying consolidated financial statements of **Chorus Aviation Inc. ("Chorus")** (the "financial statements") are the responsibility of management and have been approved by the Board of Directors. The financial statements have been prepared by management in accordance with generally accepted accounting principles in Canada ("GAAP") as set out in the Chartered Professional Accountants of Canada Handbook - Accounting - Part 1 (the "Handbook") which incorporates International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") and include certain amounts and assumptions that are based on management's best estimates and have been derived with careful judgement.

Management is responsible for establishing and maintaining adequate internal control over financial reporting which includes those policies and procedures that provide reasonable assurance over the safeguarding of assets and over the completeness, fairness and accuracy of the consolidated financial statements and other financial information.

The Audit, Finance and Risk Committee, which is comprised entirely of independent directors, reviews Chorus' financial reporting and recommends approval to the Board of Directors; oversees management's responsibilities as to the adequacy of the supporting systems of internal controls; provides oversight of the independence, qualifications and appointment of the external auditor; and, pre-approves audit and audit-related fees and expenses. The Board of Directors approves Chorus' consolidated financial statements, management's discussion and analysis and annual report disclosures prior to their release. The Audit, Finance and Risk Committee meets with management, the internal auditors and external auditors at least four times each year to review and discuss financial reporting issues and disclosures, auditing and other matters.

The external auditors, PricewaterhouseCoopers LLP, conduct an independent audit of the consolidated financial statements in accordance with Canadian generally accepted auditing standards and express their opinion thereon. Those standards require that the audit is planned and performed to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. The external auditors have unlimited access to the Audit, Finance and Risk Committee and meet with the Committee on a regular basis.

(signed)	"Colin Copp" President and Chief Executive Officer	(signed)	"Gary Osborne" Chief Financial Officer

Independent auditor's report

To the Shareholders of Chorus Aviation Inc.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Chorus Aviation Inc. and its subsidiaries (together, the Company) as at December 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

What we have audited

The Company's consolidated financial statements comprise:

- the consolidated statements of financial position as at December 31, 2024 and 2023;
- the consolidated statements of changes in equity for the years then ended;
- the consolidated statements of (loss) income for the years then ended;
- the consolidated statements of comprehensive (loss) income for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

PricewaterhouseCoopers LLP
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Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Controllable cost revenue recognized under the Capacity Purchase Agreement *Refer to note 4 – Material accounting policies, judgements and estimation uncertainty and note 20 – Economic dependence to the consolidated financial statements.* The Company's operating revenue generated under the Capacity Purchase Agreement (CPA) with Air Canada for the year ended December 31, 2024 amounted to $1.3 billion, of which controllable cost revenue is a significant portion of this balance. The Company recognizes revenue upon the transfer of control of promised goods or services to a customer, in an amount that reflects the consideration expected to be received for those goods or services. The Company generates revenue through the provision of flight services under the CPA with Air Canada. Under the CPA, the Company is required to provide Air Canada with the capacity of covered aircraft, all crews and applicable personnel, aircraft maintenance, and some airport, flight operations and general overhead support for such flights. Air Canada bears all of the commercial risk, retains all revenue derived from the sale of seats to passengers and cargo services, and pays the Company for the capacity provided. As the Company derives a majority of its revenue from the CPA, it is substantially dependent on Air Canada. Under the CPA, the Company is paid controllable cost revenue rates, based on controllable costs,	Our approach to addressing the matter included the following procedures, among others: • Tested the operating effectiveness of internal controls related to and tested on a sample basis the reconciliation of the Company's and Air Canada's monthly block hours, flight hours and cycles. • Tested the controllable cost revenue rates by agreeing the controllable cost revenue rates invoiced to approved rates with Air Canada, on a sample basis. • Recalculated revenue billed when applying the approved controllable cost revenue rates to block hours, flight hours and cycles, on a sample basis. • Vouched transactions to supporting invoices and cash receipts, on a sample basis.

Key audit matter	How our audit addressed the key audit matter
using variables such as block hours, flight hours and cycles. The Company and Air Canada negotiate controllable cost revenue rates for the controllable costs the Company expects to incur, which are estimated based on certain variables to operate Air Canada Express services under the CPA. The Company's exposure to variances between the controllable cost revenue it receives from Air Canada to cover annually negotiated controllable costs and its actual controllable costs incurred in performing its services for Air Canada is limited to $2.0 million annually. We considered controllable cost revenue earned under the CPA to be a key audit matter due to the significance of the amount and the significant audit effort involved in testing this balance.	

Other information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis of Results of Operations and Financial Condition.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Gordon Ashe.

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants

Halifax, Nova Scotia
February 19, 2025

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Chorus Aviation Inc.

Consolidated Statements of Financial Position

(expressed in thousands of Canadian dollars)

	As at December 31, 2024	2023
	$	$
Assets		
Current assets		
Cash	222,216	85,985
Restricted cash (note 21)	—	90,432
Accounts receivable – trade and other	136,491	222,279
Inventories (note 8) (note 22)	148,688	206,533
Prepaid expenses and deposits (note 22)	24,257	22,334
Current portion of finance lease receivables (note 7)	—	2,278
Income tax receivable	8,839	970
	540,491	630,811
Finance lease receivables (note 7)	—	39,492
Property and equipment (note 8)	1,011,209	2,966,563
Intangibles (note 9)	1,681	14,600
Goodwill (note 9)	7,150	8,966
Investments (note 18)	—	24,823
Deferred income tax asset (note 13)	—	18,286
Other long-term assets (note 22)	46,568	147,326
	1,607,099	3,850,867
Liabilities		
Current liabilities		
Accounts payable, accrued liabilities and other liabilities (note 22)	334,923	348,910
Current portion of lease liabilities (note 11)	2,220	3,309
Current portion of long-term incentive plan	—	2,877
Current portion of long-term debt (note 12)	231,528	430,082
Preferred shares dividend payable (note 15)	—	8,680
Income tax payable	2,526	10,915
	571,197	804,773
Lease liabilities (note 11)	6,332	7,267
Long-term debt (note 12)	276,299	1,314,922
Deferred income tax liability (note 13)	194,717	212,919
Other long-term liabilities (note 22)	46,606	230,517
	1,095,151	2,570,398
Equity attributable to shareholders	511,948	1,193,884
Equity attributable to non-controlling interest (note 2)	—	86,585
Equity	511,948	1,280,469
	1,607,099	3,850,867

Economic dependence (note 20)
Subsequent events (note 23)

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

Approved by the Board of Directors

By: (signed) "Karen Cramm"
Director

By: (signed) "Paul Rivett"
Director

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Chorus Aviation Inc.

Consolidated Statements of Changes in Equity

(expressed in thousands of Canadian dollars)

	Equity Attributable to Shareholders							
	Capital $	Deficit $	Exchange differences on foreign operations $	Contributed surplus $	Warrants $	Equity component of convertible units/ debentures $	Equity attributable to non-controlling interest $	Total $
Balance - December 31, 2022	788,698	(702,412)	28,437	1,037,801	24,366	2,683	88,850	1,268,423
Net income for the year	—	101,353	—	—	—	—	4,753	106,106
Other comprehensive loss for the year (net of tax)	—	(12,897)	(28,112)	—	—	—	(2,039)	(43,048)
Comprehensive income (loss) for the year	—	88,456	(28,112)	—	—	—	2,714	63,058
Preferred share dividends declared	—	(35,426)	—	—	—	—	—	(35,426)
Repurchase of shares under normal course issuer bid	(16,611)	—	—	(8,925)	—	—	—	(25,536)
Share repurchase commitment under the automatic share purchase plan	9,611	—	—	4,925	—	—	—	14,536
Expense related to stock-based compensation plans	—	—	—	393	—	—	—	393
Non-controlling interest:								
Distributions	—	—	—	—	—	—	(4,979)	(4,979)
Balance - December 31, 2023	781,698	(649,382)	325	1,034,194	24,366	2,683	86,585	1,280,469
Net (loss) income for the year	—	(158,500)	—	—	—	—	2,051	(156,449)
Other comprehensive (loss) income for the year (net of tax)	—	(11,287)	1,230	—	—	—	5,383	(4,674)
Comprehensive (loss) income for the year	—	(169,787)	1,230	—	—	—	7,434	(161,123)
Preferred share dividends declared	—	(17,827)	—	—	—	—	—	(17,827)
Issuance of shares	67	—	—	—	—	—	—	67
Repurchase of shares under normal course issuer bid	(6,793)	—	—	(857)	—	—	—	(7,650)
Share repurchase commitment under the automatic share purchase plan	(4,981)	—	—	(2,367)	—	—	—	(7,348)
Preferred share conversion to liability	(375,217)	—	—	(106,722)	—	—	—	(481,939)
Expense related to stock-based compensation plans	—	—	—	1,318	—	—	—	1,318
Non-controlling interest:								
Distributions	—	—	—	—	—	—	(527)	(527)
Business disposition	—	—	—	—	—	—	(93,492)	(93,492)
Balance - December 31, 2024	394,774	(836,996)	1,555	925,566	24,366	2,683	—	511,948

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

Chorus Aviation Inc.

Consolidated Statements of (Loss) Income

For the years ended December 31, 2024 and 2023

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

	2024	2023
	$	$
		(revised) (note 2)
Operating revenue (notes 6 and 20)	1,404,954	1,399,611
Operating expenses (note 20)		
Salaries, wages and benefits	500,918	492,914
Depreciation, amortization and impairment	116,391	91,479
Aircraft maintenance materials, supplies and services	357,291	312,134
Airport and navigation fees	139,899	143,890
Terminal handling services	19,562	22,067
Other (note 22)	178,247	178,597
	1,312,308	1,241,081
Operating income	92,646	158,530
Non-operating (expenses) income		
Interest revenue	4,371	2,183
Interest expense	(51,756)	(42,836)
Gain on disposal of property and equipment	96	13
Foreign exchange (loss) gain	(47,968)	19,154
	(95,257)	(21,486)
(Loss) income before income taxes	(2,611)	137,044
Income tax (expense) recovery (note 13)		
Current income tax	(21,646)	(17,852)
Deferred income tax	8,494	(17,562)
	(13,152)	(35,414)
Net (loss) income from continuing operations	(15,763)	101,630
Net (loss) income from discontinued operations, net of taxes (note 2)	(140,686)	4,476
Net (loss) income	(156,449)	106,106
Net income attributable to non-controlling interest	2,051	4,753
Net (loss) income attributable to shareholders	(158,500)	101,353
(Loss) earnings attributable to common shareholders, per common share, basic - continuing operations (note 16)	(4.49)	2.37
Loss attributable to common shareholders, per common share, basic - discontinued operations (note 16)	(5.21)	(0.01)
(Loss) earnings attributable to common shareholders, per common share, basic	(9.70)	2.36
(Loss) earnings attributable to common shareholders, per common share, diluted continuing operations (note 16)	(4.49)	2.30
Loss attributable to common shareholders, per common share, diluted discontinued operations (note 16)	(5.21)	(0.01)
(Loss) earnings attributable to common shareholders, per common share, diluted (note 16)	(9.70)	2.29

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

Chorus Aviation Inc.

Consolidated Statements of Comprehensive (Loss) Income

For the years ended December 31, 2024 and 2023

(expressed in thousands of Canadian dollars)

	2024 $	2023 $ *(revised)* *(note 2)*
Net (loss) income from continuing operations	(15,763)	101,630
Other comprehensive loss (income)		
Items that will not be subsequently reclassified to the statements of income		
Actuarial loss on employee benefit liabilities, net of tax recovery of $3,873 (2023 - $3,370) (note 6)	(10,373)	(9,046)
Items that will be subsequently reclassified to the statements of income		
Exchange differences on translation of foreign operations	(1,898)	27
Comprehensive (loss) income from continuing operations	(28,034)	92,611
Net (loss) income from discontinued operations	(140,686)	4,476
Items that may be reclassified to the statements of income		
Change in fair value of financial assets and liabilities, net of tax expense of $131 (2023 - $287)	(914)	(3,851)
Exchange differences on translation of foreign operations	8,511	(30,178)
Comprehensive loss from discontinued operations	(133,089)	(29,553)
Comprehensive (loss) income	(161,123)	63,058
Comprehensive income attributable to non-controlling interest	7,434	2,714
Comprehensive (loss) income attributable to shareholders	(168,557)	60,344

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

Chorus Aviation Inc.

Consolidated Statements of Cash Flows

For the years ended December 31, 2024 and 2023

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(expressed in thousands of Canadian dollars)

	2024 $	2023 $ (revised) (note 2)
Cash provided by (used in)		
Operating activities		
Net (loss) income from continuing operations	(15,763)	101,630
Charges (credits) to operations not involving cash		
Depreciation, amortization and impairment	116,391	91,479
Amortization of accrued transaction and financing fees	469	857
Gain on disposal of property and equipment	(96)	(13)
Unrealized foreign exchange loss (gain)	23,625	(2,413)
Realized foreign exchange loss (gain)	39,306	(13,080)
Effect of foreign exchange rate changes on cash	(16,470)	786
Deferred income tax (recovery) expense	(8,494)	17,563
Interest accretion on Preferred Shares	10,445	—
Other	2,373	(731)
	151,786	196,078
Net changes in non-cash balances related to operations (note 21)	21,020	(38,065)
Cash provided by continuing operations	172,806	158,013
Cash provided by discontinued operations	92,210	141,662
	265,016	299,675
Financing activities		
Repayment of lease liabilities	(2,915)	(4,560)
Repayment of long-term borrowings	(119,120)	(175,988)
(Repayment of) proceeds from operating credit facility	(87,000)	86,984
Repayment of Series A Debentures	(86,250)	—
Repurchase of shares under normal course issuer bid	(7,650)	(25,536)
Preferred dividends	(26,777)	(35,124)
Repayment of Preferred Shares	(523,691)	—
Cash used in continuing operations	(853,403)	(154,224)
Cash used in discontinued operations	(209,804)	(171,326)
	(1,063,207)	(325,550)
Investing activities		
Proceeds from business disposition, net of cash sold (note 2)	692,721	—
Additions to property and equipment	(52,891)	(42,287)
Payments received on finance lease receivables	1,045	2,914
Proceeds on disposal of property and equipment	96	13
Cash provided by (used in) continuing operations	640,971	(39,360)
Cash provided by discontinued operations	177,700	76,917
	818,671	37,557
Effect of foreign exchange rate changes on cash from continuing operations	16,470	(786)
Effect of foreign exchange rate changes on cash from discontinued operations	8,849	(2,390)
Effect of foreign exchange rate changes on cash	25,319	(3,176)
Net change in cash and restricted cash during the years	45,799	8,506
Cash and restricted cash – Beginning of years from continuing and discontinued operations	176,417	167,911
Cash and restricted cash – End of years	222,216	176,417
Less: cash and restricted cash from discontinued operations end of years	—	145,639
Cash and restricted cash from continuing operations (note 21) – End of years	222,216	30,778

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

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

1 General information

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

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

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

Contract flying operations are conducted through both its Jazz Aviation LP ("Jazz") and Voyageur Aviation Corp. ("Voyageur") subsidiaries. Through Jazz's operations, Chorus provides a significant part of Air Canada's domestic and transborder network. Jazz and Air Canada are parties to an amended and restated capacity purchase agreement dated January 1, 2015, most recently amended effective January 1, 2021 and previously amended and restated on January 1, 2019 (the "CPA"), under which Air Canada purchases substantially all of Jazz's fleet capacity at pre-determined rates. As Chorus derives a majority of its revenue from the CPA, it is substantially dependent on Air Canada (refer to note 20 - Economic dependence for further details). Jazz also operates charter flights for a variety of customers. Voyageur provides specialized contract ACMI (aircraft, crew, maintenance and insurance) flying, such as medical, logistical and humanitarian flights, to international and domestic customers.

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

Through its subsidiaries in the Regional Aircraft Leasing ("RAL") segment, Chorus provided aircraft leasing to third-party air operators and asset management services such that it earned lease revenue, asset management fees and incentives for outperforming performance targets. In addition, Chorus made equity investments in aircraft investment funds managed by Falko and its affiliates, from which it earned co-investment returns. The RAL segment included Falko, Falko (Ireland) Limited (formerly Chorus Aviation Capital (Ireland) Limited), and their respective affiliates. Chorus had rebranded its leasing business from "Chorus Aviation Capital" to "Falko Regional Aircraft".

2 Assets held for sale and discontinued operations

On July 30, 2024, Chorus and its wholly-owned subsidiary, Chorus Aviation Capital Corp., announced that it had entered into a sales and purchase agreement to sell Chorus' RAL business, comprised of (i) all of the limited partnership interests in Chorus Aviation Investment Holdings LP held by Chorus, (ii) all of the shares in Chorus Aviation Leasing Inc. held by Chorus' subsidiary, Chorus Aviation Capital Corp., and (iii) all of the shares in Chorus Aviation Holdings GP Inc. held by Chorus (the "Transaction"). The Transaction resulted in the disposition of Falko Regional Aircraft Limited, Falko (Ireland) Limited and their respective affiliates (the "Falko Group") in the RAL business, together with Chorus' ownership of the aircraft in the RAL business and the interests in the aircraft investment funds managed by the Falko Group.

On December 6, 2024, the Transaction closed and Chorus used the proceeds from the sale to repay the Preferred Shares, the operating credit facility and the Series A debentures. The Transaction was in US dollars and was converted to Canadian currency at 1.4038 which was the exchange rate in effect on December 6, 2024 the closing date of the Transaction.

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

2 Assets held for sale and discontinued operations (continued)

The aggregate consideration for the Transaction was $1,982,467, with net proceeds of $854,089 in cash, based on an economic close date of December 31, 2023, after the effect of (i) transaction costs, (ii) aircraft-related debt in the RAL business to be assumed or prepaid by the purchasers at closing, and (iii) the value of the non-controlling interest in the RAL business. The net proceeds exclude cash sold in the RAL business of $193,988.

Chorus has measured, presented and disclosed financial information of the RAL business as a discontinued operation in accordance with IFRS 5, Non-current assets held for sale and discontinued operations ("IFRS 5"). RAL's financial performance and cash flows are presented in the consolidated financial statements as discontinued operations on a retroactive basis. All other notes to the financial statements include amounts for continuing operations, unless indicated otherwise.

Discontinued operations are excluded from the results of continuing operations and have been presented as a single amount as after tax profit or loss from discontinued operations in the consolidated statement of operations and comparative periods have been revised.

During the year, Chorus recorded an impairment on discontinued operations of $190,913 related to the Transaction which includes costs to sell of $32,620.

The gain on sale was comprised of the following:

As at the disposal date (December 6, 2024)	**$**
Gross cash consideration	886,709
Less: Cash sold in RAL business	(193,988)
	692,721
Carrying amount of net assets sold	969,238
Less: Non-controlling interest	(93,492)
Carrying amount of net assets sold	875,746
Less: Cash sold in RAL business	(193,988)
	681,758
Gain on sale	10,963
Reclassification of foreign currency translation	49,888
Change in fair value of financial assets and liabilities, net of tax recovery	242
Gain on sale after income tax	61,093

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

2 Assets held for sale and discontinued operations (continued)

The carrying amount of assets and liabilities as at the date of the sale were:

Assets	
Cash	79,044
Restricted cash	114,944
Accounts receivable – trade and other	54,555
Inventories	131
Prepaid expenses and deposits	3,695
Income tax receivable	4,019
Finance Lease receivables	42,042
Property and equipment	1,687,994
Investment	26,799
Deferred income tax asset	18,456
Other long-term assets	126,701
	2,158,380
Liabilities	
Accounts payable and accrued liabilities	79,174
Lease liabilities	3,551
Long-term debt	823,617
Deferred income tax liability	13,012
Other long-term liabilities	269,788
	1,189,142
Total net assets sold	969,238
Non-controlling interest	(93,492)
Carrying amount of assets sold	875,746

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

2 Assets held for sale and discontinued operations (continued)

The following table discloses revenues, expenses and net income of the discontinued operations for the years ended December 31, 2024 and 2023, respectively:

	Year ended December 31, 2024 $	2023 $
Operating revenue	227,871	281,464
Operating expenses	172,422	208,228
Operating income	55,449	73,236
Net interest expense	(44,135)	(57,845)
Foreign exchange gain	36,009	3,937
Impairment on discontinued operations(1)	(190,913)	—
Gain on fair value of investments and derivatives	3,688	3,555
Gain on sale of discontinued operations	10,963	—
(Loss) earnings before income tax	(128,939)	22,883
Income tax expense	(11,747)	(18,407)
Net (loss) income from discontinued operations, net of taxes	(140,686)	4,476
Net income attributable to non-controlling interest from discontinued operations	2,051	4,753
Net loss attributable to shareholders from discontinued operations	(142,737)	(277)

(1) Includes total transaction costs of $32,620 of which $21,037 is accrued in accounts payable.

3 Basis of presentation

Chorus prepares these consolidated financial statements in accordance with Generally Accepted Accounting Principles (“GAAP”) as set out in the Handbook which incorporates International Financial Reporting Standards as issued by the International Accounting Standards Board (“IFRS Accounting Standards”).

As a result of the Transaction Chorus has one reportable operating segment.

These financial statements have been authorized for issuance by Chorus’ Board of Directors on February 19, 2025.

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

4 Material accounting policies, judgements and estimation uncertainty

a) Basis of measurement

These consolidated financial statements have been prepared under a historical cost basis, except for certain financial assets and financial liabilities, that are measured at fair value.

b) Use of estimates, judgements and assumptions

The preparation of consolidated financial information requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Significant judgement, estimate and assumption items include employee future benefits, depreciation and amortization of long-lived assets and impairment. These estimates are based on historical experience and management's best knowledge of current events and actions that Chorus may undertake in the future. Actual results could differ from those estimates.

The 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 revisions affect only that period or in the period of revision and future periods if the revision affects both current and future periods.

c) Critical accounting estimates, judgements and assumptions

Significant accounting estimates and judgements made in the preparation of these financial statements include, but are not limited to, the following areas, with further information contained in the applicable accounting policy or note:

Employee future benefits

The cost and related liabilities of Chorus' post-employment benefit programs are determined using actuarial valuations. The actuarial valuations involve certain assumptions including those in relation to discount rates, future salary increases, mortality rates and future benefit increases. Also, due to the long-term nature of these programs, such estimates are subject to significant uncertainty.

Depreciation and amortization of long-lived assets

Management makes estimates about the expected useful lives of long-lived assets and the expected residual value of the assets based on the estimated current fair value of the assets, Chorus' fleet plans and the cash flows they generate. Changes to these estimates, which can be significant, could be caused by a variety of factors, including changes to maintenance programs, changes in operating costs, changes in utilization of the aircraft, and changing market prices for new and used aircraft of the same or similar types. Estimates and assumptions are evaluated at least annually. These adjustments are accounted for on a prospective basis, through depreciation, amortization and impairment expense. During the year, Chorus revised its estimates and assumptions on certain aircraft resulting in an increase in depreciation expense of $10,467 for the year ended December 31, 2024. A 10% reduction to the residual values of aircraft would result in an increase of $6,778 to annual depreciation expense.

Impairment of non-financial assets

In accordance with International Accounting Standards ("IAS") 36 – *Impairment of Assets*, Chorus' aircraft that are to be held and used, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of the aircraft may not be recoverable. Aircraft leased to third parties are not reviewed for impairment until after five years from the date of manufacture unless changes in circumstances suggest that there is an indicator of impairment. Management considers the current appraisal values, anticipated utilization and maintenance condition of the aircraft, and the creditworthiness of its lessees among other factors in assessing possible indicators of impairment.

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

For the purposes of measuring recoverable amounts, assets are grouped at the lowest level for which identifiable cash flows are largely independent of other groups of assets.

For any aircraft for which an indicator of impairment is present, management estimates the recoverable amount which is the greater of fair value less cost of disposal and value in use. An impairment charge is recorded if the estimated recoverable amount is less than the carrying amount of the assets being tested. For the year ended December 31, 2024, Chorus recorded an impairment provision of $10,517 for continuing operations (December 31, 2023 - $nil) (refer to note 8 - Property and equipment).

In assessing recoverable amounts, Chorus makes significant estimates and assumptions about the expected useful lives and the expected residual value of aircraft, supported by estimates received from independent appraisers, for the same or similar aircraft types, and considers contractual cash flows, the creditworthiness of its lessees and Chorus' anticipated utilization and maintenance condition of the aircraft. In determining the residual value of the aircraft, Chorus also applies a future inflation rate assumption of 2.0%. The December 31, 2024 value in use is estimated by taking the present value of future cash flows obtainable as a result of an asset's continued use, including those from its ultimate disposition, discounted at 6.67% (December 31, 2023 - 6.29%).

The fair value less cost to dispose is estimated with reference to third party market data less cost to dispose. The estimation of value in use for aircraft showing an indicator of impairment requires the use of significant judgement in the assessment of estimated future cash flows associated with the aircraft and its eventual disposition. Future cash flows are assumed to occur under current market conditions and/or current contractual lease agreements and assume adequate time for a sale between a willing buyer and seller. Changes in the expected cash flows, expected residual value, inflation rate and discount rate assumptions all could have a material impact on Chorus' conclusion.

Impairment of financial assets

Chorus' principal financial assets that are subject to the expected credit loss ("ECL") model are trade and other receivables resulting from its leasing activities.

Chorus uses the IFRS 9 simplified approach to measure the allowance for ECL which uses a lifetime expected loss for all trade receivables, deferred receivables and long-term receivables by establishing a provision matrix that is based on Chorus' historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. Significant judgements are made in determining these factors. Letters of credit and security deposits held are considered an integral part of trade receivables and considered in the calculation of impairment.

In determining the allowance for expected credit losses, Chorus takes into account recent payment history and future expectation of default events. Chorus' assessment is subjective due to the forward-looking nature of the situation. As a result, the allowance for ECL is subject to a significant degree of uncertainty and is made based on judgements regarding possible future events which may not prove to be correct.

For the year ended December 31, 2024, Chorus recorded an expense related to the allowance for expected credit loss of trade and other receivables of $1,472 (2023 expense - $915), which is included in operating expense for continuing operations.

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

d) Principles of consolidation

These financial statements include the accounts of Chorus and its subsidiaries. Subsidiaries are all entities which Chorus controls. For accounting purposes, control is established by an investor when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is obtained and are de-consolidated from the date that control ceases. All inter-company balances and transactions are eliminated.

e) Restricted cash

Restricted cash includes cash that is subject to withdrawal restrictions. Such amounts are typically restricted under secured debt agreements and can be used only to maintain the aircraft securing the debt and to provide debt service payments of principal and interest.

f) Revenue from contracts with customers

Chorus recognizes revenue upon the transfer of control of promised goods or services to a customer, in an amount that reflects the consideration expected to be received for those goods or services.

Chorus generates revenue through the provision of flight operations under the CPA, international and domestic specialized contract flying, charter flying, airport handling services, and maintenance, repair and overhaul (“MRO”) activities. These contracts vary from very short term to multiple years in duration.

Some contracts may include promises to transfer multiple products or services to a customer. Chorus accounts for individual products or services separately if they are distinct - i.e. if a service is separately identifiable from other services in the bundle.

The following is a description of principal activities from which Chorus generates its revenue.

Services provided under the CPA

Chorus is responsible for the overall operation of scheduled passenger flights on behalf of Air Canada under the Air Canada Express brand. Flight services include the provision of all crews and applicable personnel and the performance of maintenance activities necessary to execute the scheduled flights. In addition, at certain stations, Chorus provides airport handling services that are distinct from the flight services. Chorus also provides a service of maintaining an available pool of qualified pilots that Air Canada is able to leverage for its hiring needs.

During the term of the CPA, Chorus is entitled to the following forms of consideration from Air Canada, which are billed and paid for on a monthly basis:

- A variable amount of controllable cost revenue based on rates that are reset annually and variables such as block hours, flight hours, cycles, passengers carried, and number of training events, as well as certain aircraft related costs with Jazz’s respective exposures limited to $2,000 annually for variances between the revenue Jazz receives from Air Canada to cover controllable costs and Jazz’s actual controllable costs;
- A fixed margin for the operation of the Covered Aircraft;
- Performance incentives available for achieving established performance targets;
- Payments for aircraft and spare engines that are leased to Air Canada; and
- Reimbursement for the actual amount of costs incurred by Chorus in performing its services under the CPA which are designated as pass-through costs.

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

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

Chorus has concluded that a component of the consideration it is entitled to under the CPA is lease income since the CPA identifies the “right of use” of a specific type and number of aircraft over a stated period of time otherwise known as the Covered Aircraft.

To the extent it is variable, the remaining consideration is allocated to the distinct services or service periods to which it specifically relates and is recognized as the related services are provided. Given that the flight services and airport handling services are provided on an ongoing basis and are substantially the same, Chorus has determined a time-based measure of progress depicts the transfer of services to the customer. As a result, fixed consideration related to the flight services and airport handling services is recognized on a straight-line basis over the contract term. In relation to the service of maintaining an available pool of qualified pilots, a measure of progress using training hours depicts the transfer of services to the customer.

Under the CPA, Chorus incurs certain costs which subsequently are reimbursed by Air Canada. Consideration for pass-through costs that relate to goods or services that are used by Chorus to fulfill performance obligations to Air Canada are recognized gross as revenue. In contrast, consideration that relates to pass-through costs that are incurred by Chorus on behalf of Air Canada, for which Chorus is deemed to be acting as an agent, are recognized net of the costs incurred.

Charter and other contract flying services

Charter services are provided to a variety of customers for routes that are determined by the customer. Consideration for these services typically is equivalent to a fixed rate for each flight, which is billed and paid for upon completion of the flight. Revenue is recognized as each flight is completed. Other contract flying services are provided to Canadian and international customers in the Voyageur operation. Consideration typically comprises a flat rate for each period of service - for example, a monthly or annual period - along with a variable rate based on cycles or flight hours. Variable consideration is allocated to distinct flights to which it specifically relates and recognized as the flight is provided. Given that the flying services are provided on an ongoing basis and are substantially the same, Chorus has determined a time-based measure of progress depicts the transfer of services to the customer. As a result, fixed consideration is recognized on a straight-line basis over the contract term. The amount of revenue recognized is adjusted for estimates related to performance penalties incurred in the reporting period. These services are billed and paid for on a monthly basis.

Other services

Airport handling services provided outside of the CPA are recognized as the services are provided.

Maintenance, repair and overhaul service revenue is recognized over time based on costs incurred.

Revenue generated from the sale of aircraft parts is recognized at the point in time control of the part is transferred to the customer, generally at the point of shipping. For inventory consignment arrangements, control is transferred when the inventory is received by the end purchaser.

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

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

g) Aircraft leasing revenue

Aircraft leasing revenue is earned from third-party lessees under lease agreements. Certain leases have rental payments that change over their term due to changes in rates. Chorus records the aircraft lease revenue from leases on a straight-line basis over the term of the lease. Accordingly, an accrued lease receivable is recorded for the difference between the straight-line rent recorded as lease revenue and the rent that is contractually due from the lessees.

h) Lease modifications

Lease amendments are accounted for as a new lease from the effective date of the amendments with revenue recognized on a straight-line basis over the remaining term in accordance with IFRS 16 - Leases.

i) Employee future benefits

Chorus' significant policies related to the defined benefit pension plan for its pilots, the supplemental executive retirement plan for certain Chorus executives, which is also a defined benefit pension plan (collectively referred to as "Pension Benefits"), and all other employee benefits (the "Other Employee Benefits") are as follows:

- The cost of Pension Benefits earned by employees is actuarially determined using the projected benefit method prorated on service, market interest rates, management's best estimate of salary escalation and retirement ages and life expectancy of employees. Obligations are attributed to the period beginning on the date the employee joins the plan and ending on the earlier of the date of termination, death or retirement. Actuarial gains and losses on the pension benefits are recognized in full in the period in which they occur in other comprehensive income and retained earnings without recycling to the statement of income in subsequent periods. Current service cost, the recognized element of any past service cost, the interest income on plan assets and the interest arising on the pension liability are included in salaries, wages and benefits in the statement of income.
- Other Employee Benefits consist of two categories of benefits:
  - Medical and dental benefits provided to employees while on long-term disability, and Worker's Compensation and Workers Safety Insurance Board benefits in respect of Ontario employees, are collectively referred to as other long-term benefits. The actuarial gains and losses for this component of Other Employee Benefits are charged to operating expense in the year they occur.
  - Sick leave benefits are paid to certain employees upon or just prior to retirement. The actuarial gains and losses on this component of other employee benefits are charged to other comprehensive income in the year they occur.
- The cost of the Other Employee Benefits is actuarially determined using the projected benefit method prorated on service (where applicable), market interest rates, and management's best estimate of retirement ages of employees, health care cost inflation, salary escalation and general inflation, as applicable to each of the categories of benefits.
- Past service costs arising from plan amendments of the defined benefit pension plan and the supplemental executive retirement plan and other employee benefit plans are recognized immediately in income.
- The registered pension plan is subject to certain minimum funding requirements. The liability, where applicable, in respect of the minimum funding requirement is determined using the projected minimum funding requirements based on actuarial forecasts. The liability in respect of the minimum funding requirement and any subsequent re-measurement of that liability is recognized in other comprehensive income without subsequent reclassification to income.

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

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

- The measurement date of each of the plans' assets and obligations is December 31. Pension obligations are attributed to the period beginning on the employee's date of joining the plan and ending on the earlier of the date of termination, death or retirement. The obligations relating to other employee benefits plans are attributed to the period beginning on the employee's date of joining the plan or disablement (whichever applicable) and ending on the earlier of retirement or end of disablement or age 65 (whichever applicable).
- Chorus also maintains several defined contribution pension plans. The cost of defined contribution pension plans is charged to expense as the contributions become payable.

j) Stock-based compensation

Long-term incentive plan

The long-term incentive plan (the "LTIP") provides for the annual issuance of restricted share units ("RSU") that vest over a three year period if certain performance goals and/or service conditions, established at the time of grant by the Board of Directors, are achieved. RSUs entitle the participant to receive shares of Chorus (as defined below) on a one-for-one basis or an equivalent cash payout at the participant's election. Additional RSUs representing the value of dividends paid on corresponding shares of Chorus accrue for the benefit of participants. Unvested RSUs held by participants are forfeited if performance goals or service conditions (as applicable) are not met. On vesting, Chorus will typically purchase the shares on the secondary market or settle the RSUs in cash (at the election of the participant in accordance with the LTIP).

Participants have the option, prior to the vesting of their RSUs, to choose cash or shares. As a result, the RSU obligation is typically treated as a cash settled obligation and recognized in the appropriate short and long-term liability accounts in the Statement of Financial Position. The RSU liability is adjusted quarterly to reflect the number of RSUs expected to vest and the fair market value of the RSUs at the end of the reporting period. Changes to the outstanding RSU liability are accounted for in salaries, wages and benefits expense in the Statement of Income.

Stock options

The LTIP also provides for the issuance of options to acquire shares at a pre-determined exercise price. The fair value of stock options are determined at the time of the grant using a Black-Scholes option pricing model. The fair value of the options are recognized as expense over the vesting period, based on the number of options expected to vest, with a corresponding entry to equity. The number of options expected to vest is reviewed at least annually with any related impact on previously recognized expense being unrecognized immediately.

Deferred share units

Non-executive directors receive a portion of their remuneration in deferred share units ("DSU") under a DSU plan (the "DSU Plan") designed to promote the alignment of interests between individual non-executive directors and the shareholders of Chorus. Each DSU has a value equivalent to the value of a share. DSUs vest immediately, may only be redeemed for cash and will only be paid out subsequent to the time a director ceases to be a director, or in the case of a U.S. taxpayer, subsequent to the date such person incurs a "separation from service" under applicable U.S. law. Participating directors will receive, in respect of their DSUs, an amount equivalent to the amount of any dividends paid on shares in the form of additional DSUs. Under the DSU Plan, participating directors may receive annual grants of DSUs. In addition, a participating director may elect to have his or her annual cash retainer and/or any additional retainer payable in the form of DSUs or a combination of DSUs and cash. DSUs are cash-settled stock-based payments that are measured at fair value and recognized as a liability. The liability is remeasured at fair value each period and at the settlement date with changes in fair value recognized in the Statement of Income.

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

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

Employee share ownership program

Chorus' employee share ownership plan (the "ESOP") permits employees to buy shares through payroll deduction. Under the ESOP, contributions made by employees are matched to a specific percentage by Chorus. These contributions are expensed to salaries, wages and benefits expense over the one year vesting period. The amount expected to vest is reviewed at least annually, with any change in estimate recognized immediately in salaries, wages and benefits.

k) Financial instruments

The fair value of marketable financial instruments is the estimated amount for which an instrument could be exchanged, or a liability settled, by Chorus and a knowledgeable, willing party in an arm's length transaction at the measurement date. The fair value of other financial instruments is based upon discounted future cash flows using discount rates that reflect current market conditions for instruments with similar terms and risks. Financial assets are classified into two measurement categories: amortized cost and fair value.

Financial instruments are classified as follows:

- Investments and total return swaps are classified as "Fair Value through Profit and Loss". These financial assets are measured at fair value, with changes in fair value recognized in the statement of income each reporting period.
- Cash, restricted cash, accounts receivable, finance lease receivables and long term receivables that are included in other assets are classified as "Financial Assets Measured at Amortized Cost". After their initial fair value measurement, accounts receivable and finance lease receivables are measured at amortized cost using the effective interest method, less an allowance for ECL, established on an account-by-account basis, based on, among other factors, prior experience and knowledge of the specific debtor and its assessment of the current economic environment.
- Accounts payable, dividends payable, long-term debt and lease liabilities are classified as "Other Financial Liabilities". Other Financial Liabilities are initially recognized at fair value less transaction costs. Subsequent to initial recognition, Other Financial Liabilities are measured at amortized cost using the effective interest method.
- Interest rate swaps are classified as "Fair value through other comprehensive income". These financial instruments are measured at fair value, with changes in fair value recognized in the statement of other comprehensive income each reporting period. Any ineffective portion of the cash flow hedge is recognized in non-operating income.

Hedging

Chorus may use cash flow hedges to hedge the variability of future interest rates and related interest payments on its respective loans as well as variability of its share price affecting settlement under its various stock-based compensation programs. Cash flow hedges qualifying for hedge accounting are recognized on the balance sheet at fair value with the effective portion of the hedging relationship recognized in other comprehensive income (loss). Any ineffective portion of the cash flow hedge is recognized in non-operating income. Amounts recognized in accumulated other comprehensive income (loss) are reclassified to non-operating income in the same periods in which the hedged item is recognized in operating income. Cash flow hedges not qualifying for hedge accounting are recognized on the balance sheet at fair value with changes in fair value recognized in operating income.

Chorus assesses on an ongoing basis whether any existing derivative financial instrument continues to be effective in offsetting changes in interest rates on the hedged items.

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

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

l) Property and equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Property and equipment are depreciated to estimated residual values based on the straight-line method over their useful lives. New aircraft and other flight equipment are depreciated over 20 to 30 years or to the end of the lease for certain aircraft, with 5% - 25% estimated average residual values or appraised residual values. Additional depreciation is charged to reduce the carrying value of specific assets to the recoverable amount where impairment is considered to have occurred. Where the recoverable amount is greater than the carrying value no adjustment is made.

Major maintenance overhaul expenditures (also referred to as “heavy checks”), including labour, are capitalized and depreciated over the expected life of the maintenance cycle. Any remaining carrying value is derecognized when the major maintenance overhaul commences. All other costs associated with maintenance of fleet assets (including engine maintenance provided under “power-by-the-hour” arrangements) are charged to the statement of income as incurred.

Buildings are depreciated over their useful lives not exceeding 40 years on a straight-line basis. An exception to this is where the useful life of the building is greater than the term of the land lease. In these circumstances, the building is depreciated over the life of the lease.

Depreciation on other property and equipment is provided on a straight-line basis from the date assets are placed in service, to their estimated residual values, over the following estimated useful lives:

Leaseholds	Over the term of the related lease
Ground and other equipment	5 years

Property under finance leases (“Right-of-use assets”) and the related obligation for future lease payments are initially recorded at an amount equal to the lesser of fair value of the property or equipment and the present value of those lease payments. Right-of-use assets are depreciated to estimated residual value over the useful life, unless there is no reasonable certainty that Chorus will obtain ownership at the end of the lease term, in which case the asset is depreciated over the shorter of the lease term and its useful life.

Depreciation methods, residual values and useful lives of the assets are reviewed at least annually and adjusted if appropriate.

m) Transaction costs

Transaction costs that are incremental and directly attributable to the acquisition or issue of a financial asset or financial liability are recorded as follows:

- Financial assets or financial liabilities at fair value through profit and loss - expensed to net income as incurred;
- Financial assets or financial liabilities recorded at amortized cost - included in the carrying value of the financial asset or financial liability and amortized over the expected life of the financial instrument using the effective interest method; and
- Equity instruments recorded at fair value through other comprehensive income - included in the initial cost of the underlying asset.

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

n) Intangible assets

Intangible assets are recorded at cost. Chorus has intangible assets with indefinite lives and intangible assets with finite lives as follows:

Trade name	Indefinite life - not amortized
Management contracts	Finite life - amortized on a straight line basis over 5 years
Maintenance intangible	Finite life - recognized at end of lease

The indefinite life intangible assets are tested for impairment annually, or more frequently if events or changes in circumstances indicate that the asset may be impaired. The assessment of indefinite life is reviewed each period to determine whether the indefinite life assumption continues to be supportable. If it is deemed unsupportable, the change in the useful life from indefinite to finite life is made and amortization is recognized on a prospective basis.

Maintenance intangibles are recognized when Chorus acquires flight equipment subject to existing leases and are included in property and equipment. The intangibles represent the contractual right to receive the aircraft in a specified maintenance condition at the end of the lease under lease contracts with end of lease (“EOL”) cash compensation, or Chorus’ right to receive the aircraft in better maintenance condition due to aircraft maintenance events performed by the lessee either through reimbursement of maintenance deposit rents held under lease contracts with maintenance reserve provisions, or through a lessor contribution to the lessee. For leases with EOL maintenance provisions, upon lease termination, Chorus recognizes receipt of EOL cash compensation as lease revenue to the extent those receipts exceed the EOL maintenance intangibles, and Chorus recognizes operating expense when the EOL maintenance intangible exceeds the EOL cash received.

o) Leases

At inception of a contract, Chorus assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. This includes the identification of embedded leases in service contracts. Chorus’ lease arrangements relate to aircraft, engines and facilities. Chorus typically is the lessee in facility leases and is either the lessor or intermediate lessor in aircraft and engine leases.

Management makes assumptions and estimations in the determination of the incremental borrowing rates used to calculate the present value of lease payments. Chorus exercises judgement when assessing whether renewal options are reasonably certain to be exercised and when assessing whether an arrangement contains a lease.

Aircraft leased from Air Canada and subleased to Air Canada under the CPA

Chorus leases aircraft and spare engines from Air Canada that constitute Covered Aircraft used to fulfill its obligations under the CPA. These lease agreements with Air Canada and the CPA meet the contract combination requirements in IFRS 16 and therefore are accounted for as a single contract. When viewing the agreements as one contract, Chorus does not have the right to direct the use of the aircraft and therefore, no leases have been identified. This results in revenue and operating expenses being reduced by equal amounts, corresponding to the amount of lease payments.

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

Aircraft and engines – As a lessee and intermediate lessor

Chorus leases aircraft and engines from third parties to provide charter and contract flying services to Air Canada and third parties. Under the CPA, Chorus has determined that it is subleasing aircraft to Air Canada.

When Chorus is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. Upon subleasing a right-of-use asset that is classified as a finance sublease, a lease receivable is recognized and the underlying asset that is leased from the head lessor is derecognized. Interest income is recognized on the lease receivable balance.

Aircraft and engines – As a lessor

Chorus leases owned aircraft and engines to Air Canada and third parties. As a lessor, Chorus determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, Chorus makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, Chorus considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

If an arrangement contains lease and non-lease components, Chorus applies IFRS 15 to allocate the consideration in the contract. Chorus recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of operating revenue.

Facilities

A majority of Chorus' leased facilities are designated spaces at airports, for which it makes fixed monthly payments. Shared spaces for which Chorus' capacity portion does not represent substantially all of the capacity of the asset are not identified assets under IFRS 16 and therefore no lease exists.

Chorus recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term and adjusted for certain remeasurements of the lease liability. Chorus presents right-of-use assets in property and equipment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. Lease payments included in the measurement of the lease liability comprise of fixed payments, variable lease payments that depend on an index or a rate, lease payments in a renewal period if Chorus is reasonably certain to renew, and penalties for early termination unless Chorus is reasonably certain not to terminate early. Chorus' leases do not provide an implicit rate, Chorus uses its incremental borrowing rate as the discount rate. The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments and if there is a change in Chorus' assessment of whether it will exercise an extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

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

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

Chorus has elected not to recognize right-of-use assets and lease liabilities for facility leases that have a lease term of 12 months or less and for leases of low-value assets. Leases with reciprocal termination rights with no more than an insignificant penalty, subject to a notice period of less than 12 months, are considered short-term leases. Chorus recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

p) Contract assets

Chorus has contract assets for services previously provided to Air Canada related to leasehold improvements on contract combination aircraft.

Contract assets are also recognized when costs are incurred to obtain a contract with a customer that would otherwise not have been incurred.

q) Foreign currency translation

Items included in the financial statements of each of the consolidated entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currency of Chorus and its subsidiaries is the Canadian dollar with the exception of Chorus Aviation Capital Corp. ("CAC") and its wholly-owned subsidiaries whose functional currency was the US dollar (with the exception of certain subsidiaries whose functional currency is the Euro and Jazz Leasing Inc. ("JLI") whose functional currency is the Canadian dollar).

Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at rates of exchange in effect at the date of the statement of financial position. Non-monetary assets, liabilities and other items recorded in income are translated at rates of exchange in effect at the date of the transaction.

Foreign currency transactions are translated into Canadian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in currencies other than the Canadian dollar are recognized in the statement of income.

The assets and liabilities of foreign operations which have a functional currency different from Chorus' presentation currency, are translated into Canadian dollars at the rates of exchange in effect at the date of the statement of financial position. Income statement items are translated using the exchange rates prevailing at the dates of the transactions. Foreign currency differences resulting from this translation are recognized in other comprehensive income and accumulated in cumulative translation adjustment in equity.

r) Maintenance reserves

In certain of Chorus' third party aircraft lease contracts, the lessee has the obligation to make periodic cash payments which are calculated with reference to the utilization of airframes, engines and other major life-limited components during the lease (supplemental amounts). In such contracts, upon lessee presentation of invoices evidencing the completion of qualifying work on the aircraft, Chorus reimburses the lessee for the work, up to a maximum of the supplemental amounts received with respect to such work. Chorus records supplemental amounts as maintenance reserves. Amounts not expected to be reimbursed to the lessee during the lease are recorded as lease revenue when Chorus has reliable information that the lessee will not require reimbursement.

s) Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is determined on a first-in, first-out basis, and net realizable value is the estimated selling price to a third party in the ordinary course of business, less estimated selling costs. Inventories consist of aircraft expendables and supplies, de-icing fluid, used aircraft expendables and rotables that are being held for sale in the ordinary course of business.

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

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

t) Income taxes

Chorus uses the asset and liability method for accounting for income taxes.

Current tax assets and liabilities for the current and prior periods are measured at the amounts expected to be paid or recovered, using tax rates and tax laws that have been enacted or substantively enacted by the end of the period.

Deferred tax assets and liabilities are recognized for all future tax consequences attributable to the differences between the financial statement carrying amounts of assets and liabilities and their respective tax bases, except for the initial recognition of goodwill and the initial recognition of an asset or liability, which at the time of the transaction, affects neither accounting profit nor taxable profit or loss. Deferred tax assets are also recognized for unused tax losses and unused tax credits. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilized. Deferred tax assets and liabilities are measured using enacted or substantively enacted tax rates and tax laws expected to apply when the carrying amount of the assets or liabilities are recovered or settled or the unused losses are expected to be utilized.

Current and deferred income tax expense is recognized in the statement of income for the period, except to the extent that the income taxes related to a transaction or event which is recognized, in the same or different period, either in other comprehensive income or directly in equity.

Deferred tax assets and liabilities contain estimates about the nature and timing of future permanent and temporary differences, as well as the future tax rates that will apply to those differences. Changes in tax laws and rates as well as changes to the expected timing of reversals may have a significant impact on the amounts recorded for deferred tax assets and liabilities. Management closely monitors potential changes to tax law and bases its estimates on the best available information at each reporting date. Provisions are established where appropriate based on amounts expected to be paid to the tax authorities.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable earnings will be available to allow all or part of the asset to be recovered.

New accounting standards adopted during the year

Amendments to IAS 1 - Non-current Liabilities with Covenants

The IASB issued amendments to IAS 1 – Presentation of Financial Statements, which specifies that covenants whose compliance is assessed after the reporting date do not affect the classification of debt as current or non-current at the reporting date. The amendments were effective for annual reporting periods beginning on or after January 1, 2024, with early adoption permitted. The amendments require disclosure of information about these covenants in the notes to the financial statements. The adoption of the amendments had no impact on the consolidated financial statements.

Amendments to IAS 12 - International Tax Reform

The IASB issued amendments to IAS 12, “Incomes Taxes”. The amendment addresses accounting for the global minimum tax as outlined in the two-pillar plan for international tax reform developed by the Organization for Economic Co-operation and Development (“OECD”). The amendment to IAS 12 includes temporary mandatory relief from recognizing and disclosing deferred taxes related to the implementation of Pillar Two global minimum tax rules. The OECD has a framework to implement a global minimum corporate tax of 15% for companies with global revenues and profits above certain thresholds (referred to as “Pillar Two”), with certain aspects of Pillar Two effective January 1, 2024 and other aspects effective January 1, 2025. In Canada, the legislation to implement Pillar Two was enacted on June 20, 2024.

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

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

All Chorus entities have an effective tax rate that exceeds 15%, except for the subsidiaries which operate in Ireland and were disposed of as part of the Transaction. Chorus has applied the exemption to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

Due to the complexities in applying the legislation and calculating global anti-base erosion income ("GloBE"), the exact impact of the enacted legislation is not yet known. However, Chorus has recognized an estimate of current income tax related to the potential impact of Pillar Two from discontinued operations.

Amendments to IFRS 16 - Lease Liability in a Sale and Leaseback

The IASB issued amendments to IFRS 16 relating to sale leaseback transactions for seller-lessees which were effective for annual reporting periods beginning on or after January 1, 2024. The amendment adds a requirement that measuring lease payments or revised lease payments shall not result in the recognition of a gain or loss that relates to the right-of-use asset retained by the seller-lessee. The adoption of the amendments had no impact on the consolidated financial statements.

Accounting standards issued but not yet applied

IFRS 18 - Presentation and Disclosure in Financial Statements

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

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

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

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

5 Capital management

Chorus' capital structure consists primarily of common shares, preferred shares and debt consisting of the Series A Debentures, Series B Debentures, Series C Debentures, senior secured amortizing facilities, revolving loan facilities, operating credit facility, bi-lateral credit facilities, lease liabilities and loans under the Regional 2021-1 ABS. In December 2024, Chorus redeemed the Series A Debentures and the Preferred Shares. In conjunction with the Transaction, the revolving loan facilities and loans under the Regional 2021-1 ABS were derecognized as a result of the divestiture of the RAL business (note 2).

Chorus' objective, when managing its capital structure, is to maintain adequate liquidity and flexibility, while obtaining the lowest cost of capital available. It manages foreign exchange and interest rate risk in its capital structure by borrowing when appropriate in currencies other than the Canadian dollar to align with underlying revenue streams and fixing interest rates on its debt.

Chorus maintains flexibility in its capital structure by regularly reviewing forecasts, multi-year business plans, and making any required changes to its debt and equity on a proactive basis. These changes can include issuing or repurchasing equity, issuing new secured or unsecured debt, modifying the term of existing debt facilities or repaying existing debt from cash or proceeds from the sale of surplus assets.

Chorus' capital structure was as follows as at December 31, 2024 and December 31, 2023.

	2024 $	2023 $
Equity		
Capital(1)	394,774	781,698
Contributed surplus(1)	925,566	1,034,194
Deficit	(836,996)	(649,382)
Exchange differences on foreign operations	1,555	325
Equity component of convertible units/debentures	2,683	2,683
Warrants	24,366	24,366
	511,948	1,193,884
Long-term debt(2)	507,827	1,745,004
Lease liabilities(2)	8,552	10,576
Total capital	1,028,327	2,949,464

(1) During the year, the carrying value of Preferred Shares was converted from equity to a financial liability at fair value and Chorus recognized a loss on conversion of $106,722 to contributed surplus.

(2) The change in long-term debt and lease liabilities is attributed to the derecognition of long-term debt and related deferred financing fees and accretion discounts totaling $823,617 and lease liabilities totaling $3,551 as a result of the divestiture of the RAL business (note 2).

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

6 Revenue from contracts with customers

a) Revenue

Chorus earns revenue from contracts with customers in addition to aircraft leasing. All revenue from continuing operations is earned in Canada.

	Year ended December 31, 2024 $	2023 $ (revised) (note 2)
Revenue from contracts with customers		
Controllable cost revenue	861,297	835,249
Defined benefit pension revenue(1)	—	29,916
Fixed margin(2)	61,280	63,280
CPA pass-through revenue	217,735	214,625
Parts sales, contract flying, MRO and other revenue	111,175	92,584
	1,251,487	1,235,654
Lease revenue(3)	153,467	163,957
	1,404,954	1,399,611

(1) Air Canada agreed to compensate Jazz for the one-time impact of the wage increase on the Jazz defined benefit pension plan of $29,916. In accordance with IFRS, the associated impact of the wage scale pension assumption change in the pension liability was charged directly to other comprehensive income.
(2) Jazz earned a fixed margin based on the number of covered aircraft operated by Jazz under the CPA. The fixed margin does not vary based on flight activity.
(3) Revenue relating to lease income (including any rights to use specified aircraft that have been identified as lease revenues embedded in the CPA and contract flying service agreements).

b) Transaction price allocated to the remaining performance obligations

Revenue allocated to remaining performance obligations represents contracted revenue that has not yet been recognized, excluding variable consideration allocated entirely to distinct services or performance obligations that will be satisfied in the future. Chorus has elected to apply the practical expedient to exclude amounts related to contracts that have an original expected duration of one year or less.

As of December 31, 2024, the aggregate amount of remaining performance obligations was approximately $515,770 of which on average $50,457 is expected to be recognized from 2025 to 2029 and then $43,914 recognized evenly per year until the end of 2035.

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

6 Revenue from contracts with customers (continued)

c) Segmented information

Revenue from external customers by country, based on where the customer carries on business:

	Year ended December 31,			
	2024		2023	
	$	%	$	%
			(revised) (note 2)	
Canada	1,408,785	86.3%	1,403,815	83.5%
Other[1]	224,040	13.7%	277,260	16.5%
Revenue from continuing and discontinued operations	1,632,825	100.0%	1,681,075	100.0%
Less: discontinued operations	(227,871)		(281,464)	
Revenue from continuing operations[2]	1,404,954		1,399,611	

(1) There are no countries included in other that represent more than 10% of total revenue from continuing and discontinued operations (2023 - nil).
(2) All revenue from continuing operations is earned in Canada.

A significant customer is one that represents 10% or more of each segment revenue earned during the period. For the years ended December 31, 2024 and December 31, 2023, Chorus reported revenue from continuing operations from one significant customer. See note 20 "Economic dependence" for a discussion of transactions between Chorus and Air Canada, and its subsidiary (Air Canada Capital Ltd.). For the year ended December 31, 2024, there were two customers (2023 - one) that represented 10% or more of the discontinued operations revenue.

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

7 Finance lease receivables

Chorus has the following finance lease receivables related to aircraft:

	2024 $	2023 $
No later than one year	—	6,339
Later than one year and no later than five years	—	21,585
Later than five years	—	37,879
Total minimum finance lease receivables	—	65,803
Less: Amount representing interest (at weighted average rate of nil% (2023 - 10.29%))	—	(24,033)
Present value of net minimum finance lease receivables	—	41,770
Less: Current portion	—	2,278
Finance lease receivables	—	39,492

The present value of net minimum finance lease receivables is as follows:

	2024 $	2023 $
No later than one year	—	2,278
Later than one year and no later than five years	—	6,999
Later than five years	—	32,493
	—	41,770

The change in finance lease receivables is attributed to the derecognition of assets totaling $42,042 as a result of the divestiture of the RAL business (note 2).

A significant portion of the minimum finance lease receivables for aircraft are receivable in US dollars and have been converted to Canadian dollars at 1.4389, which was the exchange rate in effect at the end of day closing on December 31, 2024 (2023 - 1.3226). Interest of $12 for the year ended December 31, 2024 (2023 - $212) relating to finance lease receivables has been included in operating revenue from continuing operations. Interest of $3,828 for the year ended December 31, 2024 (2023 - $4,256) relating to finance lease receivables has been included in operating revenue from discontinued operations.

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

8 Property and equipment

	Flight equipment[1] $	Facilities $	Equipment $	Leaseholds $	Right-of-use assets $	Total $
Year ended December 31, 2023						
Opening net book value	3,239,021	27,926	6,064	2,572	6,425	3,282,008
Additions continuing operations	34,752	649	6,593	155	138	42,287
Additions discontinued operations	—	—	—	—	876	876
Right-of-use assets	—	—	—	—	7,093	7,093
Disposals and transfers to assets held for sale	(95,842)	—	—	—	(1,752)	(97,594)
Impairment discontinued operations	(30,591)	—	—	—	—	(30,591)
Foreign currency adjustment	(35,311)	—	(16)	5	(114)	(35,436)
Depreciation continuing operations	(83,660)	(1,660)	(2,460)	(469)	(1,851)	(90,100)
Depreciation discontinued operations	(110,857)	—	(186)	—	(937)	(111,980)
Closing net book value	2,917,512	26,915	9,995	2,263	9,878	2,966,563
Year ended December 31, 2024						
Opening net book value	2,917,512	26,915	9,995	2,263	9,878	2,966,563
Additions continuing operations	44,503	524	5,874	1,990	—	52,891
Additions discontinued operations	131	—	—	—	—	131
Right-of-use assets	—	—	—	—	4,966	4,966
Disposals	(59,955)	—	—	—	—	(59,955)
Impairment continuing operations	(10,517)	—	—	—	—	(10,517)
Impairment discontinued operations	(145,035)	—	—	—	—	(145,035)
Disposition of RAL business	(1,683,290)	—	(682)	—	(4,022)	(1,687,994)
Foreign currency adjustment	93,526	—	44	—	252	93,822
Depreciation continuing operations	(96,356)	(1,727)	(3,334)	(546)	(2,512)	(104,475)
Depreciation discontinued operations	(98,119)	—	(194)	—	(875)	(99,188)
Closing net book value	962,400	25,712	11,703	3,707	7,687	1,011,209

	Flight equipment[1] $	Facilities $	Equipment $	Leaseholds $	Right-of-use assets $	Total $
At December 31, 2023						
Cost	4,018,667	47,953	92,526	14,376	14,600	4,188,122
Accumulated depreciation and impairment	(1,101,155)	(21,038)	(82,531)	(12,113)	(4,722)	(1,221,559)
Net book value	2,917,512	26,915	9,995	2,263	9,878	2,966,563
At December 31, 2024						
Cost	1,598,611	48,476	95,639	16,366	13,319	1,772,411
Accumulated depreciation and impairment	(636,211)	(22,764)	(83,936)	(12,659)	(5,632)	(761,202)
Net book value	962,400	25,712	11,703	3,707	7,687	1,011,209

(1) Includes maintenance intangibles of $nil at December 31, 2024 (2023 - $85,099).

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

8 Property and equipment (continued)

During the year ended December 31, 2024, Chorus reclassified flight equipment with a net book value of $15,801 (2023 - $nil) from property and equipment to inventory on the statement of financial position.

During the year ended December 31, 2024, Chorus sold one aircraft and five engines to a third party for gross proceeds of $10,818. The net book value of the aircraft removed from property and equipment was $9,909 less costs to sell generating a gain on disposal of $909 which was recorded in revenue from discontinued operations.

On January 18, 2024, an aircraft was damaged beyond economic repair as a result of an airport incident. During the year ended December 31, 2024, Chorus disposed of this aircraft from property and equipment with a net book value of $24,057 and recognized a lease termination payment owed from the lessee of $25,837, generating a gain of $1,780 which was recorded in revenue from discontinued operations.

During the year ended December 31, 2024 Chorus sold two held for sale A220-300's, classified as inventory, on lease with airBaltic for gross proceeds of $87,345. The carrying value of the aircraft held for sale was $87,035 less costs to sell, generating a gain of $310 which was recorded in revenue from discontinued operations. In addition, Chorus repaid the long-term debt of $58,008 related to these aircraft from discontinued operations.

Property and equipment by country based on where the customer carries on business:

	As at December 31, 2024		As at December 31, 2023	
	$	%	$	%
Canada	1,011,209	100.0%	1,110,774	37.4%
Other(1)(2)	—	—%	1,855,789	62.6%
	1,011,209	100.0%	2,966,563	100.0%

(1) There are no countries included in other that represent more than 10% of total property and equipment from continuing operations (2023 - nil).
(2) The change in other is attributed to the derecognition of assets totaling $1,687,994 as a result of the divestiture of the RAL business (note 2).

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

9 Goodwill and intangibles

Intangibles

With the purchase of the Falko Group on May 3, 2022, Chorus recorded management contracts of $18,843. The contracts were amortized on a straight-line basis over five years until June 2024 when they were impaired in connection with the divestiture of the RAL business (note 2).

In relation to the acquisition of Voyageur on May 1, 2015, Chorus recorded $1,681 with respect to the trade name which is an indefinite life asset.

	As at December 31, 2024					As at December 31, 2023			
	Cost $	Accumulated amortization $	Impairment $	Foreign currency adjustment $	**Carrying value** $	Cost $	Accumulated amortization $	Foreign currency adjustment $	**Carrying value** $
Management contracts	18,843	(8,538)	(11,378)	1,073	—	18,843	(6,534)	610	12,919
Trade name	1,681	—	—	—	1,681	1,681	—	—	1,681
	20,524	(8,538)	(11,378)	1,073	1,681	20,524	(6,534)	610	14,600

Goodwill

Goodwill is allocated to the following cash-generating units ("CGUs"):

	December 31, 2024 **$**	**December 31, 2023** **$**
Falko(1)	—	1,816
Jazz	6,693	6,693
Voyageur	457	457
	7,150	8,966

(1) Includes foreign currency adjustment of $65 and $50 as at December 31, 2024 and December 31, 2023, respectively.

With the purchase of the Falko Group on May 3, 2022, Chorus recorded goodwill of $1,766. As a result of the divestiture of the RAL business (note 2), Chorus impaired the goodwill related to the Falko Group.

The recoverable amount of the CGUs are determined using fair value less costs of disposal. In assessing the goodwill for impairment, Chorus uses a combination of discounted cash flow analysis and market approaches to determine the fair value of each of the CGUs. An impairment charge is recognized to the extent that the carrying value exceeds the recoverable amount. For the year ended December 31, 2024, Chorus recorded an impairment on goodwill of $1,881 for discontinued operations (December 31, 2023 - $nil).

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

10 Credit facilities

Operating credit facility

Chorus has a $150,000 operating credit facility with a maturity date to January 27, 2027. On February 14, 2025, Chorus amended the Operating Credit Facility to extend the maturity date to January 27, 2028.

The operating credit facility provides Chorus and certain designated subsidiaries including Chorus Aviation Capital Corp., Jazz and Voyageur with a committed limit of up to $150,000, subject to a borrowing base calculation. As at December 31, 2024, the borrowing base calculation supported a limit of $126,574. Letters of credit issued by Chorus under this facility further reduce the amount available under the facility.

As at December 31, 2024, Chorus had drawn $nil on the facility and had also provided letters of credit totaling $10,000 that reduce the amount available under this facility.

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

The operating credit facility is secured by all present and after-acquired personal property of Chorus and certain designated subsidiaries including Chorus Aviation Capital Corp. ("CACC"), Jazz and Voyageur (collectively, the "Credit Parties"), excluding certain specified assets such as aircraft and engines and the equity securities of certain specified entities including CACC and its subsidiaries. Any outstanding balance under this facility is immediately repayable if Chorus undergoes a change in control without the lender's consent. It contains customary representations, warranties and covenants, including a covenant to maintain a minimum consolidated interest coverage ratio. As at December 31, 2024, Chorus was in compliance with all covenants under this facility.

Unsecured credit facility

The Corporation had a US $100,000 unsecured credit facility with a committed revolving availability period of two years from April 28, 2020 to April 28, 2022 and was fully repaid in April 2024. This facility bore interest at the Secured Overnight Financing Rate plus 5.00%.

Bi-lateral credit facility

Chorus has a bi-lateral credit facility which provides a revolving loan in an amount up to the lesser of (a) 50% of the current market value of certain unencumbered aircraft pledged as security for the loan, and (b) $50,000. Borrowings bear interest for Canadian dollar advances at Canadian Prime plus 2.50% or CORRA plus a credit spread adjustment plus 3.50%, and for US dollar advances at Base Rate plus 2.50% or SOFR plus a credit spread adjustment plus 3.50%, and are secured by the aircraft pledged as security together with the related leases and insurance proceeds. The loan agreement contains customary representations, warranties, covenants and events of default, and is cross-defaulted to any event of default under the operating credit facility. The facility was originally due to mature on December 31, 2025 and its use was limited to repayment of the Series A debentures. Subsequent to closing of the Transaction on December 6, 2024, the facility maturity date was extended to July 30, 2027 and it is available to use for general corporate purposes. On February 14, 2025, Chorus amended the Bi-Lateral Credit Facility to extend the maturity date to January 27, 2028.

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

11 Lease liabilities

Chorus has the following lease liabilities related to aircraft and facilities:

	2024 $	2023 $
No later than one year	2,564	3,828
Later than one year and no later than five years	4,447	6,339
Later than five years	2,781	2,146
Total minimum lease payments	9,792	12,313
Less: Amount representing interest (at weighted average rate of 4.77% (2023 - 5.89%))	1,240	1,737
Present value of net minimum lease liability payments	8,552	10,576
Less: Current portion	2,220	3,309
Lease liabilities	6,332	7,267

The present value of net minimum lease liabilities is as follows:

	2024 $	2023 $
No later than one year	2,220	3,309
Later than one year and no later than five years	3,760	5,406
Later than five years	2,572	1,861
	8,552	10,576

The change in lease liabilities is attributed to the derecognition of liabilities totaling $3,551 as a result of the divestiture of the RAL business (note 2).

A significant portion of the minimum lease payments for aircraft are payable in US dollars and have been converted to Canadian dollars at 1.4389, which was the exchange rate in effect at the end of day closing on December 31, 2024 (2023 - 1.3226). Interest of $485 for the year ended December 31, 2024 (2023 - $435) relating to lease liabilities has been included in aircraft rent from continuing operations. Interest of $42 for the year ended December 31, 2024 (2023 - $65) relating to lease liabilities has been included in aircraft rent from discontinued operations.

Chorus has elected not to recognize a lease liability for short-term leases (leases of expected term of 12 months or less) or for leases of low-value assets. Payments made under such leases are expensed on a straight-line basis.

The expense relating to payments not included in the measurement of the lease liabilities is as follows:

	2024 $	2023 $
Short-term leases[(1)]	11,046	7,818
Leases of low-value	1,266	994

(1) Included in the short-term lease expense are amounts for short-term engine leases which have both a fixed and a variable payment component.

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

12 Long-term debt

Long-term debt consists of the following:

	As at December 31, 2024 $	As at December 31, 2023 $
Secured long-term debt and credit facilities		
Amortizing term loans		
Secured by aircraft(1a)	345,475	1,075,129
Secured by engines(1b)	1,852	3,082
Warehouse credit facility(1c)	—	66,357
Nova Scotia Jobs Fund loan - secured by office building	3,000	4,000
Asset-backed securitization(2)	—	249,907
Operating credit facility (note 10)	—	87,000
	350,327	1,485,475
Unsecured long-term debt		
Series A Debentures	—	86,250
Series B Debentures	72,500	72,500
Series C Debentures	85,000	85,000
Unsecured credit facility (note 10)	—	33,065
	507,827	1,762,290
Less:		
Deferred financing fees	—	(9,535)
Accretion discount on amortizing term loans and asset-backed securitization	—	(6,289)
Accretion discount on convertible units and debentures	—	(1,462)
	507,827	1,745,004
Less: Current portion	231,528	430,082
	276,299	1,314,922

The change in long-term debt is attributed to the derecognition of amortizing term loans, the warehouse credit facility, asset-backed securitization and related deferred financing fees and accretion discounts totaling $823,617 as a result of the divestiture of the RAL business (note 2).

The current portion of long-term debt in the above table includes Series B Debentures and Series C Debentures, deferred financing fees of $nil and interest accretion of $nil for the year ended December 31, 2024 (2023 - Series A Debentures, $1,177 of deferred financing fees and $3,516 of interest accretion) (note 23). The majority of long-term debt is payable in US dollars and has been converted to Canadian currency at 1.4389 which was the exchange rate in effect on December 31, 2024 (2023 - 1.3226).

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

12 Long-term debt (continued)

(1) Amortizing term loans

a) Secured by aircraft - Individual term loans, repayable in instalments, bearing fixed interest at a weighted average rate of 3.31%, maturing between February 2025 and February 2033, each secured primarily by its respective aircraft and engines. The net book value of property and equipment pledged as collateral under these term loans was $635,191 (December 31, 2023 - $772,971). The change in amortizing term loans is attributed to the derecognition of liabilities totaling $545,203 as a result of the divestiture of the RAL business (note 2).

b) Secured by engines - Individual term loans, repayable in instalments, bearing fixed interest at a weighted average rate of 3.92%, maturing between December 2024 and May 2028, each secured primarily by one PW150A engine. As at December 31, 2024, the net book value of property and equipment pledged as collateral under Dash 8-400 engine financing was $7,399 (December 31, 2023 - $7,917).

c) Warehouse credit facility - Individual term loans, repayable in instalments and amortizing to January 2025, each secured primarily by the aircraft financed by the loans and a security assignment of the leases in respect thereof. The change in the warehouse credit facility is attributed to the derecognition of liabilities totaling $54,168 as a result of the divestiture of the RAL business (note 2).

Financial covenants under amortizing term loans

Chorus' debt agreements contain covenants which, if breached and not waived by the relevant lenders, could result in the acceleration of indebtedness. To the extent that debt agreements are cross-defaulted to other debt agreements, a default or acceleration under one agreement could cause a default or acceleration under another agreement. Therefore, if Chorus were to default under any of its debt agreements, this could have a material adverse effect on Chorus' financial position, cash flows and prospects.

The principal financial covenants are as follows:

Amortizing term loans have covenants which apply separately to the "Jazz Group" (comprising Jazz and Jazz Leasing Inc. ("JLI") and any entity controlled directly or indirectly by either of them). The Jazz Group is required to maintain a maximum adjusted leverage and a minimum adjusted interest debt coverage ratio. The financing agreements with the lender also contain a covenant respecting the continuation of business under the CPA which is specific to Jazz as the operator of the financed Dash 8-400s, Dash 8-400 spare engines, and CRJ900s.

As at December 31, 2024, Chorus (or as applicable, certain subsidiaries) was in compliance with all of these financial covenants.

Furthermore, amortizing term loans contain provisions that require the immediate repayment of all amounts outstanding thereunder if the borrower or any guarantor of the loan undergoes a change of control without the lender's consent.

(2) Nova Scotia Jobs Fund loan

Term loan repayable in annual instalments of $1,000, bearing interest at a fixed rate of 3.33%, maturing August 31, 2027. The loan may be repaid in full or in part at any time without bonus or penalty and is secured by a first security interest in the land and office building located at 3 Spectacle Lake Drive, Dartmouth, Nova Scotia and the assignment of the building tenant leases.

(3) Asset-Backed Securitization

As part of the Falko Acquisition completed on May 3, 2022, Chorus indirectly acquired a majority interest in the equity note issued by Regional 2021-1 Limited to Regional 2021-1 E Holding Limited (the "E Note") in connection with an asset-backed securitization of 39 regional aircraft which closed in April 2021 (the "Regional 2021-1 ABS"). In addition to issuing the equity note, Regional 2021-1 Limited and its wholly-owned subsidiary, Regional 2021-1 LLC (collectively, the "ABS Borrowers"), co-borrowed US $255,000 of Series A Loans (the "Series A Loans"). Chorus had an interest in the aircraft owned by the Co-Borrowers and their subsidiaries by virtue of its indirect interest in the E Note.

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

12 Long-term debt (continued)

The change in the asset-backed securitization is attributed to the derecognition of liabilities totaling $230,577 as a result of the divestiture of the RAL business (note 2).

For the year ended December 31, 2024, the total interest expense from continuing operations on amortizing term loans and the Nova Scotia Jobs Fund loan was $12,553 (December 31, 2023 - $15,709).

For the year ended December 31, 2024, the total interest expense from discontinued operations on amortizing term loans and asset-backed securitization was $48,001 (December 31, 2023 - $57,497) which included interest accretion of $3,348 (December 31, 2023 - $3,893).

(4) Operating credit facility

As at December 31, 2024, Chorus had drawn $nil on the facility and had also provided letters of credit totaling $10,000 that reduce the amount available under this facility. For the year ended December 31, 2024, the total interest expense from continuing operations on the operating credit facility was $6,051 (December 31, 2023 - $6,373).

(5) Series A Debentures

In December 2019, Chorus issued $86,250 aggregate principal amount 5.75% unsecured debentures (“Series A Debentures”). Series A Debentures bore interest at a rate of 5.75% per annum, were unsecured, and matured on December 31, 2024. Chorus received proceeds of $82,372 net of $3,878 in transaction costs associated with the offering. Transaction costs are capitalized and offset against the Series A Debentures and amortized over the life of the debentures using the effective interest rate.

On December 31, 2024, Chorus redeemed $86,250 principal amount of the Series A Debentures.

For the year ended December 31, 2024, the total interest expense from continuing operations on the Series A Debentures was $5,828 (December 31, 2023 - $5,776) which included interest accretion of $874 (December 31, 2023 - $816).

(6) Series B Debentures

On April 6, 2021, Chorus issued $72,500 aggregate principal amount of 6.00% unsecured convertible debentures (“Series B Debentures”) which bear interest at a rate of 6.00% per annum, and mature on June 30, 2026 and can be redeemed any time after June 30, 2025 at the principal amount plus accrued and unpaid interest. Chorus received proceeds of $69,507 net of $2,993 in transaction costs associated with the Series B Debentures. Transaction costs are capitalized and offset against the debt and equity portions of the Series B Debentures and amortized over the life of the Series B Debentures using the effective interest rate.

Subject to adjustment in certain circumstances, the Series B Debentures are convertible at the holder’s option into 157.4803 common shares per $1.0 principal amount of such debentures, initially representing a conversion price of $6.35 per share (subject to certain adjustments).

Subject to any required regulatory approvals and provided no event of default has occurred and is continuing at such time under the indenture governing the Series B Debentures, Chorus may elect to satisfy its obligation to pay the principal amount of the Series B Debentures, plus any accrued and unpaid interest, on redemption or at maturity through, in whole or in part, the issuance of common shares at a price equal to 95% of the then Current Market Price (as defined in the indenture). In addition, subject to the aforementioned conditions, Chorus may satisfy its obligation to pay interest on the Series B Debentures by delivering common shares to the trustee under the indenture governing the Series B Debentures for sale, with the proceeds used to satisfy the interest payment obligation.

On December 9, 2024 Chorus issued a notice of change of control under the indentures governing the Series B Debentures and commenced offers to purchase all of the outstanding aggregate principal amount of Series B Debentures at a price equal to 100% of the principal amount thereof repurchased plus accrued and unpaid interest, if any, up to but excluding February 3, 2025, the date of purchase (note 23).

The Series B Debentures are listed for trading on the TSX under the symbol CHR.DB.B.

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

12 Long-term debt (continued)

For the year ended December 31, 2024, the total interest expense from continuing operations on the Series B Debentures was $7,349 (December 31, 2023 - $5,395) which included interest accretion of $3,000 (December 31, 2023 - $1,045).

The following table illustrates the allocation of the Series B Debentures between debt and equity as at December 31, 2024. Significant judgement was exercised by management in determining this allocation.

	Cost of borrowing %	Debt $	Equity component of convertible debentures $	Total $
Balance - December 31, 2023	6.0	69,500	2,683	72,183
Accretion expense from continuing operations	—	3,000	—	3,000
Balance - December 31, 2024		**72,500**	**2,683**	**75,183**

(7) Series C Debentures

On September 27 2021, Chorus issued $85,000 aggregate principal amount 5.75% unsecured debentures (“Series C Debentures”) which bear interest at a rate of 5.75% per annum, are unsecured, and mature on June 30, 2027 and can be redeemed any time after March 31, 2026 at the principal amount plus accrued and unpaid interest. The Series C Debentures are not convertible by the holders thereof into common shares at any time. Chorus received proceeds of $81,249, net of $3,751 in transaction costs associated with the offering. Transaction costs are capitalized and offset against the Series C Debentures and amortized over the life of the debentures using the effective interest rate.

Subject to any required regulatory approvals and provided no event of default has occurred and is continuing at such time under the indenture governing the Series C Debentures, Chorus may, at its option, elect to satisfy its obligation to pay all or a portion of the principal amount of the Series C Debentures on redemption or at maturity through, in whole or in part, the issuance of common shares at a price equal to 95% of the then Current Market Price (as defined in the indenture). In addition, and subject to the aforementioned conditions, Chorus may satisfy its obligation to pay interest on the Series C Debentures by delivering common shares to the trustee under the indenture governing the Series C Debentures for sale, with the proceeds used to satisfy the interest payment obligation.

On December 9, 2024 Chorus issued a notice of change of control under the indentures governing the Series C Debentures and commenced offers to purchase all of the outstanding aggregate principal amount of Series C Debentures at a price equal to 101% of the principal amount thereof repurchased plus accrued and unpaid interest, if any, up to but excluding February 3, 2025, the date of purchase (note 23).

The Series C Debentures are listed for trading on the TSX under the symbol CHR.DB.C.

For the year ended December 31, 2024, the total interest expense from continuing operations on the Series C Debentures was $7,331 (December 31, 2023 - $5,487) which included interest accretion of $2,443 (December 31, 2023 - $600).

(8) Unsecured credit facility

For the year December 31, 2024, the total interest expense from continuing operations on the unsecured credit facility was $734 (December 31, 2023 - $6,538).

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

13 Income taxes

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

	Year ended December 31, 2024 $	2023 $ *(revised) (note 2)*
(Loss) income before income tax from continuing operations	(2,611)	137,044
Income tax (recovery) expense at the Canadian statutory tax rate(1)	(692)	36,317
Recognition of previously unrecognized cumulative eligible capital	(4,690)	(5,036)
Net impact of capital items(2)	14,738	(4,667)
Impact of the Canadian statutory tax rate on entities with other tax rates	(174)	713
Non-deductible expenses	4,590	2,929
Other	(620)	5,159
Income tax expense from continuing operations	13,152	35,415
Effective tax rate	(503.7)%	25.8%

(1) Chorus has modified the presentation of the tax rate reconciliation to calculate the tax impact of the statutory rate based on the Canadian average rate, as opposed to a weighted average rate for each of the individual entities based on the jurisdiction in which the entity is taxable. The impact of rate differentials from provincial jurisdictions is shown as a separate reconciling line item. Chorus uses an average Canadian statutory tax rate of 26.5%.

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

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

13 Income taxes (continued)

In addition to the tax deductible amounts recognized as deferred tax assets in the financial statements, Chorus has other tax deductible amounts of approximately $229,215 as at December 31, 2024, related to capital cost allowance on eligible capital property. In accordance with the initial recognition exemption, as outlined in IAS 12 *Income taxes*, the benefit of these deductible expenditures cannot be recognized in the financial statements until such time as those benefits can be applied to reduce current tax expense. During the years ended December 31, 2024 and December 31, 2023, Chorus utilized a total of $17,253 ($4,690 tax effected) and $18,551 ($5,036 tax effected), respectively, of these previously unrecognized tax deductions to reduce its taxable income.

Deferred tax

Components of the net deferred income tax liabilities are as follows:

	December 31, 2023	Recognized in Net Income	Recognized in Other Comprehensive Income	Disposal of RAL Business	December 31, 2024
	$	$	$	$	$
Deferred income tax liability					
Property and equipment	(301,838)	(9,004)	—	93,927	(216,915)
Deferred income tax asset					
Pension and Other Employee Benefits	(2,364)	1,468	3,872	—	2,976
Loss carryforwards	98,900	16,030	—	(100,385)	14,545
Other long-term liabilities	10,669	—	—	(5,992)	4,677
Net deferred income tax	(194,633)	8,494	3,872	(12,450)	(194,717)

	As at December 31,	
	2024	2023
Balance sheet presentation	$	$
Deferred income tax asset	—	18,286
Deferred income tax liability	(194,717)	(212,919)
Net deferred income tax liability	(194,717)	(194,633)

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

14 Pension and Other Future Employee Benefits

Chorus maintains several registered defined contribution pension plans for eligible employees and a registered defined benefit plan for eligible pilots. The registered defined benefit plan was closed to new entrants as at January 1, 2015. Chorus is the plan sponsor for these plans under the Pension Benefits Standard Act, 1985 (Canada). In addition, Chorus maintains an unregistered supplemental executive retirement plan ("SERP") which is partially funded for certain employees. Contributions to the supplemental pension plan started in December 2007. On February 19, 2014, the SERP was closed to new entrants. The registered and supplemental defined benefit pension plans provide benefits upon retirement, termination or death based on the member's years of service and the final average earnings for a specified period.

On December 18, 2023, Jazz entered into an annuity purchase transaction with a third party insurer for its registered defined benefit pension plan for pilots in the amount of $42,101 for 66 pensioners of the plan thereby reducing the pension assets and liabilities by $42,101 or approximately 11%. This transaction reduces the future pension liability growth and the funding volatility risk.

Jazz and Jazz pilots represented by the Air Line Pilots Association ratified modification to their collective agreement on August 28, 2023, with an effective date of September 1, 2023. The modification includes a material wage increase for pilots. The impact of these changes has been reflected in the Jazz Registered Pension Plan ("RPP") obligation at December 31, 2023 and in the experience adjustment component of other comprehensive income.

Chorus also maintains Other (non-pension) Future Employee Benefits. The Other Future Employee Benefits include medical and dental benefits provided to the employees on long-term disability and Workplace Safety Insurance Board ("WSIB"). These benefits cease to be provided when the employee reaches age 65. The sick leave gratuity benefits represent the payout of sick leave accruals upon or just prior to retirement for eligible employees. The self-insured WSIB benefits are in respect of self-insured benefits provided to Ontario employees.

The total expense for Chorus' defined contribution plans related to continuing operations for which Chorus was obligated to make defined contributions only, for the year ended December 31, 2024 was $18,267 and for the year ended December 31, 2023 was $18,549.

Expected contributions to the defined benefit pension plans for the year ending December 31, 2025 are $14,000. Expected contributions to the defined contribution pension plans for the year ending December 31, 2025 are $19,600. Expected benefit payments for Other Future Employee Benefits for the year ending December 31, 2025 are $3,852.

Jazz is the legal administrator of the Canadian plans and is responsible for its overall management of these plans. Responsibility for the governance of the plans, including investment decisions lies with Chorus and the Board of Directors.

The most recent actuarial valuations of the defined benefit pension plans for funding purposes were as of January 1, 2024 and the next funding valuations will be as of January 1, 2025.

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

14 Pension and Other Future Employee Benefits (continued)

Information about Chorus' defined benefit plans and Other Future Employee Benefits in aggregate, is as follows:

	Pension Benefits		Other Future Employee Benefits	
	2024 $	2023 $	2024 $	2023 $
Change in benefit obligation				
Benefit obligation, beginning of year	412,498	378,645	26,012	22,283
Current service cost	14,924	13,470	2,648	2,444
Past service cost	514	—	—	—
Loss on annuity settlement	—	201	—	—
Interest cost	18,795	20,279	1,108	1,068
Plan participants' contributions	4,458	4,315	—	—
Benefits paid	(24,083)	(20,804)	(2,486)	(1,962)
Annuity settlement	—	(42,101)	—	—
(Gain) loss from change in demographic assumptions	—	—	(133)	1,022
Loss from change in financial assumptions	7,679	20,953	297	1,810
Experience (gains) losses	(8,764)	37,540	(512)	(653)
Benefit obligation, end of year	426,021	412,498	26,934	26,012
Change in plan assets				
Fair market value of plan assets, beginning of year	417,341	418,844	—	—
Interest income	19,032	21,771	—	—
Employer contribution	16,744	12,117	2,486	1,962
Plan participants' contributions	4,458	4,315	—	—
Benefits paid	(24,083)	(20,804)	(2,486)	(1,962)
Annuity settlement	—	(42,101)	—	—
Administrative expenses	(600)	(600)	—	—
(Loss) return on plan assets (excluding interest income)	(15,263)	23,799	—	—
Fair market value of plan assets, end of year	417,629	417,341	—	—
Net defined benefit (liability) asset (1)	(8,392)	4,843	(26,934)	(26,012)

(1) SERP of $5,270 is included in other long-term assets and RPP of $13,662 is included in other long-term liabilities.

The amount of the net defined benefit pension asset that can be recognized (the asset ceiling) is determined as the difference between (i) the present value of future service costs and (ii) the present value of contributions required to be made to the plan taking into consideration pension contribution reductions or holidays available to Chorus at the balance sheet date.

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

14 Pension and Other Future Employee Benefits (continued)

The table below outlines where the defined benefit pension and Other Future Employee Benefits amounts are included in the statements of financial position.

	December 31, 2024 $	December 31, 2023 $
Assets		
Defined benefit pension	5,270	6,496
Liabilities		
Other future employee benefits	26,934	26,012
Defined benefit pension	13,662	1,653

Defined benefit pension plan assets are comprised as follows:

	December 31, 2024	December 31, 2023
Canadian Equity	1%	1%
Long Bonds	61%	61%
International Equity	14%	12%
Short-term and Other	4%	4%
Real Estate	20%	22%
	100%	100%

The plan's assets are invested in Canadian bonds and equities, real estate and foreign equities. These assets include no significant investment in Chorus at the measurement date.

Weighted average assumptions used to determine the accrued benefit liability:

	Pension Benefits		Other Future Employee Benefits	
	2024	2023	2024	2023
Discount rate to determine accrued benefit obligations	4.6%	4.7%	4.4%	4.6%
Discount rate to determine the pension and benefit cost	4.7%	5.3%	4.6%	5.2%
Rate of compensation increase	4.5%	4.5%	2.0%	2.0%
Health care inflation - Select to determine accrued benefit obligation	n/a	n/a	5.1%	5.2%
Health care inflation - Select to determine pension and benefit cost	n/a	n/a	5.2%	5.2%

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

14 Pension and Other Future Employee Benefits (continued)

The health care inflation assumption remained at 4.0% per annum in and after 2040.

Assumptions regarding future mortality are set based on actuarial advice with statistics published by the Canadian Institute of Actuaries. The assumptions translate into an average life expectancy in years for a pensioner retiring at age 65 as follows:

	2024	2023
Retiring at the end of the reporting period		
Male	23.4	22.1
Female	24.9	24.4
Retiring 20 years after the end of the reporting period		
Male	24.3	23.1
Female	25.8	25.4

The defined benefit pension plans and Other Future Employee Benefits produce exposure to a number of risks, the most significant of which are detailed below:

Asset volatility

For a defined benefit pension plan, fluctuations in the value of plan assets are assessed in the context of fluctuations in the plan liabilities. The plan liabilities are calculated using a discount rate set with reference to high quality corporate bond yields. As discount rates change, the value of the plan liabilities will fluctuate. If the growth of plan liabilities exceeds that of plan assets a deficit will result. The plan currently holds approximately 15% of assets in equities and 20% in Canadian Real Estate, which are expected to outperform corporate bonds in the long-term but which provide volatility and risk in the short-term. The plan’s investment time horizon is a key input in deciding on the proportion of equities held.

Interest rate risk

The discount rate used to determine benefit obligations was determined by reference to the market interest rates on corporate bonds rated “AA” or higher, with cash flows that approximate the timing and amount of the expected benefit payments. Also, the discount rate used to determine the portion of the benefit obligations assumed to be settled by lump sum payments was determined by reference to the market interest rates on government bonds. A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the pension plans’ bond holdings.

Salary risk

The present value of the benefit obligations is calculated by reference to the future salaries of plan participants, so salary increases of the plan participants greater than assumed will increase plan liabilities.

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

14 Pension and Other Future Employee Benefits (continued)

Life expectancy

The majority of the plans' obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plans' liabilities.

Each sensitivity analysis disclosed in this note is based on changing one assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to variations in significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as for calculating the liability recognized in the statement of financial position.

The sensitivity of the defined benefit obligation to changes in assumptions on the pension plans is as follows:

		Impact on defined benefit obligation	
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.25%	Decrease by 2.3%	Increase by 2.4%
Compensation increase rate	0.25%	Increase by 0.8%	Decrease by 0.8%
Life expectancy	1 year	Decrease by 0.8%	Increase by 0.8%

The sensitivity of the defined benefit obligation to changes in assumptions on Other Future Employee Benefits is as follows:

		Impact on defined benefit obligation	
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.25%	Decrease by 1.4%	Increase by 1.4%
Compensation increase rate	0.25%	Increase by 0.6%	Decrease by 0.6%
Health care cost trend rate	0.25%	Increase by 0.7%	Decrease by 0.7%

The weighted average duration of the pension plans and Other Future Employee Benefits is 9 and 6 years, respectively.

Expected maturity analysis of undiscounted defined benefit pension and Other Future Employee Benefit payments are as follows:

	Year 1 $	Year 2 $	3 - 5 years $	Next 5 years $	Total $
Defined benefit pension	36,096	31,033	90,687	121,959	279,775
Other Future Employee Benefits	3,852	3,585	8,707	10,087	26,231
	39,948	34,618	99,394	132,046	306,006

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

14 Pension and Other Future Employee Benefits (continued)

Chorus' net defined benefits pension plan and Other Future Employee Benefits expense recognized in the consolidated statements of income and consolidated statements of comprehensive income is as follows:

	Pension		Other Future Employee Benefits	
	2024 $	2023 $	2024 $	2023 $
Components of cost under IAS 19				
Amounts recognized in profit or loss:				
Current service cost	14,924	13,470	2,648	2,444
Past service cost	514	—	—	—
Loss on annuity settlement	—	201	—	—
Interest cost on benefit obligation	18,795	20,279	1,108	1,068
Interest expense on effect of asset ceiling	—	999	—	—
Administrative expenses	600	600	—	—
Interest income on plan assets	(19,032)	(21,771)	—	—
Costs arising in the period	15,801	13,778	3,756	3,512
Remeasurements recognized in the consolidated statements of income	—	—	(416)	41
Defined benefit cost included in the statement of (loss) income	15,801	13,778	3,340	3,553
Remeasurements recognized in other comprehensive income				
Loss from financial assumptions	7,679	20,953	68	1,223
Experience (gains) losses	(8,764)	37,540	—	916
Loss (return) on plan assets (excluding interest income)	15,263	(23,799)	—	—
Effect of asset ceiling	—	(24,417)	—	—
Loss recognized in the statement of other comprehensive income for the period	14,178	10,277	68	2,139
Tax recovery	(3,855)	(2,790)	(18)	(580)
Net loss recognized in the statement of other comprehensive income for the period(1)	10,323	7,487	50	1,559

(1) Total net loss of $10,373 for the year ended December 31, 2024 (2023 - $9,046) was recognized in the statement of other comprehensive income.

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

14 Pension and Other Future Employee Benefits (continued)

The funding of employee benefits as compared to the expense recorded in the consolidated statements of income is summarized in the table below:

	Year ended December 31,	
	2024 **$**	**2023** **$**
Net defined benefit pension and Other Future Employee Benefits expense recorded in the consolidated statements of income		
Wages, salaries and benefits	19,141	17,331
Employee benefit funding by Chorus		
Defined benefit pension	16,744	12,117
Other Future Employee Benefits	2,486	1,962
	19,230	14,079
Employee benefit funding higher (lower) than expense	89	(3,252)

15 Dividends

Chorus does not currently pay a dividend on its common shares. Chorus' Board of Directors may, at its discretion, determine to pay dividends on the common shares, after considering the Corporation's results of operations and financial condition and other factors as the directors of the Corporation consider appropriate from time to time, including compliance with the covenants contained in Chorus' debt agreements. The amount, timing and frequency of any such dividends is at the discretion of the Board.

During the year ended December 31, 2024, Chorus declared $17,827 in preferred share dividends (2023 - $35,426).

During the year ended December 31, 2024, Chorus paid $26,777 in preferred share dividends (2023 - $35,124).

The preferred shares were redeemed on December 31, 2024, Chorus was required to pay the holders thereof the liquidation preference plus a 1.4x MOIC (less the aggregate of all dividends paid on the preferred shares in cash) of $91,211 (US $63,270) (refer to note 16).

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

16 Capital stock

a) Common shares

Authorized:

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

Issued and outstanding:

	Number of Shares	$
Shares issued and outstanding December 31, 2022	201,332,016	**413,481**
Shares repurchased and cancelled	(7,904,479)	(16,611)
Share repurchase commitment under the automatic share purchase plan	—	9,611
Shares issued and outstanding December 31, 2023	**193,427,537**	**406,481**
Shares issued through long-term incentive plan	31,917	67
Shares repurchased and cancelled	(3,232,283)	(6,793)
Share repurchase commitment under the automatic share purchase plan	—	(4,981)
Shares issued and outstanding December 31, 2024	**190,227,171**	**394,774**

On November 6, 2024, Chorus announced that it had received approval from the Toronto Stock Exchange to implement a normal course issuer bid ("NCIB") to purchase up to 14,826,478 common shares during the period November 14, 2024 to no later than November 13, 2025. For the year ended December 31, 2024, Chorus purchased and cancelled 881,685 common shares, respectively, under the NCIB for total consideration of $2,652. Common share capital was reduced by a net amount of $1,853 and the remaining $799 was accounted for as a reduction of contributed surplus.

On November 8, 2023, Chorus announced that it had received approval from the Toronto Stock Exchange to implement a NCIB to purchase up to 15,160,372 common shares during the period November 14, 2023 to no later than November 13, 2024. For the year ended December 31, 2024, Chorus purchased and cancelled 2,350,598 common shares under the NCIB for total consideration of $4,998. Common share capital was reduced by a net amount of $4,940 and the remaining $58 was accounted for as a reduction of contributed surplus. For the year ended December 31, 2023, Chorus purchased and cancelled 445,667 common shares, respectively, under its renewal NCIB for total consideration of $1,000. Common share capital was reduced by a net amount of $937 and the remaining $63 was accounted for as a reduction of contributed surplus.

On November 9, 2022, Chorus announced that it had received approval from the Toronto Stock Exchange to implement a NCIB to purchase up to 15,928,236 common shares during the period November 14, 2022 to no later than November 13, 2023. For the year ended December 31, 2023, Chorus purchased and cancelled 7,458,812 common shares under its NCIB for total consideration of $24,536. The net reduction to equity, after applying the accounts payable accrual at December 31, 2022 of $14,536, was $10,000. Common share capital was reduced by a net amount of $6,063 and the remaining $3,937 was accounted for as a reduction of contributed surplus.

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

16 Capital stock (continued)

In connection with the NCIB, Chorus has established an automatic securities purchase plan (the “Plan”) with a designated broker to allow for the purchase of common shares. Chorus’ designated broker may purchase common shares under the Plan on any trading day during the NCIB during pre-determined trading blackout periods, subject to certain parameters as to price and number of common shares. The Plan will terminate when the NCIB terminates, unless terminated earlier in accordance with the terms of the Plan. Chorus may vary, suspend or terminate the Plan only if it does not have material non-public information, and the decision to vary, suspend or terminate the Plan is not taken during a pre-determined trading blackout period. The Plan constitutes an “automatic plan” for purposes of applicable Canadian securities legislation and has been reviewed by the TSX. Chorus recorded a liability for purchases that are estimated to occur during blackout periods based on the parameters of the NCIB and the Plan. As at December 31, 2024, a maximum obligation to purchase $7,348 (December 31, 2023 - $nil) of common shares was recognized under the Plan in accounts payable and accrued liabilities on the consolidated statements of financial position. At December 31, 2024 common share capital was reduced by $4,981 and the remaining $2,367 was accounted for as a reduction of contributed surplus.

The shares issuable by Chorus consist of an unlimited number of Variable Voting Shares and an unlimited number of Voting Shares (collectively, the “shares”). Holders of Variable Voting Shares are entitled to one vote per share unless (i) the number of Variable Voting Shares outstanding, as a percentage of the total number of voting shares of Chorus exceeds 25% or, (ii) the total number of votes cast by or on behalf of holders of Variable Voting Shares at any meeting exceeds 25% of the total number of votes that may be cast at such meeting. If either of the above noted thresholds would otherwise be surpassed at any time, the vote attached to each Variable Voting Share will decrease proportionately such that, (i) the Variable Voting Shares as a class do not carry more than 25% of the aggregate votes attached to all issued and outstanding voting shares of Chorus, and (ii) the total number of votes cast by or on behalf of holders of Variable Voting Shares at any meeting do not exceed 25% of the votes that may be cast at such meeting.

Variable Voting Shares are to be held, beneficially owned or controlled, directly or indirectly, by persons who are not Canadians within the meaning of the Canada Transportation Act. Each issued and outstanding Variable Voting Share is converted into one Voting Share automatically and without any further act of Chorus or the holder, if such Variable Voting Share becomes held, beneficially owned and controlled, directly or indirectly, otherwise than by way of security only, by a Canadian, as defined in the Canada Transportation Act.

Voting Shares are held, beneficially owned and controlled, directly or indirectly, by Canadians. Each issued and outstanding Voting Share is converted into one Variable Voting Share automatically and without any further act of Chorus or the holder, if such Voting Share becomes held, beneficially owned or controlled, directly or indirectly, otherwise than by way of security only, by a person who is not a Canadian.

b) Warrants

	Number of warrants	$
Outstanding, December 31, 2022	18,642,772	24,366
Outstanding, December 31, 2023	18,642,772	24,366
Outstanding, December 31, 2024	18,642,772	24,366

As at December 31, 2024, warrants outstanding have an exercise price of $4.60 and an expiry date of May 3, 2029. The exercise price is subject to adjustment in accordance with the terms of relevant warrant indenture (note 23).

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

16 Capital stock (continued)

c) Preferred shares

Authorized:

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

On May 3, 2022 and in connection with the Falko Acquisition, Chorus had entered into a subscription agreement with Brookfield for US $300,000 Series 1 Preferred Shares ("Preferred Shares") in exchange for US $291,000 in cash. The preferred equity was non-convertible and paid a dividend of 8.75% in cash. The net proceeds received for the Preferred Shares was $375,217, net of transaction costs and income tax.

The Corporation had a one-time option to redeem 50% of the Series 1 Preferred Shares at any time and an option to redeem all of the Series 1 Preferred Shares, subject in each case to the payment of multiples on the subscriber's invested capital (a) any time prior to the third anniversary of the issuance, 1.4x, (b) starting on the third anniversary of the issuance, 1.6x, and (c) on or after the sixth anniversary of the issuance, 0x. The holders of the Series 1 Preferred Shares had a put right in the event of a change of control or the disposition by the Corporation of a material business or the acquisition by the Corporation and/or entry into of a new unrelated business line that fundamentally changes the nature of the business of the Corporation. The Transaction constituted a fundamental change in the nature of the business of Chorus which gave the holders of the Series 1 Preferred Shares a put right when the Transaction closed.

During the year, the Preferred Shares were reclassified from an equity instrument to a financial liability on the statement of financial position. On reclassification, Chorus recorded a $106,722 charge to equity which represented the difference between the carrying value and the fair value of the instrument.

On December 31, 2024, Chorus redeemed all of its outstanding Preferred Shares. The Preferred Shares were redeemed for an aggregate redemption price of $523,691 (US $363,270), which included the MOIC of $91,211 (US $63,270).

For the year ended December 31, 2024, Chorus recorded interest accretion of $10,445 on the Preferred Shares, which included interest accretion of $1,819 related to the MOIC.

Issued and outstanding:

	Number of Shares	$
Shares issued and outstanding December 31, 2022	300,000	375,217
Shares issued and outstanding December 31, 2023	300,000	375,217
Preferred Shares redeemed	(300,000)	(375,217)
Shares issued and outstanding December 31, 2024	—	—

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

16 Capital stock (continued)

d) Earnings per share

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

	Year ended December 31, 2024 $	2023 $ (revised) (note 2)
Numerator		
Net (loss) income from continuing operations	(15,763)	101,630
Less:		
MOIC[1]	(89,392)	—
Preferred share dividends declared	(17,827)	(35,426)
(Loss) earnings attributable to common shareholders from continuing operations	(122,982)	66,204
Net (loss) earnings from discontinued operations, net of taxes	(140,686)	4,476
Less:		
Net income attributable to non-controlling interest	(2,051)	(4,753)
Loss attributable to common shareholders from discontinued operations (note 2)	(142,737)	(277)
(Loss) earnings attributable to common shareholders	(265,719)	65,927
Denominator post share consolidation (note **23**)		
Weighted average number of shares	27,395,860	27,905,446
Weighted average dilutive shares in respect of stock-based compensation plans	—	842,977
Weighted average number of diluted shares	27,395,860	28,748,423

(1) Chorus paid a MOIC of $91,211 on the preferred shares and recorded a charge to equity and interest expense in the amounts of $89,392 and $1,819, respectively (note 16 (c)).

For the year ended December 31, 2024, the calculation of the diluted earnings per share excluded 82,970 shares post share consolidation (note 23), related to stock-based compensation as they were anti-dilutive.

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

16 Capital stock (continued)

e) RSUs

Chorus awards RSUs to certain key employees under the long-term incentive plan.

The table below shows the movement of RSUs throughout the year (note 23).

Long-term incentive plan	**2024** **Number of units**	**2023** **Number of units**
RSUs outstanding beginning of the year	6,817,882	5,052,129
Total RSUs granted during the year	3,973,748	2,874,725
RSUs redeemed during the year	(8,347,667)	(621,938)
RSUs forfeited during the year	(117,944)	(487,034)
RSUs outstanding	2,326,019	6,817,882
RSUs vested	1,605,998	5,782,658

The value of total RSUs granted during the year ended December 31, 2024 was $8,308 (2023 - $9,515).

f) Deferred share units

Deferred share unit plan (note 23)	**2024** **Number of units**	**2023** **Number of units**
DSUs outstanding beginning of the year	902,828	1,003,202
Total DSUs granted during the year	265,001	285,396
DSUs redeemed during the year	—	(385,770)
DSUs outstanding	1,167,829	902,828

Fair value of total DSUs granted during the year ended December 31, 2024 was $652 (2023 - $768).

g) Employee Share Ownership Plan

The ESOP employer match was suspended for contributions made after May 31, 2020; except where governed by collective agreement provisions. Eligible employees can participate in the ESOP under which certain employees can invest between 2% and 6% of their base salary for the purchase of shares on the secondary market.

h) Stock-based compensation expense(1)

	2024 **$**	**2023** **$** *(revised)* *(note 2)*
Stock Options	1,318	393
RSUs	6,358	3,572
DSUs	731	802
ESOP	649	704
	9,056	5,471

(1) For the year ended December 31, 2024, the total stock-based compensation expense from discontinued operations was $4,704 (December 31, 2023 - $3,585).

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

17 Future lease receivables under operating leases

Chorus has the following future minimum lease receivables under operating leases.

	December 31, 2024 $
2025	126,731
2026	111,303
2027	103,668
2028	73,614
2029	44,614
2030 and onward	94,693

The minimum lease payments for aircraft are receivable from the lessee in US dollars and have been converted to Canadian currency at 1.4389, which was the exchange rate in effect at the end of day closing on December 31, 2024.

18 Financial instruments and fair values

Chorus' financial instruments consist of cash, restricted cash, accounts receivable, notes receivable, long-term defined benefit pension receivable, long-term lease and deferral receivables, finance lease receivables, investments, total return swap, accounts payable and accrued liabilities, long-term incentive plan liability, interest rate swaps, foreign currency contracts, Preferred Shares, long-term debt and lease liabilities.

Fair value of financial instruments

As explained in note 4(k), financial assets and liabilities have been classified into categories that determine their basis for measurement and, for items measured at fair value, whether changes in fair value are recognized in the statement of income or comprehensive income. Those categories are: fair value through profit or loss; fair value through other comprehensive income; and amortized cost.

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

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

18 Financial instruments and fair values (continued)

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

	As at December 31, 2024		As at December 31, 2023		
	Fair value $	Carrying value $	Fair value $	Carrying value $	Deferred financing fees[1] $
Accounts receivable					
Total return swap[2]	3,220	3,220	—	—	—
Finance lease receivables[3,4]	—	—	35,088	41,770	—
Investments					
Third party[3,5]	—	—	449	449	—
Fund investment[3,5]	—	—	24,374	24,374	—
Other long-term assets					
Defined benefit pension receivable[4]	18,610	18,610	24,377	24,377	—
Interest rate swaps[2,3]	—	—	1,967	1,967	—
Long-term debt					
Amortizing term loans[3,6]	324,185	350,327	1,089,848	1,148,582	4,680
Asset-backed securitization[3,6]	—	—	236,916	243,604	—
Series A Debentures[7]	—	—	84,525	86,250	874
Series B Debentures[7]	73,145	72,500	66,345	71,038	1,538
Series C Debentures[7]	85,808	85,000	71,825	85,000	2,443
Operating credit facility[8]	—	—	87,000	87,000	—
Unsecured credit facility[8]	—	—	33,005	33,065	—
Other long-term liabilities					
Total return swap[2]	—	—	4,391	4,391	—

(1) Fair value and carrying values exclude related deferred financing fees. The deferred financing fees balance at December 31, 2024 was $nil.
(2) Fair value is estimated using valuation models that utilize market based observable inputs and is classified as level 2.
(3) The change in finance lease receivables, investments, other long-term assets and long-term debt is attributed to the derecognition of assets and liabilities as a result of the divestiture of the RAL business (note 2).
(4) Fair value is calculated by discounting the future cash flow at the relevant market interest rate and is classified as level 2.
(5) Fair value is calculated by discounting annual cash flows based on limited available market information and is classified as level 3.
(6) Fair value is calculated by discounting the future cash flow of the respective long-term debt at relevant market interest rates of similar debt instruments and is classified as level 2.
(7) Fair value is calculated based on quoted prices observed in active markets and is classified as level 1.
(8) Fair value is calculated by discounting the future cash flow of the credit facility at a relevant market interest rate and is classified as level 2.

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

18 Financial instruments and fair values (continued)

Fair value hierarchy

Financial instruments recorded at fair value on the balance sheet are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - valuation based on quoted prices observed in active markets for identical assets or liabilities.

Level 2 - valuation techniques based on inputs that are quoted prices of similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; inputs other than quoted prices used in a valuation model that are observable for that instrument; and inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 - valuation techniques with significant unobservable market inputs.

The fair value of Level 3 financial instruments are determined using valuation techniques. In determining the fair value, Chorus considers a number of relevant factors including but not limited to, the trading and general financial condition of the investments, and other inputs such as future rental cash inflows, discount rates, residual value of the aircrafts held by these investments to compute for their discounted cash flows.

A 1% change in any of the assumptions would not have a material impact on net income for the year ended December 31, 2024.

A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

The following table presents the financial instruments recorded at fair value in the consolidated balance sheet, classified using the fair value hierarchy described above:

	2024 $	2023 $
Level 2		
Interest rate swap assets	—	1,967
Total return swap asset (liability)	3,220	(4,391)
Level 3		
Third party investment	—	449
Fund investment	—	24,374

The change in other interest rate swap assets, third party investment, and fund investment is attributed to the derecognition of assets totaling $27,072 as a result of the divestiture of the RAL business (note 2).

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

18 Financial instruments and fair values (continued)

The following table presents the changes in level 3 instruments by class of asset for the years ended December 31, 2024 and 2023:

	2024 $	2023 $
Start of year	24,823	25,923
Change in fair value hierarchy	—	85
Investment in funds	1,051	1,613
Payments received	(2,171)	(5,896)
Foreign currency adjustments	1,564	(457)
Gain recognized in statement of income	1,532	3,555
Business disposition	(26,799)	—
	—	24,823

Financial risk factors

Chorus, through its financial assets and liabilities, has exposure to the following risks from its use of financial instruments: interest rate risk, credit risk, equity price risk, liquidity risk and currency risk. Senior management monitors risk levels and reviews risk management activities as they determine to be necessary.

Interest rate risk

The majority of Chorus' debt is not subject to interest rate volatility as it bears interest at fixed rates. Excluding revolving debt facilities, as at December 31, 2024, 100.0% of Chorus' term debt was fixed rate debt.

Prior to the disposition of the RAL business pursuant to the Transaction, Chorus had entered into interest rate swaps on certain of its amortizing term loans and its aircraft warehouse credit facility under the RAL business, which converted a portion of the floating interest rate debt to fixed rates for the average duration of each loan and facility.

Each interest rate swap was intended to hedge the variability of future interest rates and related interest payments on its respective loan. Certain of the interest rate swaps were designated and effective as cash flow hedges. There was an economic relationship between the hedged item and cash flow hedge, as notional amounts matched and the fair value of the hedged item and cash flow hedge moved in response to the same risk. The hedge ratio was determined by dividing the notional amount of the interest rate swap contract by the notional amount used to calculate the actual interest payments.

Chorus used the hypothetical derivative method to assess hedge ineffectiveness. Under the hypothetical derivative method the critical terms of the hypothetical derivative would exactly match those of the hedged item. Hedge ineffectiveness can arise due to credit risk in the fair value of the cash flow hedge not being replicated in the hedged item and changes to the forecasted amount of cash flow of hedged items and hedging instruments.

Changes in the fair value of effective interest rate swaps were recorded in other comprehensive (loss) income from discontinued operations and ineffective interest rate swaps were recorded in (loss) income from discontinued operations.

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

18 Financial instruments and fair values (continued)

As at December 31, 2024, Chorus had nil (December 31, 2023 - seven) interest rate swap agreements with notional amounts totaling $nil (December 31, 2023 - $115,587) related to discontinued operations. The fair value of interest rate swaps was as follows:

	As at December 31, 2024 $	As at December 31, 2023 $
Other long-term assets(1)		
Interest rate swaps	—	1,967

(1) The change in interest rate swaps is attributed to the derecognition of assets as a result of the divestiture of the RAL business (note 2).

Chorus recorded the following losses and gains on the interest rate swaps:

	Year ended December 31, 2024 $	Year ended December 31, 2023 $
		(revised) (note 2)
Other comprehensive loss from discontinued operations		
Change in fair value of financial assets and liabilities, net of tax expense of $131 (2023 - $287)	(914)	(3,851)
Income statement - discontinued operations		
(Loss) gain on ineffective interest rate swap(1)	(990)	533

(1) The year ended December 31, 2023 includes the recognition of a gain of $1,844 in interest expense from discontinued operations related to the discontinuance of hedge accounting on an interest rate swap recycled from other comprehensive income.

Chorus manages interest rate risk on a portfolio basis and seeks financing terms in individual arrangements that are most advantageous considering all relevant factors, including credit margin, term and basis. The risk management objective is to minimize potential for changes in interest rates to cause adverse changes in cash flows to Chorus.

An interest rate change of 25 basis points would not have a material impact on annual net income as a result of Chorus' exposure to interest rate fluctuations on its floating rate debt.

Credit risk

Credit risk arises from cash, restricted cash, deposits, as well as credit exposure to customers, including outstanding receivables. Chorus manages the credit risk on cash by ensuring that the counter-parties are governments, banks and corporations with high credit-ratings assigned by international credit-rating agencies. In accordance with its investment policy, Chorus invests excess cash in Government of Canada treasury bills, short-term Canadian and provincial government debt, bankers' acceptance notes, term deposits of Schedule 1 Banks and Schedule 2 Banks rated R-1 high, and commercial paper rated R-1 high.

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

18 Financial instruments and fair values (continued)

The maximum exposure to credit risk for cash, restricted cash, deposits, trade and other receivables and long-term lease deferral receivables approximate the amount recorded on the statement of financial position, with the exception of lease receivables related to operating leases.

Chorus had entered into lease deferral arrangements with certain of its lessees in the RAL business (note 2) which reduced Chorus' cash flow over the period of deferrals. In connection with the rent relief arrangements, certain of which included lease term extensions, the repayment of the deferred amounts typically coincided with the lease term extensions.

	As at December 31,			
	2024	2023		
	Continuing Operations	Continuing Operations	Regional Aircraft Leasing(1)	Total
	$	$	$	$
Trade receivables	21,618	16,655	30,055	46,710
Deferred rent receivable	—	—	18,850	18,850
Air Canada trade receivable	108,490	149,144	—	149,144
Subtotal	130,108	165,799	48,905	214,704
Allowance for expected credit loss ("ECL")	(1,707)	(315)	(6,323)	(6,638)
Net trade receivables	128,401	165,484	42,582	208,066
Accrued straight-line rent receivable(2)	—	—	5,819	5,819
Long-term accrued straight-line rent receivable(3)	—	—	25,256	25,256
Long-term receivables(3)	19,639	29,579	63,159	92,738
Subtotal	148,040	195,063	136,816	331,879
Long-term allowance for ECL	—	—	(12,951)	(12,951)
Total net receivables	148,040	195,063	123,865	318,928
Total gross receivables	149,747	195,378	143,139	338,517

(1) RAL gross receivables were derecognized as a result of the divestiture of the RAL business (note 2).
(2) Included in prepaid expenses and deposits.
(3) Included in other long-term assets.

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

18 Financial instruments and fair values (continued)

Chorus has no financial assets past due, except for trade receivables. At December 31, 2024, the total amount of net trade receivables was $128,401 (December 31, 2023 - $208,066), inclusive of allowance for ECL of $1,707 (December 31, 2023 - $6,638) which has been estimated by management based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

At December 31, 2024, the breakdown of past-due trade receivables were as follows:

	December 31, 2024 $	December 31, 2023 $
Past due[(1)]		
60 - 90 days	1,542	4,430
Over 90 days	5,206	22,640
	6,748	27,070

(1) The change in past-due trade receivables is attributed to the derecognition of assets as a result of the divestiture of the RAL business (note 2).

Equity Price Risk

Chorus has equity price risk exposure to common shares that it issues under its various stock-based compensation programs. To mitigate this risk, Chorus hedges the variability of Chorus' common share price affecting settlement under its various stock-based compensation programs with two total return swaps. The current swaps are for 1.62 million common shares priced at $2.18 per common share and 3.34 million common shares priced at $2.58 per common share, each maturing in March 2025. Chorus does not apply hedge accounting to the total return swaps and as such, gains and losses arising from changes in its fair value are recognized in operating income in the period in which they arise. For additional information, please refer to notes 4(j) and 3(k) - Material accounting policies.

Chorus recorded gains (losses) on the total return swaps as follows:

	Year ended December 31, 2024 $	2023 $
Income statement - continuing operations		
Gain (loss) on total return swaps	6,618	(4,904)

Liquidity risk

Chorus' liquidity needs are primarily related to funding ongoing operations, planned capital expenditures and principal and interest payments related to long-term borrowings.

Chorus has a number of treasury management practices designed to ensure sufficient liquidity and continued access to capital including those related to liquidity, leverage, cash flows and dividends, foreign exchange risk and interest rate risk.

As of December 31, 2024, Chorus had $222,216 in cash from continuing operations and $116,574 of available room on its operating credit facility and $50,000 on its bi-lateral credit facility, inclusive of letters of credit totaling $10,000 that reduce the amount available under the operating credit facility. The operating credit facility is subject to a borrowing base calculation. As at December 31, 2024, the borrowing base calculation supported a limit of $126,574. (As of December 31, 2023 - $85,985 from continuing and discontinued operations in cash and $84,266 of available room on its operating credit facility and one of its bi-lateral credit facilities, inclusive of letters of credit totaling $8,734.)

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

18 Financial instruments and fair values (continued)

The tables below analyze Chorus' non-derivative financial liabilities into relevant maturity groupings based on the remaining period from the statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. The analysis is based on the foreign exchange rate in effect at the consolidated statement of financial position date, and contractual interest rates, and includes both principal and interest cash flows for long-term debt and lease liabilities.

	December 31, 2024			
	Less than 3 months $	3 months to 1 year $	2 - 5 years $	Over 5 years $
Principal				
Trade payables and accrued liabilities[(1)]	254,167	—	—	—
Lease liabilities	558	1,662	3,760	2,572
Long-term debt	180,477	51,051	207,546	68,753
Long-term incentive plan	—	—	4,945	—
	435,202	52,713	216,251	71,325
Interest				
Lease liabilities	95	249	687	209
Long-term debt	3,597	7,904	20,338	3,192
	3,692	8,153	21,025	3,401

	December 31, 2024			
	Less than 3 months $	3 months to 1 year $	2 - 5 years $	Over 5 years $
Total principal and interest				
Trade payables and accrued liabilities[(1)]	254,167	—	—	—
Lease liabilities	653	1,911	4,447	2,781
Long-term debt	184,074	58,955	227,884	71,945
Long-term incentive plan	—	—	4,945	—
	438,894	60,866	237,276	74,726

(1) Excludes commodity taxes and deferred lease inducements as they do not meet the definition of a financial liability.

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

18 Financial instruments and fair values (continued)

Currency risk

Chorus receives revenue and incurs expenses in US dollars, Canadian dollars and European Euros. Chorus manages its exposure to currency risk by billing for its services within the CPA with Air Canada in the underlying currency related to the expenditure and matching the currency of debt for leased aircraft with the currency of the related lease rents. Accordingly, the primary exposure results from balance sheet fluctuations of US denominated cash, accounts receivable, accounts payable, and in particular, lease liabilities and long-term debt, which are long-term and are therefore subject to larger unrealized gains or losses.

For the year ended December 31, 2024 Chorus recognized $49,888 in foreign exchange gains in discontinued operations, recycled from other comprehensive income, as a result of the divestiture of the RAL business (note 2).

The amount of US dollar denominated financial assets was $91,730 and US denominated financial liabilities was $302,472 at December 31, 2024. A 1¢ change in the US exchange rate would result in a change in the unrealized gain or loss of approximately $2,107.

Chorus had entered into foreign currency forward contracts to hedge its exposure to foreign currency exchange rate risk related to the net proceeds, after the redemption of the Preferred Shares, from the Transaction denominated in US dollars. The contracts were designated as cash flow hedges and settled in December 2024.

	Year ended December 31, 2024 $	Year ended December 31, 2023 $
Income statement - discontinued operations		
Loss on foreign currency forward contracts	11,236	—

19 Related parties

Compensation of key management

Key management includes Chorus' Directors, President and Chief Executive Officer, Executive Vice President and Chief Strategy Officer, Chief Financial Officer, Senior Vice President, Chief Legal Officer and Corporate Secretary, and Chief Executive Officer of Falko. Compensation awarded to key management is summarized as follows:

	Year ended December 31, 2024 $	Year ended December 31, 2023 $
Salaries and other benefits	9,344	7,966
Other post-employment benefits	3,164	1,444
Stock-based compensation	4,167	4,449
	16,675	13,859

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

20 Economic dependence

The transactions between Air Canada, and its subsidiary (Air Canada Capital Ltd.), and Chorus are summarized in the table below:

	Year ended December 31, 2024 $	Year ended December 31, 2023 $ (revised) (note 2)
Operating revenue	1,276,646	1,294,132
Operating expenses	1,841	2,664

The following current balances with Air Canada and its subsidiary (Air Canada Capital Ltd.) are included in the financial statements:

	December 31, 2024 $	December 31, 2023 $
Accounts receivable	108,490	149,144
Finance lease receivables	—	924
Contract asset(1)	15,563	17,101
Accrued Air Canada receivable - Deferred lease inducements, prepaid aircraft rent and related fees	2,351	2,237
Other long-term receivables(2)	19,639	29,579
Accounts payable and accrued liabilities	1,757	1,784
Unearned revenue(3)	58,870	—

(1) In March 2021, Chorus recorded a contract asset of $20,000 in connection with the transfer and integration of the Embraer 175 aircraft into the covered aircraft fleet. Chorus is amortizing the balance over the remaining life of the CPA contract and has recorded amortization expense of $1,333 for the year ended December 31, 2024 (2023 - $1,333).

(2) Includes $18,610 (December 31, 2023 - $24,377) of defined benefit pension receivable, including interest accretion, relating to Air Canada's agreement to reimburse Jazz for the impact of the new pilot wage scales on the defined benefit pension plan for pilots. The accounts receivable are being repaid in 60 equal monthly payments with the final payment due on November 1, 2028. In accordance with IFRS Accounting Standards, the associated impact of the wage scale pension assumption change in the pension liability was charged to other comprehensive income.

(3) Related to a prepayment in December 2024 for January's 2025 controllable cost revenue.

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

20 Economic dependence (continued)

Capacity Purchase Agreement with Air Canada

Chorus provides capacity for a significant portion of Air Canada's domestic and transborder regional network. As Chorus derives a majority of its revenue from the CPA, it is substantially dependent on Air Canada.

Chorus is party to the CPA with Air Canada, under which Air Canada purchases the capacity of covered aircraft operated by Jazz under the Air Canada Express brand on routes determined by Air Canada. Under the CPA, Chorus is required to provide Air Canada with the capacity of covered aircraft, all crews and applicable personnel, aircraft maintenance, and some airport, flight operations and general overhead support for such flights. Air Canada determines routes and controls scheduling, sets ticket prices, determines seat inventories, and performs marketing and advertising for these flights. Air Canada bears all of the commercial risk, retains all revenue derived from the sale of seats to passengers and cargo services, and pays Chorus for the capacity provided.

The CPA between Chorus and Air Canada was most recently amended on March 1, 2021 (the "2021 CPA Amendments"). The 2021 CPA Amendments included (i) the addition of 25 Embraer 175 aircraft to the covered aircraft fleet, which increased the fixed fee margin, (ii) Jazz as the exclusive Air Canada Express operator of 70-78 seat regional capacity until 2025, (iii) Dash 8-300 aircraft exited the covered aircraft fleet and (iv) controllable cost guardrail receivable capped at $20,000 for the first three quarters with the exception of the controllable cost guardrail of $2,000. The annual reconciliation is completed subsequent to the fourth quarter at which time the controllable cost guardrail receivable is paid in full. All other material components of the CPA are unchanged. The 2021 CPA Amendments became effective on a retroactive basis to January 1, 2021.

On February 4, 2019, the CPA between Chorus and Air Canada was amended and extended for an additional 10 years ending December 31, 2035 (the "2019 CPA Amendments"). The 2019 CPA Amendments include changes to the aircraft fleet operated by Chorus under the CPA (the "Covered Aircraft") for a total fleet of 105 Covered Aircraft for the period from January 1, 2019 to December 31, 2025. Following 2025, Air Canada will determine the composition of the Covered Aircraft fleet on the condition that the fleet must have a minimum of 80 aircraft with 75 to 78 seats for the remainder of the extended term of the CPA. The 2019 CPA Amendments also include changes to Chorus' compensation under the CPA which include (i) removal of the infrastructure fee, (ii) reductions in the fixed margin fee and the available performance incentive payments, (iii) changes to the flight crew and cabin crew block hour rates, (iv) reclassification of certain overhead costs into newly-established rate categories, (v) treatment of capital expenditures relating to certain airports or hangar facilities as pass-through costs, (vi) provisions setting out Air Canada's commitment to reimburse Chorus for certain wage costs, and (vii) provisions which limit Chorus' respective exposures to $2,000 annually for variances between the revenue Chorus receives from Air Canada to cover controllable costs and Chorus' actual controllable costs.

Under the CPA, Chorus is paid controllable cost revenue rates, based on controllable costs, using variables such as block hours, flight hours, cycles and passengers carried, as well as certain variable and fixed aircraft ownership rates and fixed rates.

20 Economic dependence (continued)

Chorus and Air Canada negotiate rates (controllable cost revenue) for the controllable costs Chorus expects to incur which are estimated based on certain variables to operate Air Canada Express services under the CPA. Chorus' exposure to variances between the controllable cost revenue Chorus receives from Air Canada to cover annually negotiated controllable costs and Chorus' actual controllable costs incurred in performing its services for Air Canada is limited to $2,000 annually (referred to as the "Controllable Cost Guardrail"). If Chorus' controllable costs exceed the revenue received from Air Canada by more than $2,000, Air Canada will pay to Chorus an amount equal to the excess over $2,000. Conversely, if the controllable cost revenue paid by Air Canada to Chorus exceeds Chorus' actual controllable costs by more than $2,000, Chorus will pay to Air Canada an amount equal to the excess over $2,000.

Controllable cost revenue rates are set annually, and Chorus and Air Canada complete a quarterly reconciliation and payment is made once the variance, if any, between the controllable cost revenue paid by Air Canada and Chorus' actual controllable costs is greater than $20,000 for the first three quarters with the exception of the $2,000 Controllable Cost Guardrail. The annual reconciliation is completed subsequent to the fourth quarter at which time the Controllable Cost Guardrail receivable is paid in full.

Controllable costs include such costs as wages and benefits, certain depreciation and amortization, certain aircraft maintenance, materials and supplies, third-party operating leases, and other general overhead expenses, such as crew variable expense, professional fees, travel, and training. Substantially all the controllable costs are subject to the Controllable Cost Guardrail and related reconciliation.

Chorus earns a fixed margin based on the number of covered aircraft under the CPA and does not vary based on flight activity.

Performance incentives are available for achieving established performance targets under the CPA.

Chorus incurs two types of costs under the CPA:

1) Controllable Costs
2) Pass-Through Costs

Pass-through costs are passed through to Air Canada and are fully reimbursed. These include costs such as airport and navigation fees and terminal handling fees, third-party ground handling, certain wages and benefits, certain aircraft maintenance, materials and supplies, aircraft parking, interrupted trips and baggage delivery, station supplies for processing passengers, certain third-party facilities, certain voluntary employee separation program costs and capital expenditures incurred by Jazz at certain airports and hangar facilities. Services provided by Air Canada are provided at no cost to Chorus. These include aircraft fuel, food and beverage, Air Canada ground handling and facilities leased from Air Canada.

The balances in accounts receivable and accounts payable and accrued liabilities are payable on normal trade terms and have arisen from the services provided by the applicable party.

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

21 Statement of cash flows - supplementary information

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

	Year ended December 31, 2024 $	2023 $ *(revised) (note 2)*
Decrease (increase) in accounts receivable – trade and other	37,275	(8,660)
Increase in inventories	(12,717)	(5,662)
(Increase) decrease in prepaid expenses	(9,804)	1,679
Increase in income tax receivable	(6,424)	(69)
Decrease (increase) in other long-term assets	4,137	(21,451)
Increase (decrease) in accounts payable and accrued liabilities	24,557	(3,634)
(Decrease) increase in current portion long-term incentive plan	(2,877)	56
Decrease in income tax payable	(4,666)	(2,140)
(Decrease) increase in other long-term liabilities	(8,461)	1,816
	21,020	(38,065)

The above table excludes non-cash foreign currency adjustments.

b) Other

	Year ended December 31, 2024 $	2023 $
Cash payments of interest from continuing operations	36,458	47,239
Cash payments of interest from discontinued operations	42,393	52,406
Cash payments of interest	78,851	99,645
Cash receipts of interest from continuing operations	4,304	2,625
Cash payments of tax from continuing operations	36,870	21,984
Cash payments of tax from discontinued operations	5,941	16,811
Cash payments of tax	42,811	38,795

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

21 Statement of cash flows - supplementary information (continued)

c) Reconciliation between the opening and closing balances for liabilities from financing activities

	Amortizing term loans[1] $	Debentures[2] $	Credit facilities[3] $	Total long-term debt $	Preferred shares $	Lease liabilities $
Balance - December 31, 2022	1,682,415	234,972	101,580	2,018,967	—	11,309
Long-term borrowings, net of financing costs from continuing operations	—	—	86,984	86,984	—	—
Long-term borrowings, net of financing costs from discontinued operations	(291)	—	—	(291)	—	—
Repayment of long-term borrowings from continuing operations	(108,508)	—	(67,480)	(175,988)	—	—
Repayment of long-term borrowings from discontinued operations	(165,246)	—	—	(165,246)	—	—
Repayment of lease liabilities from continuing operations	—	—	—	—	—	(4,560)
Repayment of lease liabilities from discontinued operations	—	—	—	—	—	(810)
Total financing cash flow activities	(274,045)	—	19,504	(254,541)	—	(5,370)
New lease liabilities from continuing operations	—	—	—	—	—	3,992
New lease liabilities from discontinued operations	—	—	—	—	—	2,678
Lease liability disposal from discontinued operations	—	—	—	—	—	(1,887)
Interest expense from continuing operations	—	2,461	—	2,461	—	—
Interest expense from discontinued operations	3,894	—	—	3,894	—	—
Deferred financing fee amortization from discontinued operations	1,580	—	—	1,580	—	—
Unrealized foreign exchange loss from continuing operations	(23,698)	—	(995)	(24,693)	—	(53)
Realized foreign exchange loss from continuing operations	13,656	—	(24)	13,632	—	—
Foreign currency adjustments from discontinued operations	(16,296)	—	—	(16,296)	—	(93)
Total financing non-cash activities	(20,864)	2,461	(1,019)	(19,422)	—	4,637
Balance - December 31, 2023	1,387,506	237,433	120,065	1,745,004	—	10,576

(1) Includes amortizing term loans and asset-backed securitization.
(2) Includes Series A Debentures, Series B Debentures and Series C Debentures.
(3) Includes the operating credit facility and the unsecured credit facility.

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

21 Statement of cash flows - supplementary information (continued)

c) Reconciliation between the opening and closing balances for liabilities from financing activities (continued)

	Amortizing term loans(1)	Debentures(2)	Credit facilities(3)	Total long-term debt	Preferred shares	Lease liabilities
	$	$	$	$	$	$
Balance - December 31, 2023	1,387,506	237,433	120,065	1,745,004	—	10,576
Repayment of long-term borrowings from continuing operations	(85,224)	(86,250)	(120,896)	(292,370)	—	—
Repayment of long-term borrowings from discontinued operations	(208,480)	—	—	(208,480)	—	—
Repayment of preferred shares from continuing operations	—	—	—	—	(523,691)	—
Repayment of lease liabilities from continuing operations	—	—	—	—	—	(2,915)
Repayment of lease liabilities from discontinued operations	—	—	—	—	—	(797)
Total financing cash flow activities	(293,704)	(86,250)	(120,896)	(500,850)	(523,691)	(3,712)
Business disposition	(823,617)	—	—	(823,617)	—	(3,551)
New preferred shares from continuing operations	—	—	—	—	481,939	—
New lease liabilities from continuing operations	—	—	—	—	—	4,801
Interest expense from continuing operations	—	6,317	—	6,317	10,445	—
Interest expense from discontinued operations	3,348	—	—	3,348	—	—
Deferred financing fee amortization from discontinued operations	1,724	—	—	1,724	—	—
Unrealized foreign exchange loss from continuing operations	23,065	—	695	23,760	—	83
Realized foreign exchange loss from continuing operations	7,854	—	136	7,990	31,307	—
Foreign currency adjustments from discontinued operations	44,151	—	—	44,151	—	355
Total financing non-cash activities	(743,475)	6,317	831	(736,327)	523,691	1,688
Balance - December 31, 2024	350,327	157,500	—	507,827	—	8,552

(1) Includes amortizing term loans and asset-backed securitization.
(2) Includes Series A Debentures, Series B Debentures and Series C Debentures.
(3) Includes the operating credit facility and the unsecured credit facility.

d) Restricted cash

Cash encumbered in support of issued letters of credit and leasing arrangements have been classified as restricted cash and shown separately in the consolidated statement of financial position (December 31, 2024 - $nil (note 2); December 31, 2023 - $90,432).

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

22 Additional information

a) Assets

	As at December 31, 2024 $	2023 $
Accounts receivable		
Trade receivables	21,618	65,560
Allowance for ECL	(1,707)	(6,638)
Total return swap	3,220	—
Commodity taxes	2,548	10,030
Other receivables	2,322	4,183
	28,001	73,135
Trade amounts due from Air Canada and its subsidiary (note 20)	108,490	149,144
	136,491	222,279
Inventories[1]		
Aircraft held for sale	—	86,743
Aircraft expendables	63,964	54,856
Used aircraft expendables and rotables for resale	80,617	61,004
Supplies	4,008	3,790
De-icing fluid	99	140
	148,688	206,533

(1) For the year ended December 31, 2024, the cost of aircraft expendables and supplies recognized as a maintenance expense was $44,724 (December 31, 2023 - $42,157). For the year ended December 31, 2024 inventory write-downs to net realizable value of $3,931 were recognized as a maintenance expense (December 31, 2023 - $2,548).

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

22 Additional information (continued)

	As at December 31, 2024 $	As at December 31, 2023 $
Prepaid expenses and deposits		
Airport, navigation, insurance and software fees	13,318	12,040
Inventory	6,483	1,634
Accrued straight line rent receivable	—	5,819
Other	4,456	2,841
	24,257	22,334
Other long-term assets		
Accrued Air Canada receivable (note 20)	2,351	2,237
Accrued defined pension benefit asset (note 14)	5,270	6,496
Accrued transaction fees, net of accumulated amortization	3,504	4,677
Contract asset(1)	15,563	17,101
Fair value of interest rate swaps	—	1,967
Long-term receivables(2)(3)	19,639	92,738
Long-term accrued straight line rent	—	25,256
Long-term allowance for ECL	—	(12,951)
Other	241	9,805
	46,568	147,326

(1) Includes the contract asset recorded in connection with the transfer and integration of the Embraer 175 aircraft into the covered aircraft fleet related to the 2021 CPA Amendments.

(2) The balance at December 31, 2023 includes long-term portion of RAL deferred lease receivables.

(3) Includes $18,610 (December 31, 2023 $24,377) defined benefit pension receivable, including interest accretion, relating to Air Canada's agreement to reimburse Jazz for the impact of the new pilot wage scales on the defined benefit pension plan for pilots. The accounts receivable is repaid in 60 equal monthly payments with the first payment due on December 1, 2023.

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

22 Additional information (continued)

b) Liabilities

	As at December 31, 2024 $	2023 $
Accounts payable, accrued liabilities and other liabilities		
Trade payables and accrued liabilities	252,410	296,276
DSU liability	3,632	2,311
Security deposits and maintenance reserves	—	24,151
Commodity taxes	18,254	24,388
	274,296	347,126
Trade payables and accrued liabilities due to Air Canada and its subsidiary (note 20)	1,757	1,784
Unearned revenue from Air Canada and its subsidiary (note 20)	58,870	—
	334,923	348,910

	As at December 31, 2024 $	2023 $
Other long-term liabilities		
Accrued other future employee benefits liability (note 14)	26,934	26,012
Accrued defined pension benefit liability (note 14)	13,662	1,653
Long-term incentive plan	4,945	11,659
Security deposits and maintenance reserves	—	184,136
Total return swap	—	4,391
Other	1,065	2,666
	46,606	230,517

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

22 Additional information (continued)

c) Other expenses

	Year ended December 31, 2024 $	2023 $
Other expenses from continuing operations		
Travel, training and uniforms	90,127	101,493
Software and hardware costs	16,542	11,628
ECL	1,472	915
Other	70,106	64,561
	178,247	178,597

23 Subsequent events

Share consolidation

On February 5, 2025, Chorus consolidated its shares on the basis of seven pre-consolidation common shares for one post-consolidation common share (the “Share Consolidation”). Chorus filed a Material Change Report in respect of the foregoing on February 5, 2025, which is available under Chorus’ profile on SEDAR+ at www.sedarplus.ca.

On and after February 5, 2025, the Series B Debentures were convertible into common shares at a conversion price of $44.45 per common share, being a conversion rate of approximately 22.4972 common shares for each $1,000 principal amount of Series B Debentures. The exercise or conversion price and/or the number of common shares issuable upon the exercise or deemed exercise of Chorus currently outstanding share purchase warrants, stock options and restricted share units issued pursuant to Chorus’ LTIP, and DSUs, and any other securities exercisable for or convertible into common shares have been proportionately adjusted to reflect the Share Consolidation in accordance with the respective terms thereof. In addition, the number of common shares reserved for issuance under the LTIP have been reduced proportionately to reflect the Share Consolidation.

Series B Debentures and Series C Debentures

On February 3, 2025, Chorus purchased for cancellation a total of $43,773 aggregate principal amount of Series B Debentures and a total of $37,797 aggregate principal amount of Series C Debentures pursuant to change of control offers issued on December 9, 2025.

Chorus will, in addition to other redemption rights set out in the relevant indentures, retain the ability to redeem any remaining Series B Debentures at any time on and after June 30, 2025 at the principal amount of $28,727 plus accrued and unpaid interest thereon and the Series C Debentures at any time on and after March 31, 2026 at the principal amount of $47,203 plus accrued and unpaid interest thereon.