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Fourth Quarter and Year-end 2024

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

Chorus Aviation Inc.

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INTRODUCTION

In this MD&A, references to Chorus refer, as the context may require, to one or more of Chorus Aviation Inc. and its current and former subsidiaries, including partnerships in which the Corporation holds a majority of the equity interests. Where this MD&A discusses the CPA, references to Chorus are exclusively intended to refer to Jazz. Please refer to Section 25 - Glossary of Terms for definition of capitalized terms and acronyms used in this MD&A.

This MD&A, which presents a discussion of the financial condition and results of operations for Chorus, should be read in conjunction with the accompanying audited consolidated financial statements of Chorus and the notes therein for the years ended December 31, 2024 and 2023 and Chorus' Annual Information Form dated February 19, 2025. All financial information has been prepared in accordance with GAAP, as set out in the CPA Canada Handbook, except for any financial information specifically denoted otherwise. Except as otherwise noted or where the context may otherwise require, this MD&A is prepared as of February 19, 2025.

The earnings and cash flows of Chorus are affected by certain risks. For a description of those risks, please refer to the discussion of specific risks in Section 8 – Capital Structure and Section 10 – Risk Factors.

Except where the context otherwise requires, all amounts are stated in Canadian dollars.

1 OVERVIEW

Chorus completed the sale of the RAL business including the Falko Group on December 6, 2024 for an aggregate consideration of $2.0 billion with net proceeds of US $607.7 million in cash after (i) transaction costs, (ii) aircraft-related debt in the RAL business which was assumed or prepaid by the purchasers at closing, and (iii) the value of the non-controlling interest in the RAL segment.

On December 31, 2024, Chorus repaid upon maturity all of its outstanding Series A Debentures ($86.3 million aggregate principal amount) together with all accrued and unpaid interest thereon and redeemed all of the outstanding Preferred Shares in the amount of US $363.3 million comprised of US $300.0 million Preferred Shares and a MOIC of US $63.3 million net of dividends paid, in each case for cash and repaid the balance outstanding under the Operating Credit Facility. The Corporation filed a Material Change Report in respect of the foregoing on January 2, 2025, which is available under the Corporation's profile on SEDAR+ at www.sedarplus.ca.

On December 9, 2024, Chorus announced offers to purchase the Series B Debentures and Series C Debentures in accordance with the terms of the relevant indentures. On February 3, 2025, Chorus purchased for cancellation a total of $43.8 million aggregate principal amount of Series B Debentures and a total of $37.8 million aggregate principal amount of Series C Debentures pursuant to those offers.

In addition to other redemption rights set out in the relevant indentures, the Corporation retains the ability to redeem the outstanding Series B Debentures at any time on and after June 30, 2025 at the principal amount of $28.7 million plus accrued and unpaid interest thereon and the outstanding Series C Debentures at any time on and after March 31, 2026 at the principal amount of $47.2 million plus accrued and unpaid interest thereon.

Effective February 5, 2025, Chorus consolidated its Common Shares on the basis of one post-consolidation Common Share for every seven pre-consolidation Common Shares (the "Share Consolidation"). The Corporation filed a Material Change Report in respect of the foregoing on February 6, 2025, which is available under the Corporation's profile on SEDAR+ at www.sedarplus.ca (refer to Section 18 - Share Consolidation).

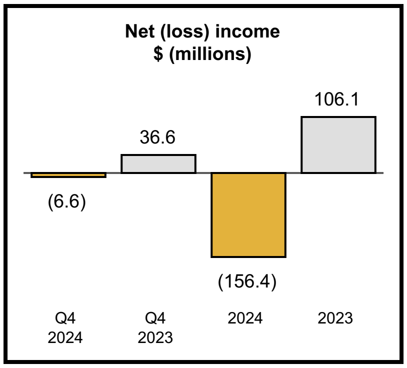
Unless otherwise stated, all numbers in this MD&A are reported on a post-Share Consolidation basis.

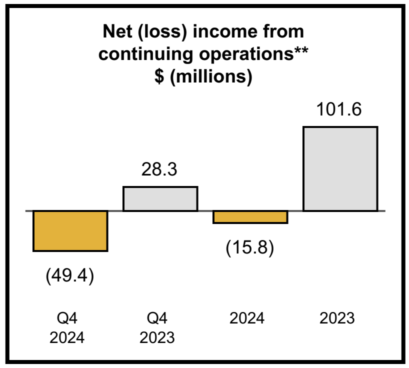
Chorus renewed the normal course issuer bid for its Common Shares ("**NCIB**") on November 6, 2024. Under the NCIB, Chorus was authorized to purchase for cancellation up to a maximum of 14,826,478 Common Shares (pre-Share Consolidation), representing 10% of the public float of the Common Shares as of November 4, 2024 calculated in accordance with TSX rules. On February 10, 2025, the Common Shares began trading on the TSX on a post-Share Consolidation basis, at which time the maximum number of Common Shares Chorus is authorized to purchase for cancellation for the remainder of the NCIB was adjusted to 1,685,150 Common Shares. The NCIB commenced on November 14, 2024 and concludes on the earlier of the date on which the Corporation purchases the maximum number of Shares permitted under the NCIB and November 13, 2025. There can be no assurance as to how many Common Shares, if any, will be acquired by Chorus pursuant to the NCIB. (Refer to Section 8 - Capital Structure.)

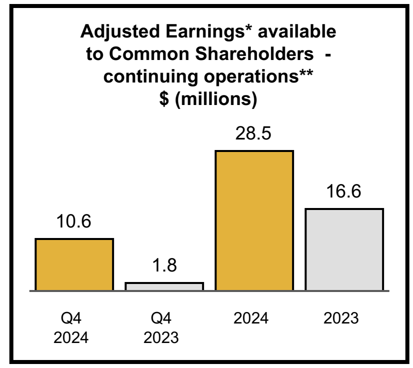
During the year ended December 31, 2024, Chorus purchased and cancelled 881,685 Common Shares under the current NCIB at a weighted average price of $3.00 per Common Share. The current NCIB follows on the conclusion of the previous NCIB that expired on November 13, 2024. Under the previous NCIB, the Corporation purchased 2,796,265 Common Shares at a weighted average price of $2.13 per Common Share. All figures in this paragraph are reported on a pre-Share Consolidation basis.

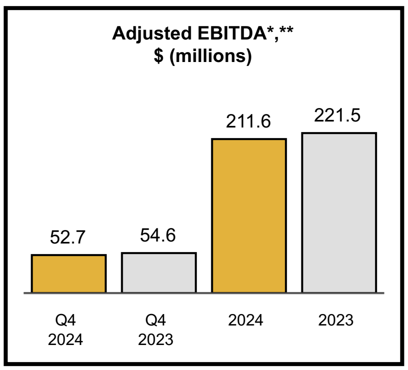
Chorus' non-GAAP financial measures and ratios exclude the results of discontinued operations for the current and prior periods. Chorus' results from continuing operations are in a transitional period until the impact of the reduction in interest expense is realized as a result of the repayment of the Series A Debentures, the repayment of the Operating Credit Facility and the elimination of Preferred Share dividends along with the impact of the redemption of Series B Debentures and Series C Debentures. (Refer to Section 4 - Post Sale Pro Forma Non-GAAP Financial Measures December 31, 2024.)

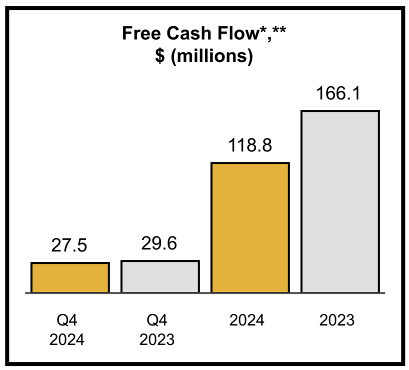
Following completion of the Transaction, Chorus has one reportable operating segment and will no longer disclose its results on a segmented basis. Refer to note 2 "Assets held for sale and discontinued operations" in the audited consolidated financial statements of Chorus for the year ended December 31, 2024.

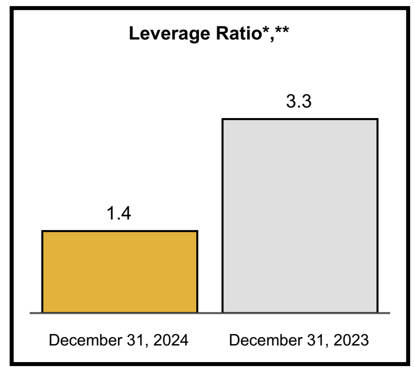












* These are non-GAAP financial measures or non-GAAP ratios that are not recognized measures for financial statement presentation under GAAP. As such, they do not have standardized meanings, may not be comparable to similar measures presented by other issuers and should not be considered a substitute for or superior to GAAP results. Refer to Section 19 – Non-GAAP Financial Measures for further information, including the composition and use of such non-GAAP financial measures and ratios.

** The results of discontinued operations (RAL segment) have been excluded from both current and prior period figures to conform to current period presentation. All amounts presented and discussed in this MD&A are from continuing operations unless otherwise noted.

Q4 2024 Quarter Highlights:

- Completed the sale of the RAL business in the fourth quarter with net proceeds of US $607.7 million in cash.
- Net loss of $6.6 million.
- Net loss from continuing operations of $49.4 million.
- Adjusted Earnings available to Common Shareholders of $10.6 million.
- Adjusted Earnings available to Common Shareholders of $0.39 per Common Share, basic.
- Adjusted EBITDA of $52.7 million.
- Free Cash Flow of $27.5 million.
- Parts sales, contract flying, MRO and other revenue of $35.9 million primarily driven by Voyageur.

Annual Financial Highlights:

- Leverage Ratio improved to 1.4 at December 31, 2024 from 3.3 at December 31, 2023.
- Net loss from continuing operations of $15.8 million.
- Adjusted Earnings available to Common Shareholders of $28.5 million.
- Adjusted Earnings available to Common Shareholders of $1.04 per Common Share, basic.
- Adjusted EBITDA of $211.6 million.
- Free Cash Flow of $118.8 million.
- Parts sales, contract flying, MRO and other revenue of $128.3 million primarily driven by Voyageur.

Fourth Quarter Summary

In the fourth quarter of 2024, Chorus reported Adjusted EBITDA from continuing operations of $52.7 million, a decrease of $2.0 million compared to the fourth quarter of 2023 primarily due to:

- a decrease in aircraft leasing revenue under the CPA of $2.4 million primarily due to a change in lease rates on certain aircraft; and
- an increase in general administrative expenses primarily attributable to increased operations; and
- an increase in stock-based compensation of $1.4 million due to an increase in the Common Share price offset by the change in fair value of the Total Return Swap (refer to Section 8 - Capital Structure - Equity Price Risk); partially offset by
- an increase in Voyageur's parts sales, contract flying and MRO activity;
- an increase in capitalization of major maintenance overhauls on owned aircraft of $2.4 million; and
- an improvement in the Controllable Cost Guardrail of $2.0 million.

Adjusted Net Income from continuing operations was $10.6 million for the quarter, in line compared to the fourth quarter of 2023 primarily due to:

- a $2.0 million decrease in Adjusted EBITDA as previously described; and
- an increase in depreciation expense of $4.0 million primarily attributable to a change in depreciation estimates on certain aircraft and capital expenditures; partially offset by
- a positive change in foreign exchange of $3.2 million;
- a decrease of $1.7 million in income tax expense; and
- a decrease in net interest costs of $0.8 million, inclusive of a $3.7 million interest charge related to the acceleration of the amortization of the deferred financing costs related to the Series B Debentures and Series C Debentures.

Net loss from continuing operations increased $77.7 million compared to the fourth quarter of 2023 primarily due to:

- a realized foreign exchange loss on the settlement of Preferred Shares of $31.3 million;
- a reduction in realized foreign exchange gains related to the settlement of intercompany loans in 2023 of $26.4 million;
- a negative change in net unrealized foreign exchange of $13.8 million;
- impairment provisions of $10.5 million primarily related to planned part-out of Voyageur's non-operational owned aircraft;

- interest accretion on Preferred Shares of $10.4 million; and
- an increase in employee separation program costs of $1.0 million; partially offset by
- a realized foreign exchange gain of $13.7 million related to US dollar denominated cash held between the dates December 6, 2024 and December 31, 2024 being the dates Chorus received the net proceeds from the Transaction and the redemption of the Preferred Shares, respectively; and
- an increase in income tax recovery on adjusted items of $2.2 million.

Annual Summary

Chorus reported Adjusted EBITDA from continuing operations of $211.6 million for the year ended December 31, 2024, a decrease of $10.0 million compared to the same prior year period primarily due to:

- a decrease in aircraft leasing revenue under the CPA of $15.7 million primarily due to a change in lease rates on certain aircraft;
- an increase in stock-based compensation of $3.6 million due to an increase in the Common Share price offset by the change in fair value of the Total Return Swap (refer to Section 8 - Capital Structure - Equity Price Risk); and
- an increase in general administrative expenses primarily attributable to increased operations; partially offset by
- an increase in capitalization of major maintenance overhauls on owned aircraft of $6.4 million;
- an improvement in the Controllable Cost Guardrail of $4.0 million; and
- an increase in Voyageur's parts sales, contract flying and MRO activity.

Adjusted Net Income from continuing operations of $46.3 million, a decrease of $5.7 million compared to the same prior year period primarily due to:

- a $10.0 million decrease in Adjusted EBITDA as previously described; and
- an increase in depreciation expense of $14.4 million primarily attributable to a change in depreciation estimates on certain aircraft and capital expenditures; partially offset by
- a decrease of $11.9 million in income tax expense;
- a decrease in net interest costs of $3.7 million, inclusive of a $3.7 million interest charge related to the acceleration of the amortization of the deferred financing costs related to the Series B Debentures and Series C Debentures.; and
- a positive change in net foreign exchange of $2.9 million.

Net loss from continuing operations of $15.8 million, an increase of $117.4 million compared to the same prior year period primarily due to:

- the previously noted decrease in Adjusted Net Income of $5.7 million;
- a realized foreign exchange loss on the settlement of Preferred Shares of $31.3 million;
- the Defined Benefit Pension Revenue recognized in 2023 of $29.9 million (Air Canada agreed to compensate Jazz for the one-time impact of the wage increase on the Jazz defined benefit pension plan);
- a reduction in realized foreign exchange gains related to the settlement of intercompany loans in 2023 of $26.4 million;
- a negative change in net foreign exchange of $26.0 million;
- impairment provisions of $10.5 million primarily related to planned part-out on Voyageur non-operational owned aircraft;

- interest accretion on Preferred Shares of $10.4 million; and
- an increase in employee separation program costs of $1.1 million; partially offset by
- a realized foreign exchange gain of $13.7 million related to US dollar denominated cash held between the dates December 6, 2024 and December 31, 2024 being the dates Chorus received the net proceeds from the Transaction and the redemption of the Preferred Shares, respectively; and
- an increase in income tax recovery on adjusted items of $10.3 million.

2 ABOUT CHORUS

Chorus is a Canadian company focused on aviation services businesses. Chorus' operating subsidiaries are: Jazz Aviation, the largest regional airline in Canada and provider of regional air services under the Air Canada Express brand; Voyageur Aviation, a leading provider of specialty charter, aircraft modifications, parts provisioning and in-service support services; and Cygnet Aviation Academy, an industry leading accredited training academy preparing pilots for direct entry into airlines.

Together, Chorus' subsidiaries provide services that encompass every stage of a regional aircraft's lifecycle, including: aircraft acquisition and leasing; aircraft refurbishment, engineering, modification, repurposing and transition; contract flying; aircraft and component maintenance, disassembly, and parts provisioning; and pilot training.

The Corporation currently owns subsidiaries which operate in the following four sectors of the aviation industry:

a) <u>Contract flying</u>: Chorus provides contract flying services, commonly referred to as “wet leasing” through two of its wholly-owned subsidiaries: Jazz and Voyageur. Jazz is the largest regional airline in Canada and operates more flights into more airports in Canada through its scheduled services under the CPA with Air Canada than any other Canadian airline. Air Canada makes all decisions with respect to flight scheduling and ticket sales, and bears all of the market risk associated with fluctuations in passenger ticket revenues.

   Voyageur provides charter services and specialized contract flying, such as medical, logistical and humanitarian flights, to international and Canadian customers.

b) <u>Aircraft leasing</u>: Jazz currently earns leasing revenue under the CPA from 48 wholly-owned aircraft and five spare engines. Voyageur also earns revenue from aircraft leasing.

c) <u>MRO, part sales and technical services</u>: Jazz provides 24/7 MRO services and is certified on Dash 8, CRJ, and Embraer 135, 145 and 175 aircraft. Voyageur provides specialty MRO and engineering services on Dash, CRJ, Embraer, Diamond DA-20/40/42, and Beechcraft King Air aircraft products. Voyageur also focuses on aircraft disassembly and aircraft parts provisioning to customers globally.

d) <u>Pilot training</u>: Cygnet is 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 training.

Jazz earns margin under the CPA in three ways:

1. Fixed Margin

Jazz earns a Fixed Margin based on the number of Covered Aircraft under the CPA that does not vary based on flight activity.

2. Performance Incentives

Jazz has the opportunity to earn Performance Incentives under the CPA for achieving certain performance targets in relation to controllable on-time performance, controllable flight completion, customers arriving with luggage and customer service.

3. Aircraft leasing under the CPA

Jazz earns aircraft leasing revenue under the CPA from the following owned assets: 34 Dash 8-400s, 14 CRJ900s, and five spare engines.

Jazz bills for Controllable Costs (which are offset by Controllable Cost Revenue) and Pass-Through Costs (which are offset by Pass-Through Revenue) as follows:

a) Controllable Cost Revenue

Jazz and Air Canada negotiate rates ("**Controllable Cost Revenue**") for the Controllable Costs Jazz expects to incur which are estimated based on certain variables to operate Air Canada Express services under the CPA. Jazz's exposure to variances between the Controllable Cost Revenue Jazz receives from Air Canada to cover annually negotiated Controllable Costs, and Jazz's actual Controllable Costs incurred in performing its services for Air Canada is limited to $2.0 million annually (referred to as the "**Controllable Cost Guardrail**").

b) Pass-Through Revenue

Jazz receives Pass-Through Revenue, which is based on Pass-Through Costs reimbursed by Air Canada.

Pass-Through Costs include operational expenses that are reimbursed by Air Canada such as airport and navigation fees, and certain aircraft maintenance, materials and supplies. Jazz does not incur fuel or food and beverage costs related to CPA flying, as these are charged directly to Air Canada.

Aircraft fleet under the CPA

From January 1, 2021 through December 31, 2025, the minimum number of Covered Aircraft is set at 105. From January 1, 2026 through December 31, 2035, 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 75-78 seats (refer to Section 26 - Caution Regarding Forward-Looking Information).

3 STRATEGY

Chorus completed the sale of the RAL business including the Falko Group on December 6, 2024 and used a portion of the proceeds to substantially reduce its debt and redeem all its outstanding Preferred Shares thereby significantly improving its Leverage Ratio.

Chorus' resulting strengthened balance sheet and improved liquidity should provide the Corporation greater flexibility to return capital to Common Shareholders and pursue growth opportunities in the aviation services sector through both organic growth and acquisitions.

Chorus generates strong and predictable earnings primarily from long-term contracts. Chorus' operational experience and capabilities are its differentiators that should enable ongoing Free Cash Flow generation from its existing businesses as well as enable steady and stable growth. Its core competencies include:

- Structuring and negotiating long-term fixed payment contracts with large blue-chip customers, including commercial airlines and government agencies;
- Developing and building strong relationships through consistently delivering on contractual commitments by providing high quality, reliable and safe services; and
- Providing a strong infrastructure for its customers which offers a full range of services including aircraft engineering, aircraft modifications, in-service support, flying operations, aircraft disassembly and parts provisioning.

This section contains forward-looking information. Please refer to Section 26 - Caution Regarding Forward-Looking Information.

4 POST SALE PRO FORMA NON-GAAP FINANCIAL MEASURES DECEMBER 31, 2024

The pro forma financial information in this section is based on the audited consolidated financial statements of Chorus for the year ended December 31, 2024 (the "**Q4 2024 Statements**) and has been prepared to retroactively illustrate the financial impact of the Transaction and subsequent debt reduction on Chorus had the Transaction closed on January 1, 2024 for the purposes of metrics which are based on the trailing 12 months ended December 31, 2024 and December 31, 2023 for all other metrics. The pro forma adjustments to the Q4 2024 Statements are not audited and are based on current management estimates and assumptions. Furthermore, since the pro forma information is based on historical financial results, it is not indicative of future financial results and should not be regarded as a forecast or projection of Chorus' future earnings, financial position or cash flows. Therefore, undue reliance should not be placed on the pro forma information. (Refer to Section 26 - Caution Regarding Forward-Looking Information.)

On December 31, 2024 Chorus repaid all of its outstanding Series A Debentures ($86.3 million aggregate principal amount) together with all accrued and unpaid interest thereon and redeemed all of the outstanding Preferred Shares in the amount of US $363.3 million comprised of US $300.0 million Preferred Shares and a MOIC of US $63.3 million net of dividends paid, in each case for cash and repaid the balance outstanding under the Operating Credit Facility.

On December 9, 2024, Chorus announced offers to purchase the Series B Debentures and Series C Debentures in accordance with the terms of the relevant indentures. On February 3, 2025, Chorus purchased for cancellation a total of $43.8 million aggregate principal amount of Series B Debentures and a total of $37.8 million aggregate principal amount of Series C Debentures pursuant to those offers. As of the date of this MD&A, $28.7 million aggregate principal amount of Series B Debentures and $47.2 million aggregate principal amount of Series C Debentures remain outstanding.

The redemption of the Preferred Shares, the significant debt reduction and reduction in interest and preferred dividend costs, has significantly strengthened Chorus' balance sheet and improved key financial metrics.

The following table provides a summary of the use of the net proceeds from the Transaction and repayment of corporate financings:

(in thousands of Canadian dollars)	
Net proceeds, net of transaction costs(1)	854,089
Redemption/Repayment December 2024:	
Series A Debentures	86,250
Operating Credit Facility	60,000
Preferred Shares(2)	523,691
Redemption/Repayment Q1 2025:	
Series B Debentures and Series C Debentures(3)	81,570
	751,511
Net cash remaining	102,578

(1) The net proceeds of $854.1 million are net of transaction costs of $32.6 million. The proceeds were converted to CAD at 1.4038 from USD using the exchange rate as of December 6, 2024 and excludes cash sold in the RAL business of $194.0 million.
(2) Chorus was required to pay a MOIC (net of cash dividends paid) of $91.2 million (US $63.3 million) on the redemption of the $432.5 million (US $300.0 million) Preferred Shares. The Preferred Shares were redeemed on December 31, 2024 when the USD to CAD foreign exchange rate was 1.4416.
(3) On February 3, 2025, Chorus purchased for cancellation $43.8 million aggregate principal amount of Series B Debentures and $37.8 million aggregate principal amount of Series C Debentures.

The following pro forma non-GAAP adjusted metrics reflect continuing operations and the effect of the repayment and the repayment of corporate financings on the December 31, 2024 results.

Pro Forma Adjusted Earnings available to Common Shareholders per Common Share

(in thousands of Canadian dollars, except per share amounts)	**Three months ended December 31, 2024 $**	**Year ended December 31, 2024 $**
Adjusted Earnings available to Common Shareholders as reported from continuing operations[(1)(2)]	10,565	28,475
Interest expense savings, net of tax[(3)]	5,892	15,857
Preferred Share dividend savings	—	17,827
Pro Forma Adjusted Earnings available to Common Shareholders from continuing operations[(1)]	16,457	62,159
Pro Forma Adjusted Earnings available to Common Shareholders per Common Share, basic from continuing operations[(1)]	0.60	2.27

(1) These are non-GAAP financial measures that are not recognized measures for financial statement presentation under GAAP. As such, they do not have standardized meanings, may not be comparable to similar measures presented by other issuers and should not be considered a substitute for or superior to GAAP results. Refer to Section 19 – Non-GAAP Financial Measures for further information, including the composition and use of such non-GAAP financial measures and ratios.
(2) The results of discontinued operations (RAL segment) have been excluded from both current and prior period figures to conform to current period presentation. All amounts presented and discussed in this MD&A are from continuing operations unless otherwise noted.
(3) The interest expense on the actual redemption of the Unsecured Debentures and the Operating Credit Facility for the three months and year ended December 31, 2024 was $8.1 million and $21.7 million, respectively. The interest expense was tax effected using a 27.0% tax rate.

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Pro Forma Leverage Ratio

(in thousands of Canadian dollars)	**December 31, 2024 $**
Long-term debt and lease liabilities (including current portion)	516,379
Less:	
Series B Debentures and Series C Debentures(1)	(81,570)
	434,809
Less:	
Cash on hand at December 31, 2024	(222,216)
Cash required to repay Series B Debentures and Series C Debentures(1)	81,570
Pro Forma Adjusted Net Debt(2)	**294,163**
Adjusted EBITDA(2)(3)	211,579
Pro Forma Leverage Ratio(2)	1.4

(1) On February 3, 2025, Chorus purchased for cancellation $43.8 million aggregate principal amount of Series B Debentures and $37.8 million aggregate principal amount of Series C Debentures. In addition to other redemption rights set out in the relevant indentures, the Corporation retains the ability to redeem the outstanding Series B Debentures at any time on and after June 30, 2025 at the principal amount of $28.7 million plus accrued and unpaid interest thereon and the outstanding Series C Debentures at any time on and after March 31, 2026 at the principal amount of $47.2 million plus accrued and unpaid interest thereon.

(2) These are non-GAAP financial measures or non-GAAP ratios that are not recognized measures for financial statement presentation under GAAP. As such, they do not have standardized meanings, may not be comparable to similar measures presented by other issuers and should not be considered a substitute for or superior to GAAP results. Refer to Section 19 – Non-GAAP Financial Measures for further information, including the composition and use of such non-GAAP financial measures and ratios.

(3) The results of discontinued operations (RAL segment) have been excluded from both current and prior period figures to conform to current period presentation. All amounts presented and discussed in this MD&A are from continuing operations unless otherwise noted.

Pro Forma Free Cash Flow and Pro Forma Free Cash Flow after Repayment on Long-term Borrowings[3]

(in thousands of Canadian dollars)	**Three months ended December 31, 2024 $**	**Year ended December 31, 2024 $**
Free Cash Flow as reported[1][2]	27,482	118,787
Interest savings, net of tax[3]	2,716	11,246
Pro Forma Free Cash Flow[1]	30,198	130,033
Repayment on long-term borrowings[2][4]	*(25,561)*	*(85,224)*
Pro Forma Free Cash Flow after repayment on long-term borrowings[1][4]	*4,637*	*44,809*

(1) These are non-GAAP financial measures that are not recognized measures for financial statement presentation under GAAP. As such, they do not have standardized meanings, may not be comparable to similar measures presented by other issuers and should not be considered a substitute for or superior to GAAP results. Refer to Section 19 – Non-GAAP Financial Measures for further information, including the composition and use of such non-GAAP financial measures and ratios.

(2) The results of discontinued operations (RAL segment) have been excluded from both current and prior period figures to conform to current period presentation. All amounts presented and discussed in this MD&A are from continuing operations unless otherwise noted.

(3) The interest expense on the actual redemption of the Unsecured Debentures and the Operating Credit Facility for the three months and year ended December 31, 2024 was $3.7 million and $15.4 million, excluding interest accretion of $4.3 million and $6.3 million, respectively. The interest expense was tax effected using a 27.0% tax rate.

(4) Excludes repayment of $nil and $33.9 million on the Unsecured Credit Facility for the three months and year ended December 31, 2024, respectively.

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Pro Forma Adjusted Return on Equity

(in thousands of Canadian dollars)	**Trailing 12-months ended December 31, 2024 $**
Adjusted Earnings Available to Common Shareholders as reported[1][2]	28,475
Add: Interest savings, net of tax[3]	15,857
Add: Preferred Share dividends declared	17,827
Pro Forma Adjusted Earnings Available to Common Shareholders[2]	62,159
Average equity attributable to Common Shareholders excluding cash	
Average Shareholders' equity as reported	896,209
Add (Deduct) items to get to average equity attributable to Common Shareholders excluding cash	
Average Non-controlling interest	(43,293)
Average Preferred Shares	(187,609)
Average Cash	(126,385)
Average Cash to redeem the Series B Debentures and Series C Debentures[4]	40,785
	579,707
Pro Forma Adjusted Return on Equity[2]	**10.7%**

(1) The results of discontinued operations (RAL segment) have been excluded from both current and prior period figures to conform to current period presentation. All amounts presented and discussed in this MD&A are from continuing operations unless otherwise noted.
(2) These are non-GAAP financial measures that are not recognized measures for financial statement presentation under GAAP. As such, they do not have standardized meanings, may not be comparable to similar measures presented by other issuers and should not be considered a substitute for or superior to GAAP results. Refer to Section 19 – Non-GAAP Financial Measures for further information, including the composition and use of such non-GAAP financial measures and ratios.
(3) The interest expense on the actual redemption of the Unsecured Debentures and the Operating Credit Facility for the trailing 12-months ended December 31, 2024 was $21.7 million. The interest expense was tax effected using a 27.0% tax rate.
(4) On February 3, 2025, Chorus purchased for cancellation $43.8 million aggregate principal amount of Series B Debentures and $37.8 million aggregate principal amount of Series C Debentures. In addition to other redemption rights set out in the relevant indentures, the Corporation retains the ability to redeem the outstanding Series B Debentures at any time on and after June 30, 2025 at the principal amount of $28.7 million plus accrued and unpaid interest thereon and the outstanding Series C Debentures at any time on and after March 31, 2026 at the principal amount of $47.2 million plus accrued and unpaid interest thereon.

5 OUTLOOK

The discussion that follows includes forward-looking information. This outlook provides current expectations for the Jazz business in 2025 and 2026. This information may not be appropriate for other purposes (refer to Section 26 - Caution Regarding Forward-Looking Information). The outlook was updated to reflect higher anticipated USD/CAD foreign exchange rates.

The CPA provides a Fixed Margin to Jazz regardless of flying levels; therefore, any variations in flying are not expected to have any impact on Jazz's earnings. In addition, Jazz receives compensation for aircraft leased under the CPA that generates predictable Free Cash Flows. Jazz aircraft have amortizing debt that will be fully paid-off at the end of the original lease term under the CPA. At the end of each lease, Jazz will either extend the lease, sell or part-out each aircraft. Subsequent aircraft leases will continue to produce predictable Free Cash Flow at lower rates as the aircraft will be unencumbered.

	Actual	Annual Forecast[1]	
(in thousands of Canadian dollars)	2024 $	2025 $	2026[2] $
Fixed Margin[3]	61,280	59,600	43,900
Aircraft leasing under the CPA			
Revenue[4]	133,174	123,000	109,000
Payment on long-term debt and interest	97,126	81,000	72,000
Total Fixed Margin and Aircraft leasing under the CPA less payment on long-term debt and interest	97,328	101,600	80,900
Wholly-owned aircraft leased under the CPA (end of period)[4]	48	45	39
Wholly-owned aircraft leased under the CPA available for re-lease (end of period)[4]	—	3	9

(1) The forecast uses a foreign exchange rate of 1.4000 for 2025 and 2026 (previously at 1.3200 and 1.2900 for 2026) to translate USD to CAD.
(2) Includes estimates for future market lease rates for 12 Dash 8-400's for 2026 with contracted lease extensions to 2030.
(3) The Fixed Margin will decrease to no less than $59.6 million in 2025 and no less than $43.9 million in 2026 with no further changes thereafter.
(4) Leases on six Dash 8-400s expire in mid-2026.

<u>Portfolio of Aircraft Leasing under the CPA</u>

- Current fleet of 48 wholly-owned aircraft and five spare engines
- Current net book value of $793.4 million
- Future contracted lease revenue US $385.4 million[1,2]
- Current weighted average fleet age of 8.5 years[3]
- Current weighted average remaining lease term of 4.9 years[3]
- Long-term debt of $347.3 million (US $241.4 million)
- 100% of debt has a fixed rate of interest

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- Current weighted average cost of borrowing of 3.32%

1 Refer to Section 26 - Caution Regarding Forward-Looking Information.
2 The estimates are based on agreed lease rates in the CPA and certain assumptions and estimates for future market lease rates related to new and extended leases under the CPA.
3 Fleet age and remaining lease term is calculated based on the weighted-average of the aircraft net book value.

Covered Aircraft

The actual and forecasted Covered Aircraft under the CPA for the years 2024 to 2026 is as follows:

		Actual 2024	Change 2025	Forecast 2025	Change 2026	Forecast 2026
Dash 8-400	Aircraft Leased under the CPA	34	(3)	31	(6)	25
	Other Covered Aircraft	5	(5)	—	—	—
		39	(8)	31	(6)	25
CRJ900	Aircraft Leased under the CPA	14	—	14	—	14
	Other Covered Aircraft	21	—	21	(5)	16
		35	—	35	(5)	30
CRJ200	Aircraft Leased under the CPA	—	—	—	—	—
	Other Covered Aircraft(1)	15	—	15	(15)	—
		15	—	15	(15)	—
E175	Aircraft Leased under the CPA	—	—	—	—	—
	Other Covered Aircraft	25	—	25	—	25
		25	—	25	—	25
Total	Aircraft Leased under the CPA(2)(3)	48	(3)	45	(6)	39
	Other Covered Aircraft	66	(5)	61	(20)	41
		114	(8)	106	(26)	80

(1) The 15 CRJ200s are currently non-operational under the CPA.
(2) After 2026, the 39 owned Aircraft Leased under the CPA have lease expiry dates from 2027 to 2033. 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 75-78 seats. As leases in respect of owned aircraft mature, the minimum 80 Covered Aircraft fleet will be composed of owned aircraft with lease extensions and/or other Covered Aircraft sourced by Air Canada.
(3) Lease expiry dates for owned aircraft are as follows: Dash 8-400's: six expiries in November 2027; seven expiries in 2028 and 12 expiries in 2030; and for CRJ900's: five in 2028; eight in 2032 and one in 2033.

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Capital Expenditures

Capital expenditures in 2025 are expected to be as follows:

(in thousands of Canadian dollars)	**Year ended December 31, 2024 $**	**Annual Forecast 2025 $**		
Capital expenditures, excluding aircraft acquisitions	13,547	20,000	to	25,000
Capitalized major maintenance overhauls[1]	19,452	8,000	to	13,000
Aircraft acquisitions and improvements	19,892	2,500	to	7,500
	52,891	30,500	to	45,500

(1) The 2025 plan includes between $3.0 million to $7.0 million of costs that are expected to be included in and recovered through the Controllable Costs. Actual 2024 includes $12.6 million which forms part of Controllable Costs.

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6 FLEET

The following table provides the total number of aircraft from continuing operations as at December 31, 2024:

	Total	Owned
Covered Aircraft Leased Under the CPA		
Dash 8-400	34	34
CRJ900	14	14
Total Covered Aircraft Leased Under the CPA	48	48
Other Covered Aircraft		
CRJ200[(1)]	15	—
CRJ900	21	—
Dash 8-400	5	—
E175	25	—
Total Other Covered Aircraft	66	—
Voyageur Aircraft		
CRJ200	6	6
King Air 200[(2)]	3	3
King Air 350[(2)]	1	1
Dash 8-100	1	1
Dash 8-300	9	9
Dash 8-400	1	1
Total Voyageur Aircraft	21	21
Total[(3)]	135	69

(1) The 15 CRJ200s are currently non-operational under the CPA.
(2) Voyageur purchased one King Air 200 and one King Air 350 during the year ended December 31, 2024.
(3) Excludes 12 Diamond aircraft operated by Cygnet and nine non-operational aircraft.

7 CONSOLIDATED FINANCIAL ANALYSIS

This section provides detailed information and analysis about Chorus' performance from continuing operations for the three months and year ended December 31, 2024 compared to the three months and year ended December 31, 2023.

	Three months ended December 31,				Year ended December 31,			
(expressed in thousands of Canadian dollars)	**2024** $	**2023** $	**Change** $	**Change** %	**2024** $	**2023** $	**Change** $	**Change** %
		(revised)[(1)]				*(revised)*[(1)]		
Operating revenue[(2)]	353,155	354,628	(1,473)	(0.4)	1,404,954	1,399,611	5,343	0.4
Operating expenses	339,851	323,823	16,028	4.9	1,312,308	1,241,081	71,227	5.7
Operating income	13,304	30,805	(17,501)	(56.8)	92,646	158,530	(65,884)	(41.6)
Net interest expense	(20,479)	(10,811)	(9,668)	89.4	(47,385)	(40,653)	(6,732)	16.6
Foreign exchange (loss) gain	(40,126)	14,455	(54,581)	(377.6)	(47,968)	19,154	(67,122)	(350.4)
Gain on property and equipment	76	—	76	100.0	96	13	83	638.5
(Loss) income before income tax	(47,225)	34,449	(81,674)	(237.1)	(2,611)	137,044	(139,655)	(101.9)
Income tax expense	(2,200)	(6,161)	3,961	(64.3)	(13,152)	(35,414)	22,262	(62.9)
Net (loss) income from continuing operations	(49,425)	28,288	(77,713)	(274.7)	(15,763)	101,630	(117,393)	(115.5)
Net income (loss) from discontinued operations, net of taxes[(4)]	42,829	8,333	34,496	414.0	(140,686)	4,476	(145,162)	(3,243.1)
Net (loss) income	(6,596)	36,621	(43,217)	(118.0)	(156,449)	106,106	(262,555)	(247.4)
Net income attributable to non-controlling interest	1,012	2,443	(1,431)	(58.6)	2,051	4,753	(2,702)	(56.8)
Net (loss) income attributable to Shareholders	(7,608)	34,178	41,786	122.3	(158,500)	101,353	(259,853)	(256.4)
Adjusted EBITDA[(3)]	52,665	54,643	(1,978)	(3.6)	211,579	221,535	(9,956)	(4.5)
Adjusted EBT[(3)]	15,170	17,038	(1,868)	(11.0)	62,093	79,720	(17,627)	(22.1)
Adjusted Net Income[(3)]	10,565	10,704	(139)	(1.3)	46,302	51,993	(5,691)	(10.9)

(1) The results of discontinued operations (RAL segment) have been excluded from both current and prior period figures in accordance with IFRS 5 to conform to current period presentation. All amounts presented and discussed in this MD&A are from continuing operations unless noted.
(2) Air Canada agreed to compensate Jazz for the one-time impact of the wage increase on the Jazz defined benefit pension plan of $29.9 million in 2023.
(3) These are non-GAAP financial measures that are not recognized measures for financial statement presentation under GAAP. As such, they do not have standardized meanings, may not be comparable to similar measures presented by other issuers and should not be considered a substitute for or superior to GAAP results. Refer to Section 19 – Non-GAAP Financial Measures for further information, including the composition and use of such non-GAAP financial measures and ratios.
(4) Discontinued operations includes $49.9 million in foreign exchange gains, recycled from other comprehensive income, as a result of the divestiture of the RAL business.

Three months ended December 31, 2024

For the three months ended December 31, 2024, consolidated operating revenue decreased $1.5 million or 0.4%, compared to the same period last year. Decreased revenue was primarily attributable to a decrease in Controllable

Cost Revenue of $18.9 million and a decrease in aircraft leasing revenue under the CPA of $2.4 million primarily due to a change in lease rates on certain aircraft; partially offset by increased Pass-Through Revenue of $10.8 million and an increase in parts sales, contract flying, MRO and other revenue of $9.2 million primarily due to Voyageur.

Operating expenses increased $16.0 million or 4.9% for the three months ended December 31, 2024 compared to the same period last year primarily due to increased Pass-Through Costs, increased costs related to parts sales and MRO activity and increased depreciation expense related to a change in depreciation estimates on certain aircraft and capital expenditures; partially offset by an increase in capitalization of major maintenance overhauls on owned aircraft of $2.4 million.

Net interest expense increased $9.7 million or 89.4% for the three months ended December 31, 2024 compared to the same period last year primarily due to interest accretion on the Preferred Shares and interest charge related to the acceleration of the amortization of the deferred financing costs related to the Series B Debentures and Series C Debentures partially offset by lower average debt balances resulting from payments on long-term debt.

Foreign exchange losses increased $54.6 million for the three months ended December 31, 2024 compared to foreign exchange gains in the same period last year primarily related to an increase in realized foreign exchange loss on the Preferred Shares, foreign exchange losses on long-term debt and intercompany loans partially offset by a positive change in foreign exchange related to working capital. The December 31, 2024 closing exchange rate for USD to CAD was 1.4389 compared to 1.3499 at September 30, 2024. The December 31, 2023 closing exchange rate for USD to CAD was 1.3226 compared to 1.3520 at September 30, 2023.

Income tax expense decreased $4.0 million for the three months ended December 31, 2024 compared to the same period last year primarily due to the decrease in EBT, adjusted to remove non-taxable unrealized foreign exchange losses and certain non-deductible expenses.

Year ended December 31, 2024

For the year ended December 31, 2024, consolidated operating revenue increased $5.3 million or 0.4%, compared to the same period last year. Increased revenue was primarily attributable to an increase in Controllable Cost Revenue of $26.2 million; an increase in parts sales, contract flying, MRO and other revenue of $22.8 million primarily due to Voyageur and increased Pass-Through Revenue of $3.1 million; partially offset by the Defined Benefit Pension Revenue of $29.9 million in 2023, a decrease in aircraft leasing revenue under the CPA of $15.7 million primarily due to a change in lease rates on certain aircraft; and the contracted decrease in the Fixed Margin of $2.0 million.

Operating expenses increased $71.2 million or 5.7% for the year ended December 31, 2024 compared to the same period last year primarily due to increased engine overhaul maintenance events, increased depreciation expense related to a change in depreciation estimates on certain aircraft and capital expenditures, increased costs related to parts sales and MRO activity, increased Pass-Through Costs and increased stock-based compensation due to an increase in the Common Share price offset by the change in fair value of the Total Return Swap; partially offset by an increase in capitalization of major maintenance overhauls on owned aircraft of $6.4 million.

Net interest expense increased $6.7 million or 16.6% for the year ended December 31, 2024 compared to the same period last year primarily due to interest accretion on the Preferred Shares and interest charge related to the acceleration of the amortization of the deferred financing costs related to the Series B Debentures and Series C Debentures partially offset by lower average debt balances resulting from payments on long-term debt.

Foreign exchange losses increased $67.1 million for the year ended December 31, 2024 compared to foreign exchange gains in the same period last year primarily related to an increase in realized foreign exchange loss on the Preferred Shares, foreign exchange losses on long-term debt and intercompany loans partially offset by a positive change in foreign exchange related to working capital. The December 31, 2024 closing exchange rate for USD to CAD was 1.4389 compared to 1.3226 at December 31, 2023. The December 31, 2022 closing exchange rate for USD to CAD was 1.3544.

Income tax expense decreased $22.3 million for the year ended December 31, 2024 compared to the same period last year primarily due to the decrease in EBT, adjusted to remove non-taxable unrealized foreign exchange losses and certain non-deductible expenses.

8 CAPITAL STRUCTURE

Chorus' capital structure currently consists primarily of Common Shares and debt consisting of Series B Debentures, Series C Debentures, senior secured amortizing facilities, the Operating Credit Facility, the Bi-Lateral Credit Facility and lease liabilities.

Following the closing of the Transaction in December 2024, Chorus repaid on maturity all of its outstanding Series A Debentures together with all accrued and unpaid interest thereon, redeemed all of the outstanding Preferred Shares and repaid the balance outstanding under the Operating Credit Facility.

On December 9, 2024, Chorus announced offers to purchase the Series B Debentures and Series C Debentures in accordance with the terms of the relevant indentures. On February 3, 2025, Chorus purchased for cancellation a total of $43.8 million aggregate principal amount of Series B Debentures and a total of $37.8 million aggregate principal amount of Series C Debentures pursuant to those offers. As of the date of this MD&A, $28.7 million aggregate principal amount of Series B Debentures and $47.2 million aggregate principal amount of Series C Debentures remain outstanding.

The substantial improvement in Chorus' capital structure resulting from the redemption of the Preferred Shares and Series A Debentures should provide the Corporation greater flexibility to return capital to Common Shareholders. (Refer to Section 26 - Caution Regarding Forward-Looking Information.)

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 uses debt to reduce its cost of capital. The amount of debt available to Chorus is a function of earnings and/or equity, tangible asset backing, ability to service the debt and market accepted norms for businesses in this sector.

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.

(expressed in thousands of Canadian dollars)	**December 31, 2024 $**	**December 31 2023 $**	**Change $**
Equity			
Capital(1)	394,774	781,698	(386,924)
Contributed surplus(1)	925,566	1,034,194	(108,628)
Deficit	(836,996)	(649,382)	(187,614)
Exchange differences on foreign operations	1,555	325	1,230
Equity component of Series B Debentures	2,683	2,683	—
Warrants	24,366	24,366	—
	511,948	1,193,884	(681,936)
Long-term debt(2)	507,827	1,745,004	(1,237,177)
Lease liabilities(2)	8,552	10,576	(2,024)
Total capital	1,028,327	2,949,464	(1,921,137)

(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 $106.7 million 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 $823.6 million and lease liabilities totaling $3.6 million as a result of the divestiture of the RAL business.

As at February 17, 2025 and December 31, 2024, the issued and outstanding shares of Chorus, on a post-Share Consolidation basis (refer to Section 18 - Share Consolidation), were as follows:

	February 17, 2025	**December 31, 2024**
Total issued and outstanding Common Shares	26,939,368	27,175,310
Common Shares potentially issuable		
Stock-based compensation plans	207,629	207,629
Series B Debentures(1)	646,277	1,631,046
2022 Warrants(2)	2,663,253	2,663,253
Total outstanding and potentially dilutive Common Shares	30,456,527	31,677,238

(1) Issuable at a price of $44.45 per Common Share upon conversion of all the Series B Debentures by the holders thereof, subject to adjustment in certain circumstances.
(2) Issuable at a price of $32.20 per Common Share upon the exercise of all the 2022 Warrants by the holder(s) thereof, subject to adjustment in certain circumstances.

Normal Course Issuer Bid

On November 6, 2024, Chorus announced that had it received approval from the TSX to renew its normal course issuer bid ("**NCIB**"). Under the NCIB, the Corporation was authorized to purchase for cancellation up to a maximum of 14,826,478 Common Shares (pre-Share Consolidation), representing 10% of the public float of the Common

Shares as of November 4, 2024 calculated in accordance with TSX rules. On February 10, 2025, the Common Shares began trading on the TSX on a post-Share Consolidation basis, at which time the maximum number of Common Shares Chorus is authorized to purchase for cancellation for the remainder of the NCIB was adjusted to 1,685,150 Common Shares.

Purchases made pursuant to the bid will be made in the open market through the facilities of the TSX and/or alternative Canadian trading systems at the market price at the time of the purchases in accordance with the rules of the TSX and applicable securities laws. On any trading day, Chorus will not purchase more than 11,836 Common Shares (82,857 prior to the Share Consolidation, representing 25% of the average daily trading volume for the six months ended October 31, 2024), except where such purchases are made in accordance with the block purchase exemptions under the TSX rules. The NCIB commenced on November 14, 2024 and concludes on the earlier of the date on which the Corporation purchases the maximum number of Common Shares permitted under the NCIB and November 13, 2025. There can be no assurance as to how many Common Shares, if any, will be acquired by Chorus pursuant to the NCIB

In connection with the NCIB, the Corporation entered into an automatic securities purchase plan (the "**ASPP**") with its designated broker to allow for the purchase of Common Shares 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. Outside of these pre-determined blackout periods, Common Shares may also be repurchased in accordance with management's discretion, subject to applicable law. The Corporation may vary, suspend or terminate the ASPP only if it does not have material non-public information, and the decision to vary, suspend or terminate the ASPP is not taken during a trading blackout period.

During the year ended December 31, 2024, the Corporation purchased and cancelled 881,685 Common Shares under the current NCIB at a weighted average price of $3.00 per Common Share. Under the previous NCIB which expired on November 13, 2024, the Corporation purchased 2,796,265 Common Shares at a weighted average price of $2.13 per Common Share. Since the start of the NCIB on November 14, 2022, the Corporation has purchased and cancelled 12,855,734 Common Shares at a weighted average price of $3.00. All figures in this paragraph are reported on a pre-Share Consolidation basis.

Security holders may obtain a copy of the NCIB notice filed with the TSX, without charge, by contacting the Corporation.

Private Placement with Brookfield

On May 3, 2022, the Corporation completed a private placement with Brookfield, pursuant to which Brookfield subscribed for (i) US $300.0 million of Preferred Shares in exchange for US $291.0 million in cash, and 25,400,000 Common Shares (pre-Share Consolidation) and was issued 18,642,772 warrants to purchase one Common Share each with an exercise price of $4.60 per Common Share expiring on May 3, 2029 (the "**2022 Warrants**") in exchange for US $74.0 million in cash (the "**Private Placement**"). A copy of the indenture relating to the 2022 Warrants is available under the Corporation's profile on SEDAR+ at www.sedarplus.ca. Post-Share Consolidation, each 2022 Warrant is exercisable to purchase one-seventh of a Common Share at an exercise price of $32.20 per Common Share (refer to Section 18 - Share Consolidation).

In connection with the Private Placement, Chorus and Brookfield entered into an investor rights agreement, a copy which is available under the Corporation's profile on SEDAR+ at www.sedarplus.ca.

The net proceeds of the Private Placement were used to partially finance the Falko Acquisition. Following the completion of the Transaction, pursuant to which the RAL business, including the Falko Group, were sold by the Corporation, the Preferred Shares were redeemed for approximately US $363.3 million, comprised of a US $300.0 million liquidation preference and a MOIC net of cash paid dividends of US $63.3 million.

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Long-term debt

Long-term debt consists of the following:

(expressed in thousands of Canadian dollars)	December 31, 2024 $	December 31, 2023 $
Secured long-term debt and credit facilities[1]		
Amortizing term loans[2]		
Secured by aircraft[2]	345,475	1,075,129
Secured by engines	1,852	3,082
Warehouse Credit Facility[2]	—	66,357
Nova Scotia Jobs Fund loan - secured by office building	3,000	4,000
Asset-Backed Securitization[2]	—	249,907
Operating Credit Facility	—	87,000
	350,327	1,485,475
Unsecured long-term debt[1]		
Series A Debentures	—	86,250
Series B Debentures	72,500	72,500
Series C Debentures	85,000	85,000
Unsecured Credit Facility	—	33,065
	507,827	1,762,290
Less:		
Deferred financing fees[2]	—	(9,535)
Accretion discount on amortizing term loans and Asset-Backed Securitization[2]	—	(6,289)
Accretion discount on Series B Debentures	—	(1,462)
	507,827	1,745,004
Less: Current portion[3]	231,528	430,082
	276,299	1,314,922

(1) The majority of long-term debt is payable in USD and has been converted to CAD at 1.4389 which was the exchange rate in effect at closing on December 31, 2024 (December 31, 2023 - 1.3226).

(2) 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 $823.6 million as a result of the divestiture of the RAL business.

(3) The current portion of long-term debt includes Series B Debentures and Series C Debentures and deferred financing fees of $nil and interest accretion of $nil, for the year ended December 31, 2024 given Chorus' offer to purchase these Debentures in accordance with the terms of the relevant indentures which expired on January 27, 2025. (December 31, 2023 - Series A Debentures and $1.2 million of deferred financing fees and $3.5 million of interest accretion, respectively).

The principal attributes of Chorus' long-term debt facilities are summarized below. Such summaries are qualified in their entirety by the specific terms and conditions of the relevant indentures and agreements. For full details of the terms of the Series A Debentures, the Series B Debentures, the Series C Debentures and the Operating Credit Facility, please refer to the relevant agreements and indentures which are available under the Corporation's profile on SEDAR+ at www.sedarplus.ca.

Amortizing term loans

Chorus currently has amortizing term loans for owned aircraft operated by Jazz under the CPA which are repayable in instalments, bear fixed interest at a weighted average rate of 3.31%, and mature between February 2025 and February 2033. These loans are secured primarily by the aircraft and engines financed by the loans, as well as an assignment of any leases in respect thereof.

Chorus also has amortizing term loans for engines used by Jazz under the CPA which are repayable in instalments, bear fixed interest at a weighted average rate of 3.92%, and mature between December 2024 and May 2028. These loans are secured primarily by the engines.

Chorus has an office building loan that is repayable in annual instalments of $1.0 million, bearing interest at a fixed rate of 3.33%, and matures on 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.

Financial Covenants under amortizing term loans

Amortizing term loans for aircraft and engines have covenants which apply separately to the "**Jazz Group**" (comprising Jazz and Jazz Leasing 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 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, the Jazz Group was in compliance with these financial covenants.

Furthermore, the amortizing term loans generally 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.

Series A Debentures

In December 2019, the Corporation issued $86.3 million aggregate principal amount of Series A Debentures, which bore interest at a rate of 5.75% per annum, and matured on December 31, 2024. Chorus repaid the Series A Debentures at maturity (December 31, 2024) using proceeds from the Transaction.

Series B Debentures

On April 6, 2021, the Corporation issued $72.5 million aggregate principal amount of Series B Debentures, which bear interest at a rate of 6.00% per annum, mature on June 30, 2026 and can be redeemed any time after June 30, 2025 at the principal amount plus accrued and unpaid interest.

Subject to adjustment in certain circumstances, the Series B Debentures were initially convertible at the holder's option into 157.4803 Common Shares per $1,000 principal amount of such debentures, initially representing a conversion price of $6.35 per Common Share. As a result of the Share Consolidation, the outstanding Series B Debentures are currently convertible at the holder's option into 22.4972 Common Shares per $1,000 principal amount of such debentures, representing a conversion price of $44.45 per Share (subject to further adjustment in certain circumstances). (Refer to Section 18 - Share Consolidation.)

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, the Corporation may elect to satisfy its obligation to pay the principal amount of the outstanding 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, and subject to the aforementioned conditions, the Corporation 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.

Within 30 days following the occurrence of a Change of Control (as defined in the indenture), the Corporation is required to offer to purchase all of the outstanding Series B Debentures at a price and on the terms set out in the indenture. Following the closing of the Transaction, the Corporation made an offer in accordance with these provisions and on February 3, 2025, the Corporation purchased for cancellation $43.8 million aggregate principal amount of Series B Debentures.

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

Series C Debentures

In September 2021, the Corporation issued $85.0 million aggregate principal amount of Series C Debentures, which bear interest at a rate of 5.75% per annum, 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.

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, the Corporation may elect to satisfy its obligation to pay all or a portion of the principal amount of the outstanding 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, the Corporation 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.

Within 30 days following the occurrence of a Change of Control (as defined in the indenture), the Corporation is required to offer to purchase all of the outstanding Series C Debentures at a price and on the terms set out in the indenture. Following the closing of the Transaction, the Corporation made an offer in accordance with these provisions and on February 3, 2025, the Corporation purchased for cancellation $37.8 million aggregate principal amount of Series C Debentures.

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

Loan facilities

<u>Operating Credit Facility</u>

The Corporation's Operating Credit Facility provides the Corporation and certain designated subsidiaries including CACC, Jazz and Voyageur (collectively, the "**Credit Parties**") with a committed limit of up to $150.0 million, subject to a borrowing base calculation. As at December 31, 2024, the borrowing base calculation supported a limit of $126.6 million. Letters of credit issued by Chorus under this facility further reduce the amount available under the facility. On February 14, 2025, Chorus amended the Operating Credit Facility to extend the maturity date to January 27, 2028.

The Operating Credit Facility is secured by all present and after-acquired personal property of 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 the Corporation 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.

The facility bears interest for Canadian dollar advances at Canadian Prime plus 1.50% - 2.50% or 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 SOFR plus a credit spread adjustment plus 2.50% - 3.50%.

The trustees (collectively, the "**Trustees**") under the indentures for each of the Unsecured Debentures entered into, in their capacity as trustee for and on behalf of the holders of the relevant Unsecured Debentures, intercreditor agreements (the "**Intercreditor Agreements**") with The Bank of Nova Scotia, in its capacity as administrative agent for and on behalf of the lenders under the Operating Credit Facility. The Intercreditor Agreements provide, among other things, that following the occurrence of a default (as defined in the Intercreditor Agreements) which is continuing or upon an insolvency or liquidation proceeding (as defined in the Intercreditor Agreements) involving the Corporation, all obligations under the Operating Credit Facility shall first be paid in full before payments are made to holders of Unsecured Debentures under or pursuant to the applicable indenture and as such, to the extent that any amounts remain outstanding under the Operating Credit Facility after realization upon the applicable security, any proceeds received by the Trustees on behalf of the holders of Unsecured Debentures may be required to be remitted to the administrative agent under the Operating Credit Facility until all amounts due under the Operating Credit Facility are paid in full. Copies of the Intercreditor Agreements are available under the Corporation's profile on SEDAR+ at www.sedarplus.ca.

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 aircraft pledged as security for the loan, and (b) $50.0 million. 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 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.

Total scheduled principal payments on long-term debt on December 31, 2024, excluding unamortized deferred financing fees and interest accretion, for continuing operations are as follows:

(expressed in thousands of Canadian dollars)	$
No later than one year	231,528
Later than one year and no later than five years	207,546
Later than five years	68,753
	507,827

Covenant Default Risk

Chorus' debt agreements contain financial and non-financial 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, a default or acceleration under one agreement could cause a default or acceleration under another agreement.

As at December 31, 2024, Chorus' largest lender held 68% of Chorus' consolidated long-term debt through the Jazz Group under aircraft loans. All Chorus loans contain customary events of default that may be triggered when any other financial indebtedness of the borrowers or guarantors thereunder (subject to prescribed thresholds) is in default or is declared due prior to its scheduled maturity. The foregoing is a general summary only and is qualified in its entirety by the specific terms and conditions of Chorus' loan agreements.

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.

Interest Rate Risk

As of December 31, 2024, the majority of Chorus' debt is not subject to interest rate volatility as it bears interest at fixed rates. Excluding revolving debt facilities, 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 the 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.

As at December 31, 2024, Chorus had nil (December 31, 2023 - seven) interest rate swap agreements with notional amounts totaling $nil (December 31, 2023 - $115.6 million) related to discontinued operations. The fair value of interest rate swaps were as follows:

	As at December 31,	
	2024	**2023**
(in thousands of Canadian dollars)	**$**	**$**
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.

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

	Three months ended December 31,		Year ended December 31,	
	2024	2023	2024	2023
(in thousands of Canadian dollars)	$	$	$	$
Other comprehensive loss from discontinued operations				
Change in fair value of financial assets and liabilities, net of tax expense of $131 (2023 - $287)	(242)	(568)	(914)	(3,851)
Income statement from discontinued operations				
(Loss) gain on ineffective interest rate swap	—	(654)	(990)	533

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. Chorus' risk management objective is to minimize the potential for changes in interest rates to cause adverse changes in cash flows.

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.

Foreign Exchange Rate Risk

Chorus receives revenue and incurs expenses in US dollars and Canadian dollars. Chorus manages its economic 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.

Chorus converts its foreign currency monetary assets and liabilities, such as cash, accounts receivable, accounts payable, obligations under finance leases, long-term debt and intercompany loans at each balance sheet date, which gives rise to unrealized foreign exchange gains or losses.

The amount of US dollar denominated financial assets was $91.7 million and US denominated financial liabilities was $302.5 million 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 $2.1 million.

For the year ended December 31, 2024 Chorus recognized $49.9 million in foreign exchange gains in discontinued operations, recycled from other comprehensive income, as a result of the divestiture of the RAL business.

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.

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(in thousands of Canadian dollars)	Three months ended December 31, 2024 $	2023 $	Year ended December 31, 2024 $	2023 $
Other comprehensive income from continuing operations				
Change in fair value of financial assets	394	—	—	—
Income statement - discontinued operations				
Loss on foreign currency forward contracts	—	—	11,236	—

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 its Common Share price effecting settlement under its various stock-based compensation programs with two Total Return Swaps.

The current swaps are for 231,428 Common Shares priced at $15.26 per Common Share and 477,143 Common Shares priced at $18.08 per Common Share, each maturing in March 2025, post-Share Consolidation (refer to Section 18 - Share Consolidation). The Corporation 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 4(k), under the heading “Material Accounting Policies”, of the audited consolidated financial statements of the Corporation for the year ended December 31, 2024.

Chorus recorded gains (losses) on the Total Return Swaps as follows:

(in thousands of Canadian dollars)	Three months ended December 31, 2024 $	2023 $	Year ended December 31, 2024 $	2023 $
Income statement				
Gain (loss) on Total Return Swaps	3,774	1,603	6,618	(4,904)

9 LIQUIDITY

Chorus’ liquidity needs primarily relate to funding ongoing operations, planned capital expenditures, 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 foreign exchange risk and interest rate risk.

As of December 31, 2024, Chorus’ liquidity was $388.8 million including cash of $222.2 million, $116.6 million of available credit under its Operating Credit Facility and $50.0 million available under its Bi-Lateral Credit Facility. Chorus’ cash was higher than normal on December 31, 2024 due to the pending repurchase of the Series B Debentures and Series C Debentures.

On February 3, 2025, Chorus partially purchased for cancellation $43.8 million aggregate principal amount of Series B Debentures and $37.8 million aggregate principal amount of Series C Debentures which reduced cash by a further $81.6 million. In addition to other redemption rights set out in the relevant indentures, the Corporation retains the ability to redeem the outstanding Series B Debentures at any time on and after June 30, 2025 at the principal amount of $28.7 million plus accrued and unpaid interest thereon and the outstanding Series C Debentures at any time on and after March 31, 2026 at the principal amount of $47.2 million plus accrued and unpaid interest thereon (refer to Section 1 - Overview).

During the quarter, Chorus generated cash flow from continuing operations of $21.1 million, net of the investment in working capital of $16.9 million. Other key changes during the quarter which decreased cash were as follows:

- Repayment of the Preferred Shares including the MOIC of $523.7 million;
- Repayment of the Series A Debentures of $86.3 million;
- Net repayment on the Operating Credit Facility of $60.0 million;
- Debt repayments of $25.6 million; and
- Capital expenditures of $12.8 million.

At December 31, 2024, the Controllable Cost Guardrail balance is a payable of $1.4 million.

Working Capital

Chorus' working capital is typically not a good measure of its liquidity due to the fact that current liabilities include the current portion of long-term debt, whereas current assets do not include the current portion of the long-term aircraft operating lease receivables as aircraft lease revenue is recorded as it is earned on a monthly basis.

Chorus' working capital deficit as reflected on the December 31, 2024 balance sheet was $30.7 million (December 31, 2023 - $174.0 million deficit). As at December 31, 2024, the Series B Debentures and Series C Debentures totaling $157.5 million were classified as current debt as a result of the offers to purchase in accordance with the terms of the relevant indentures. On February 3, 2025, Chorus purchased for cancellation a total of $81.6 million aggregate principal amount of Series B Debentures and Series C Debentures. The total Debentures that remain outstanding is $75.9 million which will be subsequently re-classified to long-term debt on February 3, 2025.

The current portion of contracted aircraft operating lease receivables for continuing operations as at December 31, 2024 is estimated to be approximately $126.7 million converted to CAD at the December 31, 2024 rate of 1.4389. Normalized working capital adjusted for the current portion of estimated long-term aircraft operating lease receivables reflect a surplus of approximately $96.0 million (refer to Section 26 - Caution Regarding Forward-Looking Information).

Leverage

Chorus' Leverage Ratio improved to 1.4 at December 31, 2024 from 3.3 at December 31, 2023 for continuing operations as a result of repayments of long-term borrowings, repayment of the Operating Credit Facility and redemption of the Series A Debentures; partially offset by a decrease in the trailing 12-months Adjusted EBITDA of $10.0 million (refer to Section 19 - Non-GAAP Financial Measures).

Cash Flows

The following table provides information on Chorus' cash flows for the three months and years ended December 31, 2024 and December 31, 2023.

(expressed in thousands of Canadian dollars)	Three months ended December 31, 2024 $	Three months ended December 31, 2023 $	Year ended December 31, 2024 $	Year ended December 31, 2023 $
		(revised)(1)		*(revised)*(1)
Cash provided by (used in) operating activities	21,099	(16,498)	172,806	158,013
Cash (used in) provided by financing activities	(698,727)	6,247	(853,403)	(154,224)
Cash provided by (used in) investing activities	680,037	(12,992)	640,971	(39,360)
Cash flow from operating, financing and investing activities	2,409	(23,243)	(39,626)	(35,571)
Effect of foreign exchange rate changes on cash	15,547	(438)	16,470	(786)
Net change in cash during the periods continuing operations	17,956	(23,681)	(23,156)	(36,357)
Net change in cash during the periods discontinued operations	13,237	13,078	68,955	44,863
Cash and restricted cash – Beginning of periods	191,023	187,020	176,417	167,911
Cash and restricted cash – End of periods continuing and discontinued operations	222,216	176,417	222,216	176,417
Less: cash and restricted cash - discontinuing operations end of period	—	145,639	—	145,639
Cash and restricted cash – End of periods continuing operations	222,216	30,778	222,216	30,778

(1) The results of discontinued operations (RAL segment) have been excluded from both current and prior period figures in accordance with IFRS 5 to conform to current period presentation. All amounts presented and discussed in this MD&A are from continuing operations unless noted.

Cash provided by (used in) operating activities

Chorus had cash inflows from operating activities of $21.1 million for the three months ended December 31, 2024, compared to cash outflows of $16.5 million for the three months ended December 31, 2023. The quarter-over-quarter increase was attributable to unearned revenue in 2024 related to a prepayment in December 2024 for the January 2025 Controllable Cost Revenue partially offset by decreased operating income, unearned revenue in 2023 related to a prepayment in September 2023 for the October 2023 Controllable Cost Revenue, an increase in the receivable from Air Canada and a decrease in accounts payable.

Chorus had cash inflows from operating activities of $172.8 million for the year ended December 31, 2024, compared to $158.0 million for the year ended December 31, 2023. The year-over-year increase was attributable to unearned revenue in 2024 related to a prepayment in December 2024 for the January 2025 Controllable Cost Revenue and a decrease in the receivable from Air Canada partially offset by decreased operating income and a decrease in accounts payable.

Cash (used in) provided by financing activities

Cash used in financing activities for the three months ended December 31, 2024 was $698.7 million, comprised primarily of the redemption of the Preferred Shares of $523.7 million, the repayment of the Series A Debentures of $86.3 million, net payments on the Operating Credit Facility of $60.0 million, payments on long-term borrowings of $25.6 million and repurchase of Common Shares under the NCIB of $2.7 million.

Cash provided by financing activities for the three months ended December 31, 2023 was $6.2 million, comprised primarily of a net draw on the Operating Credit Facility of $62.0 million partially offset by payments on long-term borrowings of $44.5 million, payment of dividends on the Preferred Shares of $9.0 million and repurchase of Common Shares under the NCIB of $1.0 million.

Cash used in financing activities for the year ended December 31, 2024 was $853.4 million, comprised primarily of the redemption of the Preferred Shares of $523.7 million, the repayment of the Series A Debentures of $86.3 million, payments on long-term borrowings of $119.1 million, net payments on the Operating Credit Facility of $87.0 million, payment of dividends on the Preferred Shares of $26.8 million, and repurchase of Common Shares under the NCIB of $7.7 million.

Cash used in financing activities for the year ended December 31, 2023 was $154.2 million, comprised primarily of payments on long-term borrowings of $176.0 million, payment of dividends on the Preferred Shares of $35.1 million and repurchase of Common Shares under the NCIB of $25.5 million; partially offset by a net draw on the Operating Credit Facility of $87.0 million.

Cash provided by (used in) investing activities

Cash provided by investing activities for the three months ended December 31, 2024 was $680.0 million, which includes proceeds on the disposition of the RAL business, net of cash sold of $692.7 million and capital expenditures of $12.8 million for the reconfiguration costs on certain aircraft, as well as major maintenance overhauls and other capital expenditures.

Cash used in investing activities for the three months ended December 31, 2023 was $13.0 million, which included capital expenditures of $13.8 million for the reconfiguration costs on certain aircraft, as well as major maintenance overhauls and other capital expenditures.

Cash provided by investing activities for the year ended December 31, 2024 was $641.0 million, which includes proceeds on the disposition of the RAL business, net of cash sold of $692.7 million and capital expenditures of $52.9 million for the purchase of two aircraft, the reconfiguration costs on certain aircraft, as well as major maintenance overhauls and other capital expenditures.

Cash used in investing activities for the year ended December 31, 2023 was $39.4 million, which included capital expenditures of $42.3 million for the reconfiguration costs on certain aircraft, as well as major maintenance overhauls and other capital expenditures.

Capital expenditures

The following table provides a breakdown of capital expenditures on a quarter-over-quarter and year-over-year basis.

(expressed in thousands of Canadian dollars)	Three months ended December 31,			Year ended December 31,		
	2024 $	2023 $	Change $	2024 $	2023 $	Change $
		(revised)[(1)]			*(revised)*[(1)]	
Capital expenditures, excluding aircraft acquisitions	4,244	4,340	(96)	13,547	14,237	(690)
Capitalized major maintenance overhauls[(2)]	6,240	6,080	160	19,452	15,776	3,676
Aircraft acquisitions and improvements	2,276	3,332	(1,056)	19,892	12,274	7,618
Total capital expenditures	12,760	13,752	(992)	52,891	42,287	10,604

(1) The results of discontinued operations (RAL segment) have been excluded from both current and prior period figures in accordance with IFRS 5 to conform to current period presentation. All amounts presented and discussed in this MD&A are from continuing operations unless noted.
(2) For the three months and year ended December 31, 2024 includes $3.5 million and $12.6 million, respectively of costs which form part of Controllable Costs (three months and year ended December 31, 2023 - $1.1 million and $6.1 million, respectively).

Commitments for capital expenditures

Chorus does not have any material commitments for capital expenditures.

Dividends on Common Shares and Preferred Shares

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. There can be no assurance that any dividends will be paid on the Common Shares.

For the three months and year ended December 31, 2024, the Corporation declared $nil and $17.8 million, and paid $nil and $26.8 million, respectively in Preferred Share dividends ($8.9 million and $35.4 million, respectively declared and $9.0 million and $35.1 million, respectively paid for the three months and year ended December 31, 2023).

The Preferred Shares were redeemed on December 31, 2024. The Corporation 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 US $63.3 million.

Contractual obligations and other commitments

Chorus has commitments related to scheduled payments of principal and interest on long-term debt and lease liabilities for the years 2025 through to 2029 and thereafter, all of which are summarized in the following table.

			Payments Due by Period		
(expressed in thousands of Canadian dollars)	**Total** **$**	**Within 1 year** **$**	**2 - 3 years** **$**	**4 - 5 years** **$**	**After 5 years** **$**
Long-term debt	551,181	171,167	231,753	76,316	71,945
Lease liabilities	9,792	2,564	2,861	1,586	2,781
	560,973	173,731	234,614	77,902	74,726

A significant portion of long-term debt and lease liabilities are payable in US dollars and have been converted using a foreign exchange rate of 1.4389.

Actual contractual obligations and other commitments may vary. These projections are based on certain assumptions including foreign exchange rates and current contractual terms. Please refer to Section 26 - Caution regarding forward-looking information and Section 10 - Risk Factors for risks related to this forward-looking information. The current projections differ from previous projections as a result of the sale of the RAL business, partial repayment of the Series B Debentures and Series C Debentures, the repayment of the Operating Credit Facility, new finance lease liabilities and a change in the foreign exchange rate, among other things.

Future lease receivables from lessees under operating leases

As at December 31, 2024, Chorus has commitments from aircraft lessees related to scheduled receivables under operating leases for aircraft for the years 2025 through to 2029 and thereafter, all of which are summarized in the following table:

			Payments Due by Period		
(expressed in thousands of Canadian dollars)	**Total** **$**	**Within 1 year** **$**	**2 - 3 years** **$**	**4 - 5 years** **$**	**After 5 years** **$**
Operating leases	554,623	126,731	214,971	118,228	94,693

The minimum lease payments for aircraft are receivable from the lessee in US dollars and have been converted using a foreign exchange rate of 1.4389.

Actual future lease payments may vary. These projections are based on certain assumptions including foreign exchange rates and current contractual terms. Please refer to Section 26 - Caution regarding forward-looking information and Section 10 - Risk Factors for risks related to this forward-looking information. The current projections differ from previous projections mainly due to the sale of the RAL business, new leasing, lease modifications and changes in the foreign exchange rates.

Off balance sheet arrangements and guarantees

Chorus enters into real estate leases, or operating agreements, which grant a license to Chorus to use certain premises and/or operate at certain airports in the majority of the cities that it serves. It is common in such commercial lease transactions for Chorus, as the lessee, to agree to indemnify the lessor and other related third parties for tort liabilities arising out of or relating to Chorus' use or occupancy of the leased or licensed premises. In certain cases, this indemnity extends to related liabilities arising from the negligence of the indemnified parties, but generally excludes any liabilities caused by their gross negligence or willful misconduct. Chorus also typically indemnifies such parties for any environmental liability arising out of or relating to its use or occupancy of the leased or licensed premises.

In financing arrangements or leasing agreements, Chorus typically indemnifies the financing parties, trustees and agents acting on behalf of such financing parties and other related parties and/or lessors against liabilities that arise from the manufacture, design, ownership, financing, use, operation and maintenance of the aircraft and for tort liability, whether or not these liabilities arise out of or relate to the negligence of these indemnified parties. In financing agreements more generally, Chorus typically indemnifies the financing parties, trustees and agents acting on behalf of such financing parties and other related parties against any liabilities arising from the financing (including any costs incurred by the financing parties to enforce their rights thereunder) and in respect of certain tax consequences.

When Chorus, as a customer or service provider, enters into service agreements, it may from time-to-time agree to indemnify the counterparty against costs, liabilities and/or losses that may arise from Chorus' breach of the agreement, negligence, gross negligence and/or wilful misconduct, including breaches of third party intellectual property.

10 RISK FACTORS

For detailed description of the possible risk factors associated with Chorus' business, including its dependence on the CPA, the aviation industry, and the Voyageur business refer to Section 8 - Capital Structure of this MD&A and the Section entitled “Risk Factors” in Chorus' Annual Information Form dated February 19, 2025 (which is deemed incorporated into this MD&A).

Refer to Section 26 - Caution Regarding Forward-Looking Information.

11 ECONOMIC DEPENDENCE

Chorus and Air Canada are parties to the CPA under which Air Canada currently purchases substantially all of Jazz's fleet capacity on the Covered Aircraft. As Chorus derives a majority of its revenue from the CPA, it is substantially dependent on the CPA (refer to Section 2 - About Chorus and note 20 of the audited consolidated financial statements of Chorus for the years ended December 31, 2024 and 2023).

12 CRITICAL ACCOUNTING ESTIMATES

The preparation of consolidated financial statements in accordance with GAAP 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. By their nature, estimates and judgements may change in light of new facts and circumstances in the internal and external environment and actual results can 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.

Employee future benefits

Chorus' significant policies related to the Jazz pilots' defined benefit pension plan ("**Pilot DB Plan**"), the defined benefit supplemental executive retirement plan (the "**SERP DB Plan**", and together with the Pilot DB Plan "**Pension Benefits**"), and the Other Future 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.
- 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.

The following assumptions were used in valuing the benefit obligations under the plans and the employer's net periodic pension or benefit cost:

- The discount rate used to determine the pension and benefit obligation and the interest income on assets was determined by reference to market interest rates, as of the measurement date, on high quality debt instruments with cash flows that approximately match the timing and amount of expected benefit payments. It is reasonably possible that these rates may change in the future as a result of changes in market interest rates.
- The health care inflation used to determine cost of Other Future Employee Benefits costs is based on recent industry experience and long-term expectations. The weighted average health care inflation assumption used for the health care plans is 5.1% per annum for 2024 and 4.0% per annum for 2040 and later years.
- Actual experience that differs from assumptions made by management will result in a net actuarial gain or loss, which is recognized each period through other comprehensive income.

The following table contains assumptions used in valuing the benefit obligations under this plan and the employer's net periodic pension or benefit cost:

	Fiscal year ended December 31,	
	2024	**2023**
Weighted average assumptions used to determine accrued benefit obligation		
- Discount rate	4.4% - 4.6%	4.6% - 4.7%
- Rate of compensation increase	2.0% - 4.5%	2.0% - 4.5%
- Health care inflation — Select	5.1%	5.2%
- Health care inflation — Ultimate	4.0%	4.0%
- Year ultimate trend reached	2040	2040
Weighted average assumptions used to determine pension and benefit costs		
- Discount rate	4.6% - 4.7%	5.2% - 5.3%
- Rate of compensation increase	2.0% - 4.5%	2.0% - 4.5%
- Health care inflation — Select	5.2%	5.2%
- Health care inflation — Ultimate	4.0%	4.0%
- Year ultimate trend reached	2040	2040

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. A 10% reduction to the residual values of aircraft with remaining depreciation periods greater than five years would result in an increase of $6.8 million to annual depreciation expense.

Impairment of non-financial assets

In accordance with 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.

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 three months and year ended December 31, 2024, Chorus recorded impairment provisions of $10.5 million for continuing operations primarily related to planned part-out of Voyageur's non-operational owned aircraft.

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 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 ECL, 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 three months and year ended December 31, 2024, Chorus recorded an expense related to the allowance for ECL of trade and other receivables of $1.5 million (three months and year ended December 31, 2023 expense - $0.7 million and $0.9 million, respectively), which is included in operating expense for continuing operations.

13 CHANGES IN ACCOUNTING STANDARDS

The material accounting policies of Chorus are described in note 4 of the audited consolidated financial statements of Chorus for the years ended December 31, 2024 and 2023 except for the following:

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 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.

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.

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.

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.

14 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

Chorus’ financial instruments consist of cash, 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, long-term debt and lease liabilities.

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. The methods and assumptions used in estimating the fair value of other financial assets and liabilities are as follows:

(expressed in thousands of Canadian dollars)	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 investment3,5)	—	—	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(2,6)	—	—	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.
(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.

15 PENSION PLANS

Projected pension funding obligations

The table below provides projections for Chorus' pension funding obligations from 2025 to 2029:

(expressed in thousands of Canadian dollars)	**2025** **$**	**2026** **$**	**2027** **$**	**2028** **$**	**2029** **$**
Defined benefit pension plans, current service [(1)]	14,000	13,700	13,200	13,500	13,900
Defined contribution pension plans	19,600	21,000	21,900	22,600	23,200
Projected pension funding obligations	33,600	34,700	35,100	36,100	37,100

(1) Under applicable pension legislation, Jazz past service contributions are driven by the plan's solvency position, a valuation basis which considers members' pay up to the valuation date, with no future projection. As such, the impact of the September 1, 2023 negotiated pay increases on the plan's solvency position will emerge over time. It is expected this will require Jazz to make past service contributions in the future, although this is dependent on future fund returns and other experience and is therefore not estimated above.

Chorus' pension funding obligations for 2024 was $16.7 million for the defined benefit pension plans and $19.3 million for the defined contribution pension plans.

The estimated pension funding obligations shown in the above table are in respect of the defined benefit and defined contribution pension plans sponsored by Chorus. Defined benefit pension plans include the Pilot DB Plan as well as an unregistered SERP DB Plan that Chorus sponsors for eligible employees. On January 1, 2015, and February 19, 2014, the Pilot DB Plan and SERP DB Plan, respectively were closed to new entrants. Defined contribution pension plans include a number of defined contribution pension arrangements that Chorus contributes to for its eligible employees.

The funding requirements for the Pilot DB Plan are based on the estimated January 1, 2024 financial position of the plan for funding purposes and an estimate of the pilot payroll over the projection period, and could differ significantly from these estimates. The estimated funding requirements for the SERP DB Plan are based on a funding policy adopted by Chorus and the January 1, 2024 financial position of the plan for funding purposes.

The solvency surplus for the Pilot DB Plan as at January 1, 2024 was $9.2 million compared to $4.4 million as at January 1, 2023.

The January 1, 2024 financial position of the Pilot DB Plan for funding purposes applies an average of the solvency ratio over a three-year period. As at January 1, 2025, the financial position of the Pilot DB Plan on a market value basis is expected to be in a small deficit, while minimum funding levels will continue to be based on an average of solvency ratios over a three-year period.

On December 18, 2023, Chorus completed an annuity purchase transaction in the amount of $42.1 million and the transfer of windup liabilities of the same amount under the Jazz Defined Benefit Pension Plan for Pilots.

The foregoing contains forward-looking information and actual pension funding obligations may vary. These projections are based on certain assumptions including actuarial determinations, market interest rates, management's best estimate of salary escalation and retirement ages and life expectancy of employees, and are subject to certain risks including changes in economic conditions, investment returns generated by the plan assets and interest rates, each of which may impact the financial position of the pension plans sponsored by Chorus and future required contributions. Please refer to Section 26 - Caution regarding forward-looking information, Section 12

- Critical Accounting Estimates, and Section 10 - Risk Factors for further risks related to this forward-looking information. The current estimated pension funding obligations differ from previous estimates as a result of, among other things, the factors listed above.

Effective September 1, 2023, Jazz and the Air Line Pilots Association representing Jazz pilots, entered into a modified collective agreement to address the changing pilot wage environment. Air Canada agreed to compensate Jazz for the one-time impact of the wage increase on the Jazz defined benefit pension plan of $29.9 million ("**Defined Benefit Pension Revenue**") which will be repaid in 60 equal monthly payments beginning on December 1, 2023.

16 RELATED PARTY TRANSACTIONS

As at December 31, 2024, Chorus had no transactions with related parties as defined in the CPA Canada Handbook, except those pertaining to transactions with key management personnel in the ordinary course of their employment or directorship arrangements or transaction that are otherwise not material.

17 CONTROLS AND PROCEDURES

Chorus' disclosure controls and procedures ("**DC&P**") have been designed to provide reasonable assurance that the relevant information is recorded, processed, summarized and reported to its President and Chief Executive Officer ("**CEO**"), its Chief Financial Officer ("**CFO**") and its Disclosure Policy committee in a timely basis to ensure appropriate and timely decisions are made regarding public disclosure.

The internal controls over financial reporting ("**ICFR**") have been designed by management, under the supervision of, and with the participation of the Corporation's CEO and CFO, to provide reasonable assurance of the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP. The design of both the DC&P and the ICFR are based on the framework established in Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO - 2013).

An evaluation of the design and effectiveness of Chorus' DC&P and ICFR has been conducted by management, under the supervision of the CEO and CFO. Based on this evaluation, the CEO and CFO have concluded that, as of December 31, 2024, Chorus' disclosure controls and procedures and internal control over financial reporting, as defined by National Instrument 52-109 - Certification of Disclosure in Issuers' Annual and Interim Filings, are operating effectively.

Due to inherent limitations, the ICFR and DC&P can only provide reasonable assurance and may not prevent or detect misstatements. Furthermore, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

There has been no change in Chorus' internal control over financial reporting that occurred during the year ended December 31, 2024 that has materially affected Chorus' ICFR.

The Audit, Finance and Risk Committee of the Board of Directors of Chorus reviewed this MD&A and the audited consolidated financial statements of Chorus for December 31, 2024 and approved these documents prior to their release.

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18 Share Consolidation

Effective February 5, 2025, Chorus consolidated its Common Shares on the basis of seven pre-consolidation Common Shares for one post-consolidation Common Share (the "**Share Consolidation**"). The Corporation filed a Material Change Report in respect of the foregoing on February 5, 2025, which is available under the Corporation's profile on SEDAR+ at www.sedarplus.ca).

The following table provides the number of Common Shares issued and outstanding, adjusted earnings available to Common Shareholders per Common Share and Pro forma adjusted earnings available to Common Shareholders per Common Share pre and post Common Share Consolidation.

	Pre-Share Consolidation		Post-Share Consolidation	
Shares	**February 17, 2025**	**December 31, 2024**	**February 17, 2025**	**December 31, 2024**
Total issued and outstanding Common Shares	188,575,576	190,227,171	26,939,368	27,175,310
Common Shares potentially issuable				
Stock-based compensation plans	1,453,403	1,453,403	207,629	207,629
Series B Debentures	4,523,937	11,417,322	646,277	1,631,046
2022 Warrants	18,642,772	18,642,772	2,663,253	2,663,253
Total outstanding and potentially dilutive Common Shares	213,195,688	221,740,668	30,456,527	31,677,238

Adjusted Earnings available to Common shareholders	**Three months ended December 31, 2024**	**Year ended December 31, 2024**	**Three months ended December 31, 2024**	**Year ended December 31, 2024**
Adjusted Earnings available to Common Shareholders per Common Share, basic - continuing operations ($)	0.06	0.15	0.39	1.04

	Three months ended December 31, 2023	**Year ended December 31, 2023**	**Three months ended December 31, 2023**	**Year ended December 31, 2023**
Adjusted Earnings available to Common Shareholders per Common Share, basic - continuing operations ($)	0.01	0.08	0.06	0.59

Pro Forma Adjusted Earnings available to Common Shareholders per Common Share	**Three months ended December 31, 2024**	**Year ended December 31, 2024**	**Three months ended December 31, 2024**	**Year ended December 31, 2024**
Pro Forma Adjusted Earnings available to Common Shareholders per Common Share, basic from continuing operations ($)	0.09	0.32	0.60	2.27

The following table provides shares under the 2022 Warrants, Series B Debentures and total return swap pre and post-Share Consolidation.

	Pre-Share Consolidation	Post-Share Consolidation
2022 Warrants		
Exercise Price	4.60	32.20
Series B Debentures		
Common shares	157.4803	22.4972
Exercise price	6.35	44.45

Total Return Swap	Pre-Share Consolidation		Post-Share Consolidation	
	# of shares	**Cost**	**# of shares**	**Cost**
Swap 1	1,620,000	$ 2.18	231,428	$ 15.26
Swap 2	3,340,000	$ 2.58	477,143	$ 18.08

The following table provides selected annual information for Chorus pre and post-Share Consolidation for the years 2022 through to 2024 from continuing operations.

Selected Annual Information - Per Share	Pre-Share Consolidation			Post-Share Consolidation		
	2024	**2023**	**2022**	**2024**	**2023**	**2022**
Operating income from continuing operations, basic ($)	0.48	0.81	0.64	3.38	5.68	4.50
(Loss) earnings attributable to Common Shareholders from continuing operations, basic ($)	(0.64)	0.34	0.12	(4.49)	2.37	0.83
(Loss) earnings attributable to Common Shareholders from continuing operations, diluted ($)	(0.64)	0.33	0.12	(4.49)	2.30	0.81
(Loss) earnings attributable to Common Shareholders, basic ($)	(1.39)	0.34	0.13	(9.70)	2.36	0.94
(Loss) earnings attributable to Common Shareholders, diluted ($)	(1.39)	0.33	0.13	(9.70)	2.29	0.91

The following table summarizes quarterly earnings available per Common share and adjusted earnings available per Common Share of Chorus for the previous eight quarters pre and post-Share Consolidation.

	Q4 2024	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023
	Pre-Share Consolidation							
Weighted average number of shares	191,047,088	191,108,856	191,642,911	193,300,443	193,737,753	194,319,307	194,764,298	198,595,714
Weighted average dilutive shares	—	1,054,578	—	464,139	808,178	800,659	700,530	646,191
	191,047,088	192,163,434	191,642,911	193,764,582	194,545,931	195,119,966	195,464,828	199,241,905
(Loss) earnings available to Common Shareholders per Common Share, basic from continuing operations ($)	(0.72)	0.10	—	(0.02)	0.10	0.15	0.04	0.05
Earnings (loss) available to Common Shareholders per Common Share, basic from discontinued operations ($)	0.21	—	(0.98)	0.02	0.03	(0.11)	0.01	0.06
(Loss) earnings available to Common Shareholders per Common Share, basic ($)	(0.51)	0.10	(0.98)	—	0.13	0.04	0.05	0.11
(Loss) earnings available to Common Shareholders per Common Share, diluted from continuing operations ($)	(0.72)	0.10	—	(0.02)	0.10	0.15	0.05	0.05
Earnings (loss) available to Common Shareholders per Common Share, diluted from discontinued operations ($)	0.21	—	(0.98)	0.02	0.03	(0.11)	0.01	0.06
(Loss) earnings available to Common Shareholders per Common Share, diluted ($)	(0.51)	0.10	(0.98)	0.00	0.13	0.04	0.05	0.11
Adjusted Earnings available to Common Shareholders from continuing operations, per Common Share - basic	0.06	0.06	0.01	0.02	0.01	0.03	0.01	0.04
	Post-Share Consolidation							
Weighted average number of shares	27,292,441	27,301,265	27,377,559	27,614,349	27,676,822	27,759,901	27,823,471	28,370,816
Weighted average dilutive shares	—	1,054,578	—	464,139	808,178	800,659	700,530	646,191
	27,292,441	28,355,843	27,377,559	28,078,488	28,485,000	28,560,560	28,524,001	29,017,007
(Loss) earnings available to Common Shareholders per Common Share, basic from continuing operations ($)	(5.08)	0.73	(0.02)	(0.12)	0.70	1.08	0.25	0.34
Earnings (loss) available to Common Shareholders per Common Share, basic from discontinued operations ($)	1.53	(0.01)	(6.86)	0.12	0.21	(0.80)	0.12	0.46
(Loss) earnings available to Common Shareholders per Common Share, basic ($)	(3.55)	0.72	(6.88)	—	0.91	0.28	0.37	0.80
(Loss) earnings available to Common Shareholders per Common Share, diluted from continuing operations ($)	(5.08)	0.70	(0.02)	(0.12)	0.68	1.05	0.24	0.34
Earnings (loss) available to Common Shareholders per Common Share, diluted from discontinued operations ($)	1.53	—	(6.86)	0.12	0.21	(0.78)	0.12	0.44
(Loss) earnings available to Common Shareholders per Common Share, diluted ($)	(3.55)	0.70	(6.88)	—	0.89	0.27	0.36	0.78
Adjusted Earnings available to Common Shareholders from continuing operations, per Common Share - basic	0.39	0.44	0.08	0.13	0.06	0.20	0.10	0.23

19 NON-GAAP FINANCIAL MEASURES

Chorus uses certain non-GAAP financial measures, non-GAAP financial ratios and capital management measures described below, to evaluate and assess performance. These non-GAAP measures are generally numerical measures of a company's financial performance, financial position or cash flows, that include or exclude amounts from the most comparable GAAP measure. As such, these measures are not recognized for financial statement presentation under GAAP, do not have standardized meanings, may not be comparable to similar measures presented by other entities, and should not be considered a substitute for or superior to GAAP results.

Adjusted Net Income, Adjusted EBT and Adjusted EBITDA

Chorus revised its definition of Adjusted Net Income in the fourth quarter of 2024 to exclude interest accretion and realized foreign exchange on the Preferred Shares to facilitate comparability of its results. In addition, Chorus revised its definition of Adjusted Net Income to exclude foreign exchange gains on US dollar denominated cash held between the dates December 6, 2024 and December 31, 2024, being the dates Chorus received the net proceeds from the Transaction and the redemption of the Preferred Shares, respectively.

Adjusted Net Income is used by Chorus to assess performance without the effects of unrealized foreign exchange gains or losses on long-term debt and lease liability related to aircraft, realized foreign exchange on intercompany loans, realized foreign exchange on the Preferred Shares, interest accretion on the Preferred Shares, employee separation program costs, impairment provisions, lease repossession costs net of security packages realized, restructuring ECL provision, Defined Benefit Pension Revenue, strategic advisory fees and the applicable tax expense (recovery). Chorus manages its exposure to currency risk on such long-term debt by billing the lease payments within the CPA in the underlying currency (US dollars) related to the aircraft debt. These items are excluded because they affect the comparability of Chorus' financial results, period-over-period, and could potentially distort the analysis of trends in business performance. Excluding these items does not imply they are non-recurring due to ongoing currency fluctuations between the Canadian and US dollar (refer to Section 26 - Caution Regarding Forward-Looking Information).

Chorus revised its definition of Adjusted EBT in the fourth quarter of 2024 to exclude interest accretion and realized foreign exchange on the Preferred Shares to facilitate comparability of its results. In addition, Chorus revised its definition of Adjusted EBT to exclude foreign exchange gains on US dollar denominated cash held between the dates December 6, 2024 and December 31, 2024, being the dates Chorus received the net proceeds from the Transaction and the redemption of the Preferred Shares, respectively.

Adjusted EBT and Adjusted EBITDA should not be used as exclusive measures of cash flow because these measures do not account for the impact of working capital growth, capital expenditures, debt repayments and other sources and uses of cash, which are disclosed in the statements of cash flows, forming part of Chorus' financial statements.

EBT is defined as earnings before income tax. Adjusted EBT (EBT before employee separation program costs, impairment provisions, lease repossession costs net of security packages realized, restructuring ECL provision, Defined Benefit Pension Revenue, interest accretion on the Preferred Shares, strategic advisory fees and other items such as foreign exchange gains and losses) is a non-GAAP financial measure used by Chorus as a supplemental financial measure of operational performance. Management believes Adjusted EBT assists investors in comparing Chorus' performance by excluding items, which it does not believe will re-occur over the longer-term (such as employee separation program costs, impairment provisions, lease repossession costs net of security packages realized, restructuring ECL provision, Defined Benefit Pension Revenue, interest accretion on the Preferred Shares and strategic advisory fees) as well as items that are non-cash in nature such as foreign exchange gains and losses.

EBITDA is defined as earnings before net interest expense, income taxes, depreciation and amortization and impairment and is a non-GAAP financial measure that is used frequently by companies in the aviation industry as a measure of performance. Adjusted EBITDA (EBITDA before employee separation program costs, strategic advisory fees, impairment provisions, lease repossession costs net of security packages realized, restructuring ECL provision, Defined Benefit Pension Revenue, interest accretion on the Preferred Shares and other items such as foreign exchange gains or losses) is a non-GAAP financial measure used by Chorus as a supplemental financial measure of operational performance. Management believes Adjusted EBITDA assists investors in comparing Chorus' performance by excluding items, which it does not believe will re-occur over the longer-term (such as employee separation program costs, impairment provisions, lease repossession costs net of security packages realized, restructuring ECL provision, Defined Benefit Pension Revenue, interest accretion on the Preferred Shares, and strategic advisory fees) as well as items that are non-cash in nature such as foreign exchange gains and losses. Adjusted EBITDA should not be used as an exclusive measure of cash flow because it does not account for the impact of working capital growth, capital expenditures, debt repayments and other sources and uses of cash, which are disclosed in the statements of cash flows, forming part of Chorus' financial statements.

(expressed in thousands of Canadian dollars)	Three months ended December 31, 2024 $	Three months ended December 31, 2023 $ (revised)[1]	Three months ended December 31, Change $	Year ended December 31, 2024 $	Year ended December 31, 2023 $ (revised)[1]	Year ended December 31, Change $
Net (loss) income	**(6,596)**	**36,621**	**(43,217)**	**(156,449)**	**106,106**	**(262,555)**
Less: Net income (loss) from discontinued operations, net of taxes	42,829	8,333	34,496	(140,686)	4,476	(145,162)
Net (loss) income from continuing operations	**(49,425)**	**28,288**	**(77,713)**	**(15,763)**	**101,630**	**(117,393)**
Add (Deduct) items to get to Adjusted Net Income						
Impairment provisions[2]	10,517	—	10,517	10,517	—	10,517
Employee separation program[3]	1,675	638	1,037	2,542	1,442	1,100
Defined Benefit Pension Revenue[4]	—	—	—	—	(29,916)	29,916
Interest accretion on Preferred Shares	10,445	—	10,445	10,445	—	10,445
Realized foreign exchange gain on cash[5]	(13,732)	—	(13,732)	(13,732)	—	(13,732)
Realized foreign exchange loss on Preferred Shares[6]	31,307	—	31,307	31,307	—	31,307
Realized foreign exchange gain on intercompany loan[7]	—	(26,437)	26,437	—	(26,437)	26,437
Unrealized foreign exchange loss (gain)	22,183	8,388	13,795	23,625	(2,413)	26,038
Tax (recovery) expense on adjusted items	(2,405)	(173)	(2,232)	(2,639)	7,687	(10,326)
	59,990	(17,584)	77,574	62,065	(49,637)	111,702
Adjusted Net Income	**10,565**	**10,704**	**(139)**	**46,302**	**51,993**	**(5,691)**
Add (Deduct) items to get to Adjusted EBT						
Income tax expense	2,200	6,161	(3,961)	13,152	35,414	(22,262)
Tax recovery (expense) on adjusted items	2,405	173	2,232	2,639	(7,687)	10,326
Adjusted EBT	**15,170**	**17,038**	**(1,868)**	**62,093**	**79,720**	**(17,627)**
Add (Deduct) items to get to Adjusted EBITDA						
Net interest expense	10,034	10,811	(777)	36,940	40,653	(3,713)
Depreciation and amortization excluding impairment	27,169	23,200	3,969	105,874	91,479	14,395
Foreign exchange loss	368	3,594	(3,226)	6,768	9,696	(2,928)
Gain on disposal of property and equipment	(76)	—	(76)	(96)	(13)	(83)
	37,495	37,605	(110)	149,486	141,815	7,671
Adjusted EBITDA	**52,665**	**54,643**	**(1,978)**	**211,579**	**221,535**	**(9,956)**

(1) The results of discontinued operations (RAL segment) have been excluded from both current and prior period figures to conform to current period presentation. All amounts presented and discussed in this MD&A are from continuing operations unless otherwise noted.
(2) Impairment provisions related to planned part-out of Voyageur's non-operational owned aircraft.
(3) Included in operating expenses.
(4) Air Canada agreed to compensate Jazz for the one-time impact of the wage increase on the Jazz defined benefit pension plan of $29.9 million.
(5) Foreign exchange gains on US dollar denominated cash held between the dates December 6, 2024 and December 31, 2024, being the dates Chorus received the net proceeds from the Transaction and the redemption of the Preferred Shares, respectively.
(6) Realized foreign exchange on Preferred Shares relates to the foreign exchange loss on settlement of the Preferred Share liability.
(7) Realized foreign exchange gain relates to the extinguishment of intercompany loan receivables in the fourth quarter of 2023. During the term of these intercompany loan receivables the unrealized foreign exchange gain or loss was recognized on the loan receivable. The intercompany loan payable was recorded in one of Chorus' subsidiaries with a USD functional currency such that the foreign exchange offset was recognized in exchange differences on foreign operations in other comprehensive income. The elimination of the realized foreign exchange from Adjusted Net Income reflects the economics of the intercompany transaction.

Adjusted Earnings available to Common Shareholders per Common Share

Adjusted Earnings available to Common Shareholders per Common Share is used by Chorus to assess performance and is calculated as Adjusted Net Income less non-controlling interest and Preferred Share dividends declared, excluding the MOIC.

Pro Forma Adjusted Earnings available to Common Shareholders per Common Share is calculated as Adjusted Earnings available to Common Shareholders plus anticipated interest savings on repayment of corporate financings and Preferred Share dividends declared, excluding the MOIC. (Refer to Section 4 - Post Sale Pro Forma Non-GAAP Financial Measures December 31, 2024.)

	Three months ended December 31,			**Year ended December 31,**		
(expressed in thousands of Canadian dollars, except per Share amounts)	**2024 $**	**2023 $**	**Change $**	**2024 $**	**2023 $**	**Change $**
		(revised)[(1)]			*(revised)*[(1)]	
Adjusted Net Income from continuing operations	**10,565**	**10,704**	**(139)**	**46,302**	**51,993**	**(5,691)**
Add (Deduct) items to get to Adjusted Earnings available to Common Shareholders						
Preferred Share dividends declared, excluding MOIC[(2)]	—	(8,940)	8,940	(17,827)	(35,426)	17,599
Adjusted Earnings available to Common Shareholders - continuing operations[(2)]	**10,565**	**1,764**	**8,801**	**28,475**	**16,567**	**11,908**
Adjusted Earnings available to Common Shareholders per Common Share, basic - continuing operations[(2)]	**0.39**	**0.06**	**0.33**	**1.04**	**0.59**	**0.45**

(1) The results of discontinued operations (RAL segment) have been excluded from both current and prior period figures to conform to current period presentation. All amounts presented and discussed in this MD&A are from continuing operations unless otherwise noted.
(2) Adjusted Earnings available to Common Shareholders excludes the MOIC payment of $91.2 million as the Preferred Shares were redeemed early due to the sale of the RAL business.

Leverage Ratio

Leverage Ratio is used by Chorus as a means to measure financial leverage. Leverage Ratio is calculated by dividing Net debt by trailing 12-month Adjusted EBITDA. Management believes Leverage Ratio to be a useful ratio when monitoring and managing debt levels. In addition, as leverage is a measure frequently analyzed for public companies, Chorus has calculated the amount to assist readers in this review. Leverage Ratio should not be construed as a measure of cash flows. Net debt is a key component of capital management for Chorus and provides management with a measure of its net indebtedness.

Pro Forma Leverage Ratio is calculated by dividing Net debt, adjusted to remove the anticipated repayment of the Series B Debentures and Series C Debentures, by trailing 12-month Adjusted EBITDA. (Refer to Section 4 - Post Sale Pro Forma Non-GAAP Financial Measures December 31, 2024.)

(expressed in thousands of Canadian dollars)	**December 31, 2024** **$**	**December 31, 2023** **$**	**Change** **$**
		(revised)[1]	
Long-term debt and lease liabilities (including current portion)[2]	516,379	1,755,580	(1,239,201)
Less:			
Long-term debt and lease liabilities (including current portion) related to discontinued operations[2]	—	(986,921)	986,921
Cash[1]	(222,216)	(85,985)	(136,231)
Cash related to discontinued operations[1][2]	—	55,432	(55,432)
Adjusted Net Debt	294,163	738,106	(443,943)
Adjusted EBITDA	211,579	221,535	(9,956)
Leverage Ratio	1.4	3.3	(1.9)

(1) The results of discontinued operations (RAL segment) have been excluded from both current and prior period figures to conform to current period presentation. All amounts presented and discussed in this MD&A are from continuing operations unless otherwise noted.
(2) Long-term debt and lease liabilities related to discontinued operations of $986.9 million and cash of $55.4 million have been removed from December 31, 2023 for comparative purposes.

Free Cash Flow

Free Cash Flow is a non-GAAP measure used as an indicator of financial strength and performance. Chorus believes that this measurement is useful as an indicator of its ability to service its debt, meet other ongoing obligations and reinvest in the Corporation and return capital to Common Shareholders. Readers are cautioned that Free Cash Flow does not represent residual cash flow available for discretionary expenditures.

Free Cash Flow is defined as cash provided by operating activities less net changes in non-cash balances related to operations, capital expenditures excluding aircraft acquisitions and improvements plus net proceeds on asset sales (proceeds on disposal of property and equipment less the related debt repayments for the assets sold).

Pro Forma Free Cash Flow is defined as Free Cash Flow plus anticipated interest savings on repayment of corporate financings. (Refer to Section 4 - Post Sale Pro Forma Non-GAAP Financial Measures December 31, 2024.)

Pro Forma Free Cash Flow after repayment on long-term borrowings is defined as Free Cash Flow plus anticipated interest savings on repayment of corporate financings less repayment on long-term borrowings.

The following table provides a reconciliation of Free Cash Flow to cash flows from operating activities, which is the most comparable financial measure calculated and presented in accordance with GAAP:

	Three months ended December 31,			**Year ended December 31,**		
(expressed in thousands of Canadian dollars)	**2024 $**	**2023 $**	**Change $**	**2024 $**	**2023 $**	**Change $**
		(revised)(1)			*(revised)*(1)	
Cash provided by (used in) operating activities from continuing operations	21,099	(16,498)	37,597	172,806	158,013	14,793
Add (Deduct)						
Net changes in non-cash balances related to operations	16,867	56,548	(39,681)	(21,020)	38,065	(59,085)
Capital expenditures, excluding aircraft acquisitions	(4,244)	(4,340)	96	(13,547)	(14,237)	690
Capitalized major maintenance overhauls	(6,240)	(6,080)	(160)	(19,452)	(15,776)	(3,676)
Free Cash Flow	**27,482**	**29,630**	**(2,148)**	**118,787**	**166,065**	**(47,278)**

(1) The results of discontinued operations (RAL segment) have been excluded from both current and prior period figures to conform to current period presentation. All amounts presented and discussed in this MD&A are from continuing operations unless otherwise noted.

Adjusted Return on Equity

Adjusted Return on Equity is a non-GAAP financial measure used to gauge a corporation's profitability and how efficient it is in generating profits. Adjusted Return on Equity is calculated based on Chorus' Adjusted Net Income less non-controlling interest and Preferred Share dividends declared divided by Average Shareholders' equity excluding non-controlling interest, Preferred Shares and cash.

Pro Forma Adjusted Return on Equity is calculated based on Adjusted Earnings available to Common Shareholders plus anticipated interest savings on repayment of corporate financings and Preferred Share dividends declared divided by Average Shareholders' equity excluding non-controlling interest, Preferred Shares, cash on hand and cash required to repay the Series B Debentures and Series C Debentures. (Refer to Section 4 - Post Sale Pro Forma Non-GAAP Financial Measures December 31, 2024.)

	Trailing 12-months ended		
(expressed in thousands of Canadian dollars)	**December 31, 2024 $**	**December 31, 2023 $**	**Change $**
		(revised)[1]	
Adjusted Net Income from continuing operations[1]	46,302	51,993	(5,691)
Add (Deduct) items to get to Adjusted Earnings available to Common Shareholders			
Preferred Share dividends declared, excluding MOIC	(17,827)	(35,426)	17,599
Adjusted Earnings available to Common Shareholders[2]	28,475	16,567	11,908

Average equity attributable to Common Shareholders excluding cash			
Average Shareholders' equity	896,209	1,274,446	(378,237)
Add (Deduct) items to get to average equity attributable to Common Shareholders excluding cash			
Average Non-controlling interest	(43,293)	(87,718)	44,425
Average Preferred Shares	(187,609)	(375,217)	187,608
Average Cash[1]	(126,385)	(24,926)	(101,459)
	538,922	786,585	(247,663)
Adjusted Return on Equity[1]	5.3%	2.1%	3.2%

(1) The results of discontinued operations (RAL segment) have been excluded from both current and prior period figures to conform to current period presentation. All amounts presented and discussed in this MD&A are from continuing operations unless otherwise noted.
(2) Adjusted Earnings available to Common Shareholders excludes the MOIC payment of $91.2 million as the Preferred Shares were redeemed early due to the sale of the RAL business.

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20 SUMMARY OF QUARTERLY FINANCIAL RESULTS

The following table summarizes quarterly financial results and major operating statistics of Chorus for the previous eight quarters post-Share Consolidation. (Refer to Section 18 - Share Consolidation.)

	Q4 2024	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023
				(revised)(1)	*(revised)*(1)	*(revised)*(1)	*(revised)*(1)	*(revised)*(1)
Chorus								
Total revenue from continuing operations ($000)	353,155	341,987	351,218	358,594	354,628	377,898	327,454	339,631
Net (loss) income from continuing operations ($000)	(49,425)	19,802	8,450	5,410	28,288	38,906	15,679	18,757
Net income (loss) from discontinued operations ($000)	42,829	(1,392)	(189,023)	6,900	8,333	(21,758)	4,639	13,262
Net (loss) income ($000)	(6,596)	18,410	(180,573)	12,310	36,621	17,148	20,318	32,019
Adjusted Net Income from continuing operations(1)(2) ($000)	10,565	11,943	11,222	12,572	10,704	14,249	11,659	15,381
Adjusted EBITDA from continuing operations(1)(2) ($000)	52,665	53,896	50,998	54,020	54,643	57,017	53,414	56,461
(Loss) earnings available to Common Shareholders per Common Share, basic from continuing operations ($)	(5.08)	0.73	(0.02)	(0.12)	0.70	1.08	0.25	0.34
Earnings (loss) available to Common Shareholders per Common Share, basic from discontinued operations ($)	1.53	(0.01)	(6.86)	0.12	0.21	(0.80)	0.12	0.46
(Loss) earnings available to Common Shareholders per Common Share, basic ($)	(3.55)	0.72	(6.88)	—	0.91	0.28	0.37	0.80
(Loss) earnings available to Common Shareholders per Common Share, diluted from continuing operations ($)	(5.08)	0.70	(0.02)	(0.12)	0.68	1.05	0.24	0.34
Earnings (loss) available to Common Shareholders per Common Share, diluted from discontinued operations ($)	1.53	—	(6.86)	0.12	0.21	(0.78)	0.12	0.44
(Loss) earnings available to Common Shareholders per Common Share, diluted ($)	(3.55)	0.70	(6.88)	—	0.89	0.27	0.36	0.78
Adjusted Earnings available to Common Shareholders from continuing operations(1)(2)(3) ($000)	10,565	11,943	2,243	3,724	1,764	5,450	2,843	6,510
Adjusted Earnings available to Common Shareholders from continuing operations,(1)(2)(3) per Common Share - basic ($)	0.39	0.44	0.08	0.13	0.06	0.20	0.10	0.23
FTE employees (end of period)	4,308	4,503	4,573	4,501	4,454	4,704	4,730	4,724
Number of aircraft (end of period)	135	152	153	140	140	142	145	145
Average foreign exchange rates (USD-CAD)	1.3976	1.3640	1.3681	1.3483	1.3624	1.3407	1.3434	1.3518
Jazz								
Departures	33,202	37,827	37,104	34,599	35,151	39,936	39,807	36,775
Block Hours	51,340	58,387	56,209	52,981	52,698	62,941	62,724	61,661
Billable Block Hours	51,884	59,392	57,027	54,570	53,509	65,032	63,788	65,149

(1) The results of discontinued operations (RAL segment) have been excluded from both current and prior period figures to conform to current period presentation. All amounts presented and discussed in this MD&A are from continuing operations unless otherwise noted.
(2) These are non-GAAP financial measures that are not recognized measures for financial statement presentation under GAAP. As such, they do not have standardized meanings, may not be comparable to similar measures presented by other issuers and should not be considered a substitute for or superior to GAAP results. Refer to Section 19 – Non-GAAP Financial Measures for further information, including the composition and use of such non-GAAP financial measures and ratios.
(3) Adjusted Earnings available to Common Shareholders excludes the MOIC payment of $91.2 million as the Preferred Shares were redeemed early due to the sale of the RAL business.

21 SELECTED ANNUAL INFORMATION

The following table provides selected annual information for Chorus for the years 2022 through to 2024. All amounts presented and discussed in this MD&A are from continuing operations unless otherwise noted.

	Year ended December 31,		
(expressed in thousands of Canadian dollars, except per Share amounts)	2024 $	2023 $	2022 $
Revenue(1)	1,404,954	1,399,611	1,333,683
Operating income(1)	92,646	158,530	125,092
Net (loss) income from continuing operations(1)	(15,763)	101,630	45,847
Net (loss) income	(156,449)	106,106	51,917
Cash	222,216	85,985	100,027
Total assets	1,607,099	3,850,867	4,055,909
Total long-term liabilities	523,954	1,765,625	2,054,797
Preferred Share dividends	17,827	35,426	22,902
Per Share			
Operating income, basic(1)	3.38	5.68	4.50
(Loss) earnings attributable to Common Shareholders from continuing operations, basic(1)	(4.49)	2.37	0.83
(Loss) earnings attributable to Common Shareholders from continuing operations, diluted(1)	(4.49)	2.30	0.81
(Loss) earnings attributable to Common Shareholders, basic	(9.70)	2.36	0.94
(Loss) earnings attributable to Common Shareholders, diluted	(9.70)	2.29	0.91

(1) The results of discontinued operations (RAL segment) have been excluded from both current and prior period figures to conform to current period presentation. All amounts presented and discussed in this MD&A are from continuing operations unless otherwise noted.

2024 Compared to 2023

The 2024 results compared to the 2023 results are discussed throughout the MD&A.

Increased revenue was primarily attributable to an increase in Controllable Cost Revenue; an increase in parts sales, contract flying, MRO and other revenue primarily due to Voyageur's increased revenue in parts sales, contract flying and MRO activity and increased Pass-Through Revenue; partially offset by the Defined Benefit Pension Revenue of $29.9 million in 2023, a decrease in aircraft leasing revenue under the CPA primarily due to a change in lease rates on certain aircraft; and the contracted decrease in the Fixed Margin.

Operating income decreased due to increased engine overhaul maintenance events, increased depreciation expense related to a change in depreciation estimates on certain aircraft and capital expenditures, increased costs related to parts sales and MRO activity, increased Pass-Through Costs and increased stock-based compensation due to an increase in the Common Share price offset by the change in fair value of the Total Return Swap; partially offset by an increase in capitalization of major maintenance overhauls on owned aircraft and increased revenue.

Net income decreased due to the decreased operating income as discussed above, realized foreign exchange loss on Preferred Shares, unrealized foreign exchange losses due to a change in the foreign exchange rate, interest accretion on the Preferred Shares partially offset by lower interest expense and income tax.

Cash increased primarily due to the net proceeds on the sale of the RAL business and strong cash flows from operations; partially offset by the repayment of long-debt debt, redemption of the Preferred Shares, redemption of the Series A Debentures, repayment of the Operating Credit Facility, payment of Preferred Share dividends and repurchase of Common Shares under the NCIB.

Total assets decreased primarily due to the sale of the RAL business, a decrease in property and equipment resulting from normal amortization of assets as well as impairment provisions and a decrease in the Air Canada receivable partially offset by the increase in cash as discussed above.

Total long-term liabilities decreased due to the sale of the RAL business, scheduled repayments on long-term borrowings, redemption of Series A Debentures, repayment of the Operating Credit Facility partially offset by a change in the foreign exchange rate on long-term debt.

2023 Compared to 2022

The 2023 results compared to the 2022 results are discussed throughout the MD&A.

Revenue increased in the RAS segment, excluding the Defined Benefit Pension Revenue of $29.9 million, primarily due to an increase in Controllable Cost Revenue, Pass-Through Revenue and increased parts sales, contract flying, MRO and other revenue partially offset by the contracted decrease in the Fixed Margin.

Operating income increased due to an increase in revenue partially offset by increased engine overhaul maintenance events, higher salaries, wages and benefits, increased costs related to parts sales, increased Pass-Through Costs and increased depreciation expense related to a change in depreciation estimates on certain aircraft.

Net income increased due to the increased operating income as discussed above, unrealized foreign exchange gains due to a change in the foreign exchange rate, and lower interest expense partially offset by higher income tax.

Cash decreased primarily due to the repayment of long-debt debt, payment of Preferred Share dividends, repurchase of Common Shares under the NCIB partially offset by strong cash flows from operations. Total assets decreased primarily due to a decrease in property and equipment resulting from normal amortization of assets as well as impairment provisions and the decrease in cash as discussed above partially offset by an increase in the Air Canada receivable and an increase in receivables related to rent relief arrangements in discontinued operations.

Total long-term liabilities decreased due to scheduled repayments on long-term borrowings and the loans on two aircraft held for sale moving to current liabilities and a change in the foreign exchange rate on long-term debt partially offset by a net draw on the Operating Credit Facility, increased security deposits and maintenance reserves and increased deferred tax liability.

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22 REVENUE

(expressed in thousands of Canadian dollars)	Three months ended December 31,				Year ended December 31,			
	2024 **$**	**2023** **$**	**Change** **$**	**Change** **%**	**2024** **$**	**2023** **$**	**Change** **$**	**Change** **%**
		(revised)[1]				*(revised)*[1]		
Controllable Cost Revenue	208,100	226,978	(18,878)	(8.3)	862,189	835,991	26,198	3.1
Pass-Through Revenue	59,913	49,093	10,820	22.0	217,735	214,625	3,110	1.4
	268,013	276,071	(8,058)	(2.9)	1,079,924	1,050,616	29,308	2.8
Fixed Margin	15,320	15,820	(500)	(3.2)	61,280	63,280	(2,000)	(3.2)
Incentive Revenue	782	491	291	59.3	2,268	1,431	837	58.5
Aircraft leasing under the CPA	33,169	35,572	(2,403)	(6.8)	133,174	148,889	(15,715)	(10.6)
Defined Benefit Pension Revenue[2]	—	—	—	—	—	29,916	(29,916)	(100.0)
Parts sales, contract flying, MRO and other revenue[3]	35,871	26,674	9,197	34.5	128,308	105,479	22,829	21.6
	85,142	78,557	6,585	8.4	325,030	348,995	(23,965)	(6.9)
Total Revenue	**353,155**	**354,628**	**(1,473)**	**(0.4)**	**1,404,954**	**1,399,611**	**5,343**	**0.4**

(1) The results of discontinued operations (RAL segment) have been excluded from both current and prior period figures in accordance with IFRS 5 to conform to current period presentation. All amounts presented and discussed in this MD&A are from continuing operations unless noted.
(2) Air Canada agreed to compensate Jazz for the one-time impact of the wage increase on the Jazz defined benefit pension plan of $29.9 million which will be repaid in 60 equal monthly payments beginning on December 1, 2023.
(3) Parts sales, contract flying, MRO and other includes Voyageur revenue of $35.0 million and $124.8 million for the three and twelve months ended December 2024, respectively ($26.5 million and $103.9 million for the three and twelve months ended December 2023).

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23 CONSOLIDATED STATEMENTS OF (LOSS) INCOME

(expressed in thousands of Canadian dollars)	Year ended December 31, 2024 $	2023 $ *(revised)*[1]
Operating revenue	1,404,954	1,399,611
Operating expenses		
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	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		
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	(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

(1) The results of discontinued operations (RAL segment) have been excluded from both current and prior period figures in accordance with IFRS 5 to conform to current period presentation. All amounts presented and discussed in this MD&A are from continuing operations unless noted.

24 ADDITIONAL INFORMATION

Additional information relating to Chorus, including Chorus' Annual Information Form, is available on SEDAR+ or on Chorus' website under "Reports".

25 GLOSSARY OF TERMS

This glossary of terms provides definitions for certain capitalized terms that are used but may not otherwise be defined in this MD&A.

"**2015 CPA**" means the amended and restated capacity purchase agreement effective January 1, 2015, between Air Canada and Jazz, as amended;

"**2019 CPA Amendments**" means the amendments to, including the extension of the term of, the 2015 CPA described in the Corporation's Material Change Report dated January 24, 2019;

"**2021 CPA Amendments**" means the amendments to the 2015 CPA (as amended by the 2019 CPA Amendments) described in the Corporation's Material Change Report dated March 19, 2021;

"**2022 Warrants**" has the meaning given in this MD&A under the heading "Private Placement with Brookfield";

"**Asset-Backed Securitization**" means an asset-backed securitization of regional aircraft under which Regional 2021-1 Limited and its wholly-owned subsidiary, Regional 2021-1 LLC, co-borrowed US $255.0 million of Series A Loans;

"**Bi-Lateral Credit Facility**" has the meaning given in this MD&A under the heading "Capital Structure - Long-term debt – Bi-Lateral Credit Facilities with BNS";

"**Billable Block Hours**" mean actual Block Hours flown and Block Hours related to weather and air traffic control cancellations, and commercial cancellations and commercial ferry flights, under the CPA;

"**Block Hours**" mean the number of minutes elapsing from the time the chocks are removed from the wheels of an aircraft until the chocks are next again returned to the wheels of the aircraft, divided by 60;

"**Brookfield**" means BSI Dragonfly Holdings LP;

"**CAC**" means CACC and its subsidiaries (excluding Jazz Leasing);

"**CACC**" means Chorus Aviation Capital Corp. (formerly, Chorus Aviation Holdings Inc.), a corporation incorporated under the *Canada Business Corporations Act* on November 28, 2013. CACC is a subsidiary of the Corporation;

"**CAD**" means Canadian dollars;

"**Chorus**" means, as the context may require, the Corporation and its current and former subsidiaries;

"**Common Shareholders**" means holders of Common Shares (excluding for the avoidance of doubt, the holders of Preferred Shares);

"**Common Shares**" means the Class B Voting Shares and Class A Variable Voting Shares in the capital of the Corporation;

“**Controllable Costs**” means for any period, all costs and expenses incurred and paid by Jazz under the CPA other than Pass-Through Costs;

“**Corporation**” means Chorus Aviation Inc., a corporation incorporated under the *Canada Business Corporations Act* on September 27, 2010;

“**CORRA**” means Canadian Overnight Repo Rate Average;

“**Covered Aircraft**” means the aircraft whose capacity Air Canada purchases from Jazz under the CPA;

“**CPA**” means the 2015 CPA as extended, supplemented or amended from time to time, including by the 2019 CPA Amendments and the 2021 CPA Amendments;

“**CPA Canada Handbook**” means the Chartered Professional Accountants of Canada Handbook - Accounting - Part 1, which incorporates IFRS as issued by the IASB;

“**Credit Parties**” has the meaning given in this MD&A under the heading “Long-term debt – Loan facilities – Operating Credit Facility”;

“**CRJ200**” and “**CRJ900**” means, respectively, Bombardier CRJ 200 and CRJ 900 regional jet aircraft, and “**CRJ aircraft**” means all of the foregoing;

“**Cygnet**” means Cygnet Aviation Academy LP, a limited partnership established under the laws of the Province of Ontario on September 1, 2022. Cygnet is a subsidiary of the Corporation;

“**Dash 8-100**”, “**Dash 8-300**” and “**Dash 8-400**” means, respectively, Bombardier or De Havilland Dash 8-100, Dash 8-300 and Dash 8-400 turboprop aircraft, and “**Dash Aircraft**” means all of the foregoing;

“**Defined Benefit Pension Revenue**” has the meaning given in this MD&A under the heading “Pension Plans”;

“**Departure**” means one take off of an aircraft;

“**E175**” means Embraer E175 aircraft;

“**EBITDA**” means earnings before net interest expense, income taxes, depreciation, amortization and impairment (refer to Section 19 – Non-GAAP Financial Measures for further information);

“**EBT**” means earnings before income tax;

“**ECL**” means expected credit loss;

“**Falko**” means Falko Regional Aircraft Limited, a private limited company incorporated under the Companies Act 2006 (U.K.) on May 23, 2011, together with its subsidiaries and, where the context requires, includes the equity interests in certain aircraft and investment funds managed by Falko Regional Aircraft Limited and its affiliates. Falko Regional Aircraft Limited ceased to be a subsidiary of the Corporation upon the completion of the Transaction on December 6, 2024;

“**Falko Acquisition**” means the acquisition of Falko by indirect subsidiaries of the Corporation all as more particularly described in the Corporation’s Material Change Report dated May 3, 2022;

“**Falko Group**” means Falko Regional Aircraft Limited, Falko (Ireland) Limited and their respective affiliates in the RAL segment;

“**FIL**” means Falko (Ireland) Limited (formerly Chorus Aviation Capital (Ireland) Limited) a private company limited by shares incorporated under the *Companies Act 2014* (Ireland) on March 15, 2017 and, where the context requires, includes its subsidiaries. Falko (Ireland) Limited ceased to be a subsidiary of the Corporation upon the completion of the Transaction on December 6, 2024;

“**Fixed Margin**” means the fixed fee under the CPA that, is paid to Jazz by Air Canada for the operation of the Covered Aircraft under the CPA;

“**Free Cash Flow**” means cash provided by operating activities less net changes in non-cash balances related to operations, capital expenditures excluding aircraft acquisitions and improvements plus net proceeds on asset sales; (refer to Section 19 - Non-GAAP Financial Measures for further information);

“**FTE**” means full-time equivalents in respect of employee staffing levels;

“**GAAP**” means generally accepted accounting principles in Canada after the adoption of IFRS;

“**IASB**” means the International Accounting Standards Board;

“**IFRS**” means International Financial Reporting Standards;

“**Jazz**” means Jazz Aviation LP, a limited partnership established under the laws of the Province of Ontario on November 18, 2010. Jazz is a subsidiary of the Corporation;

“**Jazz Leasing**” means Jazz Leasing Inc., the successor by amalgamation to Jazz Leasing Inc. and Jazz Aircraft Financing Inc. under the *Canada Business Corporations Act* on December 31, 2016. Jazz Leasing is a subsidiary of the Corporation;

“**King Air 200**” means Beechcraft King Air 200 turboprop aircraft;

“**King Air 350**” means Beechcraft King Air 350 turboprop aircraft;

“**Leverage Ratio**” means net debt to trailing 12-month Adjusted EBITDA (refer to Section 19 - Non-GAAP Financial Measures for further information);

“**MD&A**” means Chorus’ management’s discussion and analysis of results of operations and financial condition;

“**MOIC**” means the multiple on invested capital payable by the Corporation upon the redemption of the Preferred Shares;

“**MRO**” means maintenance, repair and overhaul;

“**Operating Credit Facility**” means the committed operating credit facility provided pursuant to the Third Amended and Restated Credit Agreement dated March 4, 2024 (as same may be amended from time to time) between the Corporation as borrower, The Bank of Nova Scotia as sole lead arranger, bookrunner, administrative agent and issuing bank, and the lenders from time to time parties thereto;

“**Pass-Through Costs**” means costs incurred directly by Jazz that are passed-through to Air Canada and fully reimbursed under the CPA;

“**Pass-Through Revenue**” means revenue received by Jazz under the CPA in payment of Pass-Through Costs;

“**Pension Benefits**” has the meaning given in this MD&A under the heading “Critical Accounting Estimates – Employee future benefits”;

"**Performance Incentives**" mean compensation to Jazz, under the CPA, for achieving established performance targets, being: controllable on-time performance, controllable flight completion, passengers arriving with luggage and customer service;

"**Pilot DB Plan"** has the meaning given in this MD&A under the heading "Critical Accounting Estimates – Employee future benefits";

"**Preferred Shares**" means the series of preferred shares in the capital of the Corporation designated as "Series 1 Preferred Shares";

"**Private Placement**" has the meaning given in this MD&A under the heading "Private Placement with Brookfield";

"**RAL business**" means the business carried on by the RAL segment (refer to the Transaction);

"**RAL segment**" means the Regional Aircraft Leasing segment which consisted of CAC and all of its subsidiaries, including Falko and FIL and the asset management and aircraft leasing businesses carried on by those entities as well as Chorus' interests in aircraft investment funds which were managed by Falko (refer to the Transaction);

"**RAS**" means the Regional Aviation Services segment which includes contract flying, charter operations and maintenance, repair and overhaul services and pilot training that are carried on by Jazz, Voyageur and Cygnet;

"**SEDAR+**" means the System for Electronic Document Analysis and Retrieval;

"**Series A Debentures**" means the 5.75% senior unsecured debentures of the Corporation due December 31, 2024 which traded on the TSX under the symbol CHR.DB.A prior to their repayment;

"**Series B Debentures**" means the 6.00% convertible senior unsecured debentures of the Corporation due June 30, 2026 which trade on the TSX under the symbol CHR.DB.B;

"**Series C Debentures**" means the 5.75% senior unsecured debentures of the Corporation due June 30, 2027 which trade on the TSX under the symbol CHR.DB.C;

"**SERP DB Plan"** has the meaning given in this MD&A under the heading "Critical Accounting Estimates – Employee future benefits";

"**Share Consolidation**" has the meaning given in this MD&A under the heading "Overview";

"**Shareholders**" means holders of Common Shares and Preferred Shares;

"**SOFR**" means the secured overnight financing rate;

"**SPA**" means the sale and purchase agreement entered into by the Corporation and CACC, as sellers, on July 30, 2024 to sell the assets comprising the Corporation's RAL segment;

"**Total Return Swap**" means the equity derivative contract entered into by the Corporation relating to its stock-based compensation programs;

"**Transaction**" means the sale, pursuant to the SPA, of (i) all of the limited partnership interests in Chorus Aviation Investment Holdings LP held by the Corporation, (ii) all of the shares in Chorus Aviation Leasing Inc. held by CACC, and (iii) all of the shares in Chorus Aviation Holdings GP Inc. held by the Corporation;

"**Trustees**" has the meaning given in this MD&A under the heading "Long-term debt – Loan facilities – Operating Credit Facility";

“**TSX**” means the Toronto Stock Exchange;

“**Unsecured Credit Facility**” means the US $100.0 million unsecured credit facility between the Corporation, as borrower, and Export Development Canada, as lender;

“**Unsecured Debentures**” means the Series A Debentures, the Series B Debentures and the Series C Debentures;

“**Voyageur**” means Voyageur Aviation Corp., the successor by amalgamation to Voyageur Aviation Corp., Voyageur Airways Limited, Voyageur Aerotech Inc., Voyageur Avparts Inc., Chorus Holdings II Inc., and North Bay Leasing Inc. under the *Business Corporations Act* (Ontario) on January 1, 2019. Voyageur is a subsidiary of the Corporation; and.

“**Warehouse Credit Facility**” means a warehouse credit facility in favour of FIL and certain of its subsidiaries, as borrowers.

26 CAUTION REGARDING FORWARD-LOOKING INFORMATION

This MD&A includes forward-looking information and statements within the meaning of applicable securities laws (collectively, “forward-looking information”). Forward-looking information is identified by the use of terms and phrases such as “anticipate”, “believe”, “could”, “estimate”, “expect”, “intend”, “may”, “plan”, “potential”, “predict”, “project”, “will”, “would”, and similar terms and phrases, including negative versions thereof. All information and statements other than statements of historical fact are forward-looking and by their nature, are based on various underlying assumptions and expectations that are subject to known and unknown risks, uncertainties and other factors that may cause actual future results, performance or achievements to differ materially from those indicated in the forward-looking information. As a result, there can be no assurance that the forward-looking information included in this MD&A will prove to be accurate or correct.

Examples of forward-looking information in this MD&A include the discussion in the Outlook section and statements regarding Chorus' future performance, growth prospects and the ability to return capital to Common Shareholders. Actual results may differ materially from those anticipated in forward-looking information for a number of reasons including: changes in the aviation industry and general economic conditions; the emergence of disputes under the CPA; a deterioration in Air Canada’s financial condition; any default by Chorus under debt covenants; asset impairments; changes in law; the imposition of tariffs on Canadian exports or adverse changes to existing trade agreements and/or relationships; and the risk factors in this MD&A in the Corporation’s Annual Information Form dated February 19, 2025, and in the Corporation’s public disclosure record available under its profile on SEDAR+ at www.sedarplus.ca.

The forward-looking information contained in this MD&A represents the Corporation’s expectations as of the date of this MD&A (or as of the date they are otherwise stated to be made) and is subject to change after such date. The Corporation disclaims any intention or obligation to update or revise any forward-looking information as a result of new information, subsequent events or otherwise, except as required by applicable securities laws. Readers are cautioned that the foregoing factors and risks are not exhaustive.