



chorus

Third Quarter 2025

Unaudited Interim Condensed Consolidated
Financial Statements

Chorus Aviation Inc.

Chorus Aviation Inc.

Unaudited Consolidated Statements of Financial Position

(expressed in thousands of Canadian dollars)

	September 30, 2025 \$	As at December 31, 2024 \$
Assets		
Current assets		
Cash	26,537	222,216
Accounts receivable – trade and other	103,351	136,491
Inventories	160,180	148,688
Prepaid expenses and deposits	19,234	24,257
Current portion of finance lease receivables	1,041	—
Income tax receivable	17,676	8,839
	328,019	540,491
Finance lease receivables	5,683	—
Property and equipment	946,057	1,011,209
Intangibles	1,681	1,681
Goodwill	7,150	7,150
Other long-term assets	44,770	46,568
	1,333,360	1,607,099
Liabilities		
Current liabilities		
Accounts payable, accrued liabilities and other liabilities	200,500	334,923
Current portion of lease liabilities	2,686	2,220
Current portion of long-term debt (note 8)	64,890	231,528
Income tax payable	38	2,526
	268,114	571,197
Lease liabilities	11,109	6,332
Long-term debt (note 8)	266,755	276,299
Deferred income tax liability	194,712	194,717
Other long-term liabilities	38,296	46,606
	778,986	1,095,151
Equity	554,374	511,948
	1,333,360	1,607,099

Economic dependence (note 13)

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

Chorus Aviation Inc.

Unaudited Consolidated Statements of Changes in Equity

(expressed in thousands of Canadian dollars)

	Equity Attributable to Shareholders						Equity attributable to non-controlling interest	Total
	Capital \$	Deficit \$	Exchange differences on foreign operations \$	Contributed surplus \$	Warrants \$	Equity component of convertible units/debentures \$		
Balance - December 31, 2023	781,698	(649,382)	325	1,034,194	24,366	2,683	86,585	1,280,469
Net (loss) income for the period	—	(150,892)	—	—	—	—	1,039	(149,853)
Other comprehensive (loss) income for the period (net of tax)	—	(4,730)	22,741	—	—	—	1,815	19,826
Comprehensive (loss) income for the period	—	(155,622)	22,741	—	—	—	2,854	(130,027)
Preferred share dividends declared	—	(17,827)	—	—	—	—	—	(17,827)
Issuance of shares	67	—	—	—	—	—	—	67
Repurchase of shares under normal course issuer bid	(4,940)	—	—	(58)	—	—	—	(4,998)
Preferred share conversion to liability	(375,217)	—	—	(106,723)	—	—	—	(481,940)
Expense related to stock-based compensation plans	—	—	—	294	—	—	—	294
Non-controlling interest: Distributions	—	—	—	—	—	—	(527)	(527)
Balance - September 30, 2024	401,608	(822,831)	23,066	927,707	24,366	2,683	88,912	645,511
Net (loss) income for the period	—	(7,608)	—	—	—	—	1,012	(6,596)
Other comprehensive (loss) income for the period (net of tax)	—	(6,557)	(21,511)	—	—	—	3,568	(24,500)
Comprehensive (loss) income for the period	—	(14,165)	(21,511)	—	—	—	4,580	(31,096)
Repurchase of shares under normal course issuer bid	(1,853)	—	—	(799)	—	—	—	(2,652)
Share repurchase commitment under the automatic share purchase plan	(4,981)	—	—	(2,367)	—	—	—	(7,348)
Preferred share conversion to liability	—	—	—	1	—	—	—	1
Expense related to stock-based compensation plans	—	—	—	1,024	—	—	—	1,024
Non-controlling interest: Business disposition	—	—	—	—	—	—	(93,492)	(93,492)
Balance - December 31, 2024	394,774	(836,996)	1,555	925,566	24,366	2,683	—	511,948
Net income for the period	—	62,036	—	—	—	—	—	62,036
Other comprehensive income for the period (net of tax)	—	10,548	1,007	—	—	—	—	11,555
Comprehensive income for the period	—	72,584	1,007	—	—	—	—	73,591
Dividends declared	—	(2,058)	—	—	—	—	—	(2,058)
Repurchase of shares under normal course issuer bid	(18,046)	—	—	(7,216)	—	—	—	(25,262)
Share repurchase commitment under the automatic share purchase plan	4,981	—	—	2,367	—	—	—	7,348
Repurchase of shares under substantial issuer bid	(7,192)	—	—	(3,075)	—	—	—	(10,267)
Redemption of convertible debentures	—	—	—	2,683	—	(2,683)	—	—
Expense related to stock-based compensation plans	—	—	—	(926)	—	—	—	(926)
Balance - September 30, 2025	374,517	(766,470)	2,562	919,399	24,366	—	—	554,374

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

Chorus Aviation Inc.**chorus**

Unaudited Consolidated Statements of Income (Loss)

For the three and nine-month periods ended September 30, 2025 and 2024

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

	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
	\$	\$	\$	\$
Operating revenue (notes 6 and 13)	323,567	341,987	996,308	1,051,799
Operating expenses (note 13)				
Salaries, wages and benefits	120,678	125,461	366,533	377,140
Depreciation, amortization and impairment	26,722	26,628	81,130	78,705
Aircraft maintenance materials, supplies and services	67,399	77,158	224,642	261,071
Airport and navigation fees	37,176	36,462	108,273	105,919
Terminal handling services	5,076	4,943	12,172	14,173
Other	41,669	44,404	124,929	135,449
	298,720	315,056	917,679	972,457
Operating income	24,847	26,931	78,629	79,342
Non-operating (expenses) income				
Interest revenue	811	559	3,344	1,927
Interest expense	(3,962)	(9,369)	(13,748)	(28,833)
Gain on disposal of property and equipment	—	5	10	20
Foreign exchange (loss) gain	(5,213)	6,218	7,200	(7,842)
	(8,364)	(2,587)	(3,194)	(34,728)
Income before income taxes	16,483	24,344	75,435	44,614
Income tax (expense) recovery (note 9)				
Current income tax	(3,600)	(5,065)	(17,339)	(14,287)
Deferred income tax	(2,217)	523	3,940	3,335
	(5,817)	(4,542)	(13,399)	(10,952)
Net income from continuing operations	10,666	19,802	62,036	33,662
Net loss from discontinued operations, net of taxes (note 2)	—	(1,392)	—	(183,515)
Net income (loss)	10,666	18,410	62,036	(149,853)
Net (loss) income attributable to non-controlling interest	—	(1,352)	—	1,039
Net income (loss) attributable to shareholders	10,666	19,762	62,036	(150,892)
Earnings attributable to common shareholders, per common share, basic - continuing operations (note 11)	0.42	0.72	2.36	0.58
Loss attributable to common shareholders, per common share, basic - discontinued operations (note 11)	—	—	—	(6.73)
Earnings (loss) attributable to common shareholders, per common share, basic	0.42	0.72	2.36	(6.15)
Earnings attributable to common shareholders, per common share, diluted - continuing operations (note 11)	0.41	0.70	2.34	0.58
Loss attributable to common shareholders, per common share, diluted - discontinued operations (note 11)	—	—	—	(6.73)
Earnings (loss) attributable to common shareholders, per common share, diluted (note 11)	0.41	0.70	2.34	(6.15)

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

Chorus Aviation Inc.**chorus**
Unaudited Consolidated Statements of Comprehensive Income (Loss)
For the three and nine-month periods ended September 30, 2025 and 2024

(expressed in thousands of Canadian dollars)

	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
	\$	\$	\$	\$
Net income from continuing operations	10,666	19,802	62,036	33,662
Other comprehensive income (loss)				
<i>Items that will not be subsequently reclassified to the statements of income</i>				
Actuarial gain (loss) on employee benefit liabilities, net of tax expense of \$3,727 and \$3,935 (tax recovery 2024 - \$1,555 and \$1,367)	9,989	(4,169)	10,548	(3,664)
<i>Items that will be subsequently reclassified to the statements of income</i>				
Exchange differences on translation of foreign operations	(601)	478	1,007	538
Change in fair value of financial assets, net of tax recovery of \$nil and \$nil (2024 - \$145 and \$145)	—	(394)	—	(394)
Comprehensive income from continuing operations	20,054	15,717	73,591	30,142
Net loss from discontinued operations	—	(1,392)	—	(183,515)
<i>Items that may be reclassified to the statements of income</i>				
Change in fair value of financial assets and liabilities, net of tax expense of \$nil and \$nil (2024 - \$39 and \$96)	—	(273)	—	(672)
Exchange differences on translation of foreign operations	—	(12,560)	—	24,018
Comprehensive loss from discontinued operations	—	(14,225)	—	(160,169)
Comprehensive income (loss)	20,054	1,492	73,591	(130,027)
Comprehensive (loss) income attributable to non-controlling interest	—	(2,594)	—	2,854
Comprehensive income (loss) attributable to shareholders	20,054	4,086	73,591	(132,881)

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

Chorus Aviation Inc.

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Unaudited Consolidated Statements of Cash Flows

For the three and nine-month periods ended September 30, 2025 and 2024

(expressed in thousands of Canadian dollars)

	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
	\$	\$	\$	\$
Cash provided by (used in)				
Operating activities				
Net income from continuing operations	10,666	19,802	62,036	33,662
Charges (credits) to operations not involving cash				
Depreciation, amortization and impairment	26,722	26,628	81,130	78,705
Amortization of accrued transaction and financing fees	88	118	286	352
Gain on disposal of property and equipment	—	(5)	(10)	(20)
Unrealized foreign exchange loss (gain)	4,699	(8,105)	(14,080)	1,442
Realized foreign exchange loss	521	1,498	4,415	6,380
Effect of foreign exchange rate changes on cash	(559)	203	2,537	(923)
Deferred income tax expense (recovery)	2,217	(523)	(3,940)	(3,335)
Other	—	766	(856)	(2,443)
	44,354	40,382	131,518	113,820
Net changes in non-cash balances related to operations (note 14)	(5,135)	(12,725)	(91,984)	37,887
Cash provided by continuing operations	39,219	27,657	39,534	151,707
Cash provided by discontinued operations	—	24,918	—	81,635
	39,219	52,575	39,534	233,342
Financing activities				
Repayment of lease liabilities	(842)	(687)	(2,452)	(2,342)
Repayment of long-term borrowings	(15,511)	(13,875)	(55,050)	(93,559)
Repayment of Series B Debentures and Series C Debentures	(28,727)	—	(110,297)	—
Repayment of operating credit facility	—	—	—	(27,000)
Repurchase of shares under normal course issuer bid	(7,915)	—	(25,262)	(4,998)
Repurchase of shares under substantial issuer bid	—	—	(10,267)	—
Preferred dividends	—	(8,943)	—	(26,777)
Common share dividends	(2,058)	—	(2,058)	—
Cash used in continuing operations	(55,053)	(23,505)	(205,386)	(154,676)
Cash used in discontinued operations	—	(53,184)	—	(186,016)
	(55,053)	(76,689)	(205,386)	(340,692)
Investing activities				
Business acquisition, net of cash acquired	(2,088)	—	(2,088)	—
Additions to property and equipment	(12,438)	(9,595)	(25,953)	(40,131)
Payments received on finance lease receivables	247	—	743	1,045
Proceeds on disposal of property and equipment	—	5	10	20
Cash used in continuing operations	(14,279)	(9,590)	(27,288)	(39,066)
Cash provided by discontinued operations	—	41,628	—	157,251
	(14,279)	32,038	(27,288)	118,185
Effect of foreign exchange rate changes on cash from continuing operations	560	(203)	(2,539)	923
Effect of foreign exchange rate changes on cash from discontinued operations	—	(1,685)	—	2,848
Effect of foreign exchange rate changes on cash	560	(1,888)	(2,539)	3,771
Net change in cash and restricted cash during the periods	(29,553)	6,036	(195,679)	14,606
Cash and restricted cash – Beginning of periods from continuing and discontinued operations	56,090	184,987	222,216	176,417
Cash and restricted cash – End of periods	26,537	191,023	26,537	191,023
Less: cash and restricted cash from discontinued operations end of periods	—	167,357	—	167,357
Cash and restricted cash from continuing operations (note 14) – End of periods	26,537	23,666	26,537	23,666

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

Chorus Aviation Inc.

Notes to the Unaudited Interim Condensed Consolidated Financial Statements For the three and nine-month periods ended September 30, 2025

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

1 General information

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

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

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

Contract flying operations are conducted through both its Jazz Aviation LP (“Jazz”) and Voyageur Aviation Corp. (“Voyageur”) subsidiaries. Through Jazz’s operations, Chorus provides a significant part of Air Canada’s domestic and transborder network. Jazz and Air Canada are parties to an amended and restated capacity purchase agreement dated January 1, 2015, most recently amended effective January 1, 2021 and previously amended and restated on January 1, 2019 (the “CPA”), under which Air Canada purchases substantially all of Jazz’s fleet capacity at pre-determined rates. As Chorus derives a majority of its revenue from the CPA, it is substantially dependent on Air Canada (refer to note 13 - Economic dependence for further details). Jazz also operates charter flights for a variety of customers. Voyageur provides specialized contract ACMI (aircraft, crew, maintenance and insurance) flying, such as medical, logistical and humanitarian flights, to international and domestic customers.

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

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

Through its previous subsidiaries in the Regional Aircraft Leasing (“RAL”) segment, Chorus provided aircraft leasing to third-party air operators and asset management services such that it earned lease revenue, asset management fees and incentives for outperforming performance targets. In addition, Chorus made equity investments in aircraft investment funds managed by Falko and its affiliates, from which it earned co-investment returns. The RAL segment included Falko, Falko (Ireland) Limited (formerly Chorus Aviation Capital (Ireland) Limited), and their respective affiliates. Chorus had rebranded its leasing business from “Chorus Aviation Capital” to “Falko Regional Aircraft” (note 2).

2 Discontinued operations

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

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

Chorus Aviation Inc.

Notes to the Unaudited Interim Condensed Consolidated Financial Statements For the three and nine-month periods ended September 30, 2025

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

2 Discontinued operations (continued)

In accordance with *IFRS 5, Non-current assets held for sale and discontinued operations* ("IFRS 5"), the operating results and cash flows of the RAL business have been presented as discontinued operations. All other notes to the financial statements include amounts for continuing operations, unless indicated otherwise.

The following table discloses revenues, expenses and net loss of the discontinued operations for the three and nine months ended September 30, 2024:

	Three months ended September 30, 2024 \$	Nine months ended September 30, 2024 \$
Operating revenue	59,982	188,469
Operating expenses	48,486	142,311
Operating income	11,496	46,158
Net interest expense	(11,689)	(37,101)
Foreign exchange gain	3,998	516
Impairment on discontinued operations	(5,480)	(192,554)
Gain on fair value of investments and derivatives	1,650	5,794
Loss before income tax	(25)	(177,187)
Income tax expense	(1,367)	(6,328)
Net loss from discontinued operations, net of taxes	(1,392)	(183,515)
Net (loss) income attributable to non-controlling interest from discontinued operations	(1,352)	1,039
Net loss attributable to shareholders from discontinued operations	(40)	(184,554)

3 Basis of presentation

These financial statements are in compliance with International Accounting Standards ("IAS") 34, Interim Financial Reporting. Accordingly, certain information included in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS Accounting Standards"), as issued by the International Accounting Standards Board ("IASB"), have been omitted or condensed. The preparation of financial statements in accordance with IAS 34 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying Chorus' accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, have been set out in note 4 of Chorus' annual consolidated financial statements for the year ended December 31, 2024. These financial statements should be read in conjunction with Chorus' consolidated financial statements for the year ended December 31, 2024.

These financial statements have been authorized for issuance by Chorus' Board of Directors on November 6, 2025.

Chorus Aviation Inc.

Notes to the Unaudited Interim Condensed Consolidated Financial Statements For the three and nine-month periods ended September 30, 2025

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

4 Material accounting policies, judgements and estimation uncertainty

Accounting policies

Except as otherwise indicated hereunder, these financial statements have been prepared using the same policies and methods of computation as the annual consolidated financial statements of Chorus for the year ended December 31, 2024.

Critical accounting estimates and judgements

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

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.

5 Business acquisition

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

The total consideration is expected to be \$3,468, consisting of cash in the amount of \$2,100 paid at closing, and consideration payable of \$1,368 payable over two years. The consideration payable has been recorded at the fair value on the date of acquisition. The gross consideration payable is non-interest bearing.

Chorus will finalize the purchase price allocation upon completion of the review of the final determination of the fair value of the tangible and intangible assets acquired. The purchase included assets acquired of \$670 and liabilities assumed of \$552.

Chorus Aviation Inc.

Notes to the Unaudited Interim Condensed Consolidated Financial Statements For the three and nine-month periods ended September 30, 2025

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

6 Revenue from contracts with customers

a) Revenue

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

	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
	\$	\$	\$	\$
Revenue from contracts with customers				
Controllable cost revenue	190,509	206,516	589,427	653,394
Fixed margin ⁽¹⁾	14,932	15,320	45,052	45,960
CPA pass-through revenue	56,486	51,996	161,467	157,822
Parts sales, contract flying, MRO and other revenue	26,454	29,932	91,825	79,358
	288,381	303,764	887,771	936,534
Lease revenue ⁽²⁾	35,186	38,223	108,537	115,265
	323,567	341,987	996,308	1,051,799

(1) Jazz earned a fixed margin based on the number of covered aircraft operated by Jazz under the CPA. The fixed margin does not vary based on flight activity.

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

b) Segmented information

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

	Three months ended September 30,				Nine months ended September 30,			
	2025		2024		2025		2024	
	\$	%	\$	%	\$	%	\$	%
Canada	323,567	100.0%	343,032	85.3%	996,308	100.0%	1,054,923	85.1%
Other ⁽¹⁾	—	—%	58,937	14.7%	—	—%	185,345	14.9%
Revenue from continuing and discontinued operations	323,567	100.0%	401,969	100.0%	996,308	100.0%	1,240,268	100.0%
Less: discontinued operations	—		(59,982)		—		(188,469)	
Revenue from continuing operations ⁽²⁾	323,567		341,987		996,308		1,051,799	

(1) For the three and nine months ended September 30, 2024, there were no countries included in other that represent more than 10% of total revenue from continuing and discontinued operations.

(2) All revenue from continuing operations is earned in Canada.

A significant customer is one that represents 10% or more of each segment revenue earned during the period. For the three and nine months ended September 30, 2025 and September 30, 2024, Chorus reported revenue from continuing operations from one significant customer. See note 13 "Economic dependence" for a discussion of transactions between Chorus and Air Canada. For the three and nine months ended September 30, 2024, there were two customers that represented 10% or more of the revenue from discontinued operations.

Chorus Aviation Inc.

Notes to the Unaudited Interim Condensed Consolidated Financial Statements For the three and nine-month periods ended September 30, 2025

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

7 Credit facilities

Operating credit facility

Chorus has a \$150,000 operating credit facility with a maturity date to January 27, 2028.

The operating credit facility provides Chorus and certain designated subsidiaries with a committed limit of up to \$150,000, subject to a borrowing base calculation. As at September 30, 2025, the borrowing base calculation supported a limit of \$150,000. Letters of credit issued by Chorus under this facility further reduce the amount available under the facility.

As at September 30, 2025, Chorus had drawn \$nil on the facility and had also provided letters of credit totaling \$9,678 that reduce the amount available under this facility.

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

The operating credit facility is secured by all present and after-acquired personal property of Chorus and certain designated subsidiaries, excluding certain specified assets such as aircraft and engines and the equity securities of certain specified entities. Any outstanding balance under this facility is immediately repayable if Chorus undergoes a change in control without the lender's consent. It contains customary representations, warranties and covenants, including a covenant to maintain a minimum consolidated interest coverage ratio. As at September 30, 2025, Chorus was in compliance with all covenants under this facility.

Bi-lateral credit facility

Chorus has a bi-lateral credit facility which provides a revolving loan in an amount up to the lesser of (a) 50% of the current market value of certain unencumbered aircraft pledged as security for the loan, and (b) \$50,000 with a maturity date to January 27, 2028. As at September 30, 2025, Chorus had drawn \$nil on the facility.

Borrowings bear interest for Canadian dollar advances at Canadian Prime plus 2.50% or CORRA plus a credit spread adjustment plus 3.50%, and for US dollar advances at Base Rate plus 2.50% or SOFR plus a credit spread adjustment plus 3.50%, and are secured by the aircraft pledged as security together with the related leases and insurance proceeds. The loan agreement contains customary representations, warranties, covenants and events of default, and is cross-defaulted to any event of default under the operating credit facility. As at September 30, 2025, Chorus was in compliance with all covenants under this facility.

Chorus Aviation Inc.

Notes to the Unaudited Interim Condensed Consolidated Financial Statements For the three and nine-month periods ended September 30, 2025

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

8 Long-term debt

Long-term debt consists of the following:

	September 30, 2025 \$	As at December 31, 2024 \$
Secured long-term debt and credit facilities		
Amortizing term loans		
Secured by aircraft ^(1a)	281,340	345,475
Secured by engines ^(1b)	1,102	1,852
Nova Scotia Jobs Fund loan - secured by office building ⁽²⁾	2,000	3,000
	284,442	350,327
Unsecured long-term debt		
Series B Debentures ⁽³⁾	—	72,500
Series C Debentures ⁽⁴⁾	47,203	85,000
	331,645	507,827
Less: Current portion	64,890	231,528
	266,755	276,299

The current portion of long-term debt at December 31, 2024 included Series B Debentures and Series C Debentures. The majority of long-term debt is payable in US dollars and has been converted to Canadian currency at 1.3921 which was the exchange rate in effect on September 30, 2025 (December 31, 2024 - 1.4389).

(1) Amortizing term loans

- Secured by aircraft - Individual term loans, repayable in instalments, bearing fixed interest at a weighted average rate of 3.30%, maturing between September 2027 and February 2033, each secured primarily by its respective aircraft and engines. The net book value of property and equipment pledged as collateral under these term loans was \$536,258 (December 31, 2024 - \$632,199).
- Secured by engines - Individual term loans, repayable in instalments, bearing fixed interest at a weighted average rate of 3.56%, maturing between October 2025 and May 2028, each secured primarily by one PW150A engine. As at September 30, 2025, the net book value of property and equipment pledged as collateral under Dash 8-400 engine financing was \$4,974 (December 31, 2024 - \$5,236).

Financial covenants under amortizing term loans

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

The principal financial covenants are as follows:

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

Chorus Aviation Inc.

Notes to the Unaudited Interim Condensed Consolidated Financial Statements For the three and nine-month periods ended September 30, 2025

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

8 Long-term debt (continued)

As at September 30, 2025, Chorus (or as applicable, certain subsidiaries) was in compliance with all of these financial covenants.

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

(2) Nova Scotia Jobs Fund loan

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

For the three and nine months ended September 30, 2025, the total interest expense from continuing operations on amortizing term loans and the Nova Scotia Jobs Fund loan was \$2,419 and \$7,831, respectively (for the three and nine months ended September 30, 2024 - \$3,042 and \$9,633, respectively).

For the three and nine months ended September 30, 2025, the total interest expense from discontinued operations was \$nil (for the three and nine months ended September 30, 2024 - \$12,753 and \$40,246, respectively) which included interest accretion of \$nil (for the three and nine months ended September 30, 2024 - \$nil and \$1,876, respectively).

(3) Series B Debentures

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

Subject to adjustment in certain circumstances, the Series B Debentures were convertible at the holder's option into 22.4972 common shares per \$1.0 principal amount of such debentures, initially representing a conversion price of \$44.45 per share (subject to certain adjustments) (note 11).

On December 9, 2024 Chorus issued a notice of change of control under the indentures governing the Series B Debentures and commenced offers to purchase all of the outstanding aggregate principal amount of Series B Debentures at a price equal to 100% of the principal amount thereof repurchased plus accrued and unpaid interest, if any, up to but excluding the date of purchase. On February 3, 2025, the Corporation purchased for cancellation \$43,773 aggregate principal amount of Series B Debentures. As a result of the redemption, \$1,620 of the equity component of the Series B Debentures has been reclassified to contributed surplus in the statement of changes in equity.

On September 30, 2025, Chorus redeemed all of its outstanding Series B Debentures at the principal amount of \$28,727 plus accrued and unpaid interest. As a result of the redemption, \$1,063 of the equity component of the Series B Debentures has been reclassified to contributed surplus in the statement of changes in equity.

For the three and nine months ended September 30, 2025, the total interest expense from continuing operations on the Series B Debentures was \$431 and \$1,541, respectively (September 30, 2024 - \$1,373 and \$4,102 respectively) which included interest accretion of \$nil and \$nil, respectively (for the three and nine months ended September 30, 2024 - \$285 and \$839).

Chorus Aviation Inc.

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8 Long-term debt (continued)

The following table illustrates the allocation of the Series B Debentures between debt and equity as at September 30, 2025. Significant judgement was exercised by management in determining this allocation.

	Cost of borrowing %	Debt \$	Equity component of convertible debentures \$	Total \$
Balance - December 31, 2024	6.0	72,500	2,683	75,183
Purchased for cancellation February 2025		(43,773)	(1,620)	(45,393)
Redemption September 2025		(28,727)	(1,063)	(29,790)
Balance - September 30, 2025		—	—	—

(4) Series C Debentures

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

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

On December 9, 2024 Chorus issued a notice of change of control under the indentures governing the Series C Debentures and commenced offers to purchase all of the outstanding aggregate principal amount of Series C Debentures at a price equal to 101% of the principal amount thereof repurchased plus accrued and unpaid interest, if any, up to but excluding the date of purchase. On February 3, 2025, the Corporation purchased for cancellation \$37,797 aggregate principal amount of Series C Debentures.

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

For the three and nine months ended September 30, 2025, the total interest expense from continuing operations on the Series C Debentures was \$679 and \$2,546, respectively (for the three and nine months ended September 30, 2024 - \$1,383 and \$4,143, respectively) which included interest accretion of \$nil and \$nil, respectively (for the three and nine months ended September 30, 2024 - \$162 and \$477).

The majority of the following future repayments of long-term debt are payable in US dollars and have been converted to Canadian dollars at closing rates on September 30, 2025. The timing of future principal payments is as follows:

	\$
No later than one year	64,890
Later than one year and no later than five years	217,139
Later than five years	49,616
	<u>331,645</u>

Chorus Aviation Inc.

Notes to the Unaudited Interim Condensed Consolidated Financial Statements For the three and nine-month periods ended September 30, 2025

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9 Income taxes

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

	Three months ended September 30,	
	2025	2024
	\$	\$
Income before income tax from continuing operations	16,483	24,344
Combined statutory tax rate	26.5%	26.5%
Income tax expense at the Canadian statutory tax rate ⁽¹⁾	4,368	6,451
Recognition of previously unrecognized cumulative eligible capital	(1,087)	(1,171)
Non-taxable portion of capital losses (gains) ⁽²⁾	1,462	(1,772)
Impact of the Canadian statutory tax rate on entities with other tax rates	(10)	218
Non-deductible expenses	1,080	816
Other	4	—
Income tax expense from continuing operations	5,817	4,542
Effective tax rate	35.3%	18.7%

	Nine months ended September 30,	
	2025	2024
	\$	\$
Income before income tax from continuing operations	75,435	44,614
Income tax expense at the Canadian statutory tax rate ⁽¹⁾	19,990	11,823
Recognition of previously unrecognized cumulative eligible capital	(3,269)	(3,517)
Non-taxable portion of capital (gains) losses ⁽²⁾	(2,688)	2,085
Impact of the Canadian statutory tax rate on entities with other tax rates	154	(560)
Non-deductible expenses	2,833	1,448
Other ⁽³⁾	(3,621)	(327)
Income tax expense from continuing operations	13,399	10,952
Effective tax rate	17.8%	24.5%

- (1) Chorus has modified the presentation of the tax rate reconciliation to calculate the tax impact of the statutory rate based on the Canadian average rate, as opposed to a weighted average rate for each of the individual entities based on the jurisdiction in which the entity is taxable. The impact of rate differentials from provincial jurisdictions is shown as a separate reconciling line item. Chorus uses an average Canadian statutory tax rate of 26.5%.
- (2) The impact of capital items is mainly related to the foreign exchange fluctuations on the long-term debt associated with the aircraft. The impact of the non-deductible portion of any unrealized loss (gain) is recognized in the calculation of income tax expense at the end of each period. To the extent that a loss is recorded for accounting purposes, the benefit of the deductible portion of the capital loss is recognized only to the extent that it is probable that the loss will be utilized. Income tax expense related to unrealized foreign exchange gains recorded in a period is reduced by previously unrecognized income tax assets related to unrealized foreign exchange losses. Chorus does not have a plan in place to utilize the deductible portion of the balance of the foreign exchange losses, accordingly no deferred tax asset has been recognized related to the foreign exchange losses.
- (3) Includes an income tax recovery of \$3,148 related to non-capital loss carrybacks resulting from taxes paid on the redemption of preferred shares.

Chorus Aviation Inc.

Notes to the Unaudited Interim Condensed Consolidated Financial Statements For the three and nine-month periods ended September 30, 2025

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

9 Income taxes (continued)

Chorus has tax deductible amounts of approximately \$217,181 as at September 30, 2025, related to capital cost allowance on eligible capital property. In accordance with the initial recognition exemption, as outlined in IAS 12 *Income taxes*, the benefit of these deductible expenditures cannot be recognized in the financial statements until such time as those benefits can be applied to reduce current tax expense. During the three and nine months ended September 30, 2025 and September 30, 2024, Chorus utilized a total of \$12,034 (\$3,269 tax effected) and \$12,940 (\$3,517 tax effected), respectively, of these previously unrecognized tax deductions to reduce its taxable income.

10 Dividends

On June 25, 2025, Chorus announced the declaration of a cash dividend of \$0.08 per Class A Variable Voting and Class B Voting Shares, payable on August 15, 2025 to common shareholders of record at the close of business on July 31, 2025.

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

For the three and nine months ended September 30, 2025, Chorus declared \$nil and \$2,058, respectively and paid \$2,058 and \$2,058 in common share dividends (\$nil declared and \$nil paid for the three and nine months ended September 30, 2024).

For the three and nine months ended September 30, 2025, Chorus declared and paid \$nil in preferred share dividends (\$nil and \$17,827, respectively declared and \$8,943 and \$26,777, respectively paid for the three and nine months ended September 30, 2024).

11 Capital stock

a) Common shares

Authorized:

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

Issued and outstanding:

	Number of Shares ⁽¹⁾	\$
Shares issued and outstanding December 31, 2023	27,632,505	406,481
Shares issued through long-term incentive plan	4,560	67
Shares repurchased and cancelled under normal course issuer bid	(461,755)	(6,793)
Share repurchase commitment under the automatic share purchase plan	—	(4,981)
Shares issued and outstanding December 31, 2024	27,175,310	394,774
Shares repurchased and cancelled under normal course issuer bid	(1,226,755)	(18,046)
Share repurchase commitment under the automatic share purchase plan	—	4,981
Shares repurchased and cancelled under substantial issuer bid	(471,319)	(7,192)
Shares issued and outstanding September 30, 2025	25,477,236	374,517

(1) The total issued and outstanding shares have been revised to reflect the share consolidation.

Chorus Aviation Inc.

Notes to the Unaudited Interim Condensed Consolidated Financial Statements For the three and nine-month periods ended September 30, 2025

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

11 Capital stock (continued)

Share consolidation

On February 5, 2025, Chorus consolidated its shares on the basis of seven pre-consolidation common shares for one post-consolidation common share (the "Share Consolidation"). On and after February 5, 2025, the Series B Debentures were convertible into common shares at a conversion price of \$44.45 per common share, being a conversion rate of approximately 22.4972 common shares for each \$1 principal amount of Series B Debentures. The exercise or conversion price and/or the number of common shares issuable upon the exercise or deemed exercise of Chorus' currently outstanding share purchase warrants, stock options and restricted share units issued pursuant to Chorus' long-term incentive plan ("LTIP"), and deferred share units ("DSUs"), and any other securities exercisable for or convertible into common shares have been proportionately adjusted to reflect the Share Consolidation in accordance with the respective terms thereof. In addition, the number of common shares reserved for issuance under the LTIP have been reduced proportionately to reflect the Share Consolidation.

Substantial issuer bid

On September 26, 2025, Chorus commenced a substantial issuer bid (the "Offer"), pursuant to which it has offered to purchase up to \$50,000 in value of its common shares at a cash purchase price of not less than \$23.00 and not more than \$25.00 per common share. The Offer is expected to expire at 5:00 pm (Toronto time) on November 10, 2025, or such later time and date to which the Offer may be extended by Chorus. The Offer is proceeding by way of a "modified Dutch auction" that allows common shareholders wishing to tender to the Offer to individually select the price, within the specified range (and specified increments), at which they are willing to sell their common shares.

Concurrent with launching the offer, the automatic share purchase plan that Chorus had previously entered into with its designated broker in connection with its NCIB for shares was automatically terminated in accordance with its terms. Chorus will therefore suspend further purchases pursuant to its existing NCIB until after the expiration date or earlier termination of the Offer.

On May 20, 2025, Chorus completed a substantial issuer bid (the "SIB"), pursuant to which it repurchased 471,319 common shares at a price of \$21.00 per common share, being the maximum purchase price payable under the SIB, for consideration of \$9,898, excluding fees and expenses relating to the SIB. Chorus incurred transaction costs of \$369 related to the SIB which were recorded in equity. The total consideration for the SIB including transaction costs was \$10,267. Common share capital was reduced by a net amount of \$7,192 and the remaining \$3,075 was accounted for as a reduction of contributed surplus. The common shares purchased for cancellation under the SIB represented approximately 1.78% of the total number of issued and outstanding common shares as of April 11, 2025.

For the duration of the SIB, Chorus suspended share repurchases pursuant to its existing NCIB, but resumed share purchases after the expiration of the SIB.

Chorus Aviation Inc.

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11 Capital stock (continued)

Normal course issuer bid ("NCIB")

On November 6, 2024, Chorus received approval from the Toronto Stock Exchange ("TSX") to renew the NCIB. Under the NCIB, Chorus may acquire up to a maximum of 14,826,478 of its shares (pre-Share Consolidation), or approximately 10% of the public float of common shares as of November 4, 2024. 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 was authorized to purchase for cancellation for the remainder of the NCIB was adjusted to 1,685,150 common shares.

During the three and nine months ended September 30, 2025 Chorus purchased 373,729 and 1,226,755 common shares (post-Share Consolidation), respectively, under the NCIB for total consideration of \$25,262. The net reduction to equity, after applying the accounts payable accrual at December 31, 2024 of \$7,348, was \$17,914. Common share capital was reduced by a net amount of \$13,065 and the remaining \$4,849 was accounted for as a reduction of contributed surplus. During the three and nine months ended September 30, 2024 Chorus purchased nil and 335,800 common shares (post-Share Consolidation), respectively, under the NCIB for total consideration of \$4,998. Common share capital was reduced by a net amount of \$4,940 and the remaining \$58 was accounted for as a reduction of contributed surplus.

In connection with the NCIB, Chorus has established an automatic securities purchase plan ("the Plan") with a designated broker to allow for the purchase of common shares. Chorus' designated broker may purchase common shares under the Plan on any trading day during the NCIB during pre-determined trading blackout periods, subject to certain parameters as to price and number of common shares. The Plan will terminate when the NCIB terminates, unless terminated earlier in accordance with the terms of the Plan. As at September 30, 2025, an obligation for the repurchase of shares of \$nil (as at December 31, 2024 – \$7,348) was recognized under the Plan, of which \$nil (2024 – \$4,981) represents a reduction in share capital and the remaining \$nil (2024 – \$2,367) was accounted for as a reduction of contributed surplus.

b) Warrants

	Number of warrants	\$
Outstanding, December 31, 2023	18,642,772	24,366
Outstanding, December 31, 2024	18,642,772	24,366
Outstanding, September 30, 2025	18,642,772	24,366

As at September 30, 2025, each warrant outstanding is exercisable to purchase one-seventh of a common share at an exercise price of \$32.12 per common share and an expiry date of May 3, 2029. The exercise price is subject to adjustment in accordance with the terms of relevant warrant indenture.

c) Preferred shares

Authorized:

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

Chorus Aviation Inc.

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11 Capital stock (continued)

Issued and outstanding:

	Number of Shares	\$
Shares issued and outstanding December 31, 2023	300,000	375,217
Preferred shares redeemed	(300,000)	(375,217)
Shares issued and outstanding December 31, 2024	—	—
Shares issued and outstanding September 30, 2025	—	—

On December 31, 2024, Chorus redeemed all of its outstanding preferred shares.

d) Earnings per share

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

	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
	\$	\$	\$	\$
Numerator				
Net income from continuing operations	10,666	19,802	62,036	33,662
Less:				
Preferred share dividends declared	—	—	—	(17,827)
Earnings attributable to common shareholders from continuing operations	10,666	19,802	62,036	15,835
Net loss from discontinued operations, net of taxes	—	(1,392)	—	(183,515)
Less:				
Net loss (income) attributable to non-controlling interest	—	1,352	—	(1,039)
Loss attributable to common shareholders from discontinued operations (note 2)	—	(40)	—	(184,554)
Earnings (loss) attributable to common shareholders	10,666	19,762	62,036	(168,719)
Denominator post share consolidation				
Weighted average number of common shares	25,654,920	27,301,265	26,236,388	27,430,584
Weighted average dilutive common shares in respect of stock-based compensation plans	252,299	1,054,578	240,326	—
Weighted average number of diluted common shares	25,907,219	28,355,843	26,476,714	27,430,584

For the three and nine months ended September 30, 2024, the calculation of the diluted earnings per share excluded nil and 1,038,239 common shares, respectively, related to stock-based compensation as they were anti-dilutive.

Chorus Aviation Inc.

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12 Financial instruments and fair values

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

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

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

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

	As at September 30, 2025		As at December 31, 2024	
	Fair value \$	Carrying value \$	Fair value \$	Carrying value \$
Accounts receivable				
Total return swap ⁽¹⁾	108	108	3,220	3,220
Finance lease receivables⁽²⁾	6,844	6,724	—	—
Other long-term assets				
Defined benefit pension receivable ⁽²⁾	14,086	14,086	18,610	18,610
Long-term debt				
Amortizing term loans ⁽³⁾	268,280	284,442	324,185	350,327
Series B Debentures ⁽⁴⁾	—	—	73,145	72,500
Series C Debentures ⁽⁴⁾	47,557	47,203	85,808	85,000

(1) Fair value is estimated using valuation models that utilize market based observable inputs and is classified as level 2.

(2) Fair value is calculated by discounting the future cash flow at the relevant market interest rate and is classified as level 2.

(3) Fair value is calculated by discounting the future cash flow of the respective long-term debt at relevant market interest rates of similar debt instruments and is classified as level 2.

(4) Fair value is calculated based on quoted prices observed in active markets and is classified as level 1.

Chorus Aviation Inc.

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13 Economic dependence

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

	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
	\$	\$	\$	\$
Operating revenue	292,641	306,926	892,180	959,362
Operating expenses	197	401	588	1,689

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

	September 30, 2025	December 31, 2024
	\$	\$
Accounts receivable	72,261	108,490
Finance lease receivables	6,724	—
Contract asset ⁽¹⁾	14,649	15,563
Accrued Air Canada receivable - Deferred lease inducements, prepaid aircraft rent and related fees	1,751	2,351
Other long-term receivables ⁽²⁾	14,086	19,639
Accounts payable and accrued liabilities	1,727	1,757
Unearned revenue ⁽³⁾	—	58,870

(1) In March 2021, Chorus recorded a contract asset of \$20,000 in connection with the transfer and integration of the Embraer 175 aircraft into the covered aircraft fleet. Chorus is amortizing the balance over the remaining life of the CPA contract and has recorded amortization expense of \$334 and \$1,000 for the three and nine months ended September 30, 2025 (year ended December 31, 2024 - \$1,333).

(2) Includes \$14,086 (December 31, 2024 - \$18,610) of defined benefit pension receivable, including interest accretion, relating to Air Canada's agreement to reimburse Jazz for the impact of the new pilot wage scales on the defined benefit pension plan for pilots. The accounts receivable are being repaid in 60 equal monthly payments with the final payment due on November 1, 2028.

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

Chorus Aviation Inc.

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14 Statement of cash flows - supplementary information

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

	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
	\$	\$	\$	\$
(Increase) decrease in accounts receivable – trade and other	(13,548)	16,700	33,725	77,836
Decrease (increase) in inventories	1,311	(966)	2,826	(5,806)
Decrease (increase) in prepaid expenses	1,471	(12)	1,995	(5,161)
Increase in income tax receivable	(8,851)	(169)	(8,837)	(5,430)
Decrease (increase) in other long-term assets	159	(1,132)	3,918	(1,214)
Increase (decrease) in accounts payable and accrued liabilities	14,873	(30,017)	(128,359)	(25,369)
(Decrease) increase in current portion long-term incentive plan	(451)	10,325	—	17,764
Decrease in income tax payable	(471)	(2,382)	(2,600)	(5,643)
Increase (decrease) in other long-term liabilities	372	(5,072)	5,348	(9,090)
	(5,135)	(12,725)	(91,984)	37,887

The above table excludes non-cash foreign currency adjustments.

b) Other

	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
	\$	\$	\$	\$
Cash payments of interest from continuing operations	3,519	4,131	13,751	23,233
Cash payments of interest from discontinued operations	—	11,506	—	35,760
Cash payments of interest	3,519	15,637	13,751	58,993
Cash receipts of interest from continuing operations	913	399	3,906	1,952
Cash payments of tax from continuing operations	12,920	7,616	28,776	25,359
Cash payments of tax from discontinued operations	—	630	—	1,990
Cash payments of tax	12,920	8,246	28,776	27,349