



CHORUS AVIATION ANNOUNCES THIRD QUARTER 2022 FINANCIAL RESULTS

Q3 2022 Financial Highlights

- Net income of \$23.6 million, a quarter-over-quarter increase of \$37.6 million due to the impact of Falko's earnings and decreased unrealized foreign exchange losses of \$10.4 million.
- Adjusted net income of \$41.7 million, an increase of \$26.4 million quarter-over-quarter.
- Earnings available to Common Shareholders of \$13.1 million, or \$0.06 per basic Common Share, inclusive of dividends declared on the Preferred Shares and non-controlling interest.
- Adjusted earnings available to Common Shareholders of \$31.2 million, or \$0.15 per Common Share an increase of \$15.9 million quarter-over-quarter inclusive of dividends declared on the Preferred Shares and non-controlling interest.
- Adjusted EBITDA of \$123.4 million, an increase of \$45.3 million quarter-over-quarter.

Accomplishments

- Chorus continued to generate strong cash flows and execute on its strategy to transition to an asset light leasing model in the quarter.
- Chorus generated \$100.9 million of cash during the third quarter 2022, largely due to asset sales net of debt repayments and the release of security over previously restricted cash. Chorus had cash flows from operations of \$91.3 million in the third quarter, an increase of \$8.5 million over third quarter 2021.
- Chorus repaid \$219.7 million of debt in the third quarter of 2022, which included scheduled repayments of \$81.1 million, \$112.0 million of repayments on loans related to the eight CRJ900s sold in the quarter and a \$26.6 million discretionary repayment on the Operating Credit Facility. On October 6, 2022, Chorus repaid the remaining balance on its Operating Credit Facility of US \$19.0 million.
- As a result of increased earnings and significantly lower debt balances, Chorus' leverage ratio (Net debt to trailing 12-month Adjusted EBITDA) improved to 5.1 from 6.4 as at June 30, 2022.

Halifax, November 9, 2022 - Chorus Aviation Inc. ('Chorus') (TSX: CHR) today announced third quarter 2022 financial results.

"With our first full quarter since the Falko acquisition now complete, I am pleased to report both the continued seamless integration of our leasing business under Falko and the achievement of its expected financial performance," said Joe Randell, President and Chief Executive Officer, Chorus.

"We will continue to transition to an asset light model and will opportunistically explore asset sales, thereby creating additional shareholder value by generating incremental cash flows and paying down debt. In addition, we look forward to the closing of Falko's next fund in the first half of 2023."

"With the announcement of my planned retirement, I am working actively with incoming President and Chief Executive Officer, Colin Copp, to ensure a smooth transition in the first quarter of 2023. Colin has been an integral member of the Chorus leadership team for over two decades and his depth of knowledge across all aspects of our business will serve him well as he leads Chorus through 2023 and beyond."

"I'd like to express my appreciation to all our employees for their tireless efforts as the aviation industry continued to rebuild capacity and I am confident that we are very well positioned to execute on new growth opportunities that will deliver positive returns to our shareholders and fund investors, and make Chorus an even more attractive company for customers, partners and employees," concluded Mr. Randell.

Third Quarter Summary

In the third quarter of 2022, Chorus reported Adjusted EBITDA of \$123.4 million, an increase of \$45.3 million over the third quarter of 2021.

The RAL segment's Adjusted EBITDA was \$69.8 million, an increase of \$43.7 million primarily due to Falko's earnings, the recovered claims in the Virgin Australia bankruptcy, net gain on sale of assets as well as increased lease revenue from CACIL's re-leased aircraft.

The RAS segment's Adjusted EBITDA was \$53.5 million, an increase of \$1.6 million. Third quarter results were impacted by:

- an increase in other revenue due to the sale of four Dash 8-100s that were held for resale and an increase in parts sales and contract flying partially offset by a decrease in third-party MRO activity; and
- an increase in aircraft leasing revenue under the CPA of \$1.2 million primarily due to a higher US dollar exchange rate; offset by
- a decrease in capitalization of major maintenance overhauls on owned aircraft of \$2.2 million;

- an increase in stock-based compensation of \$1.8 million due to the change in fair value of the Total Return Swap and one-time restructuring grants offset by a decrease in the Common Share price; and
- an increase in general administrative expenses attributable to increased operations.

Adjusted net income was \$41.7 million for the quarter, an increase of \$26.4 million over the third quarter of 2021 due to:

- a \$45.3 million increase in Adjusted EBITDA as previously described; partially offset by
- an increase in depreciation expense of \$12.5 million primarily attributable to Falko;
- an increase of \$2.7 million in income tax expense; and
- an increase in net interest costs of \$4.0 million primarily related to interest on long-term debt assumed as part of the Falko Acquisition and interest on the Series C Debentures partially offset by the repayment of certain aircraft financings and the partial redemption of the 6.00% Debentures in December 2021.

Net income increased \$37.6 million over the third quarter of 2021 due to:

- the previously noted increase in Adjusted net income of \$26.4 million;
- a decrease in net unrealized foreign exchange losses of \$10.4 million; and
- a decrease in impairment provision of \$6.3 million; partially offset by
- an increase in lease repossession costs of \$4.9 million; and
- an increase in employee separation program costs of \$0.4 million.

Year-to-Date Summary

Chorus reported Adjusted EBITDA of \$311.5 million for 2022, an increase of \$72.5 million over the same prior year period.

The RAL segment's Adjusted EBITDA was \$152.0 million, an increase of \$71.9 million primarily due to the inclusion of five months of earnings from Falko, the recovered claims in the Virgin Australia and Aeromexico bankruptcies, net gain on sale of assets and increased lease revenue from CACIL's re-leased aircraft.

The RAS segment's Adjusted EBITDA was \$159.5 million an increase of \$0.6 million due to:

- an increase in other revenue due to the sale of four Dash 8-100s that were held for resale and an increase in parts sales and contract flying partially offset by a decrease in third-party MRO activity;
- an increase in aircraft leasing revenue under the CPA of \$2.9 million primarily due to a higher US dollar exchange rate; and

- an increase in capitalization of major maintenance overhauls on owned aircraft of \$2.4 million; partially offset by
- an increase in stock-based compensation of \$6.2 million due to the change in fair value of the Total Return Swap and one-time restructuring grants offset by a decrease in the Common Share price; and
- an increase in general administrative expenses attributable to increased operations.

Adjusted net income of \$87.0 million, an increase of \$44.6 million over the same prior year period due to:

- a \$72.5 million increase in Adjusted EBITDA as previously described; partially offset by
- an increase in depreciation expense of \$20.6 million primarily attributable to Falko;
- a \$5.9 million increase in income tax expense offset by lower income tax recoveries on adjusted items;
- a decrease in gain on property and equipment of \$1.6 million; and
- a loss on fair value of investments of \$0.6 million.

Net income of \$6.1 million, an increase of \$36.7 million over the same prior year period due to:

- the previously noted increase in Adjusted net income of \$44.6 million; and
- one-time restructuring costs of \$80.7 million in 2021 related to the 2021 CPA Amendments; offset by
- a change in net unrealized foreign exchange of \$23.2 million;
- an increase in lease repossession costs of \$16.6 million;
- an increase in impairment provisions of \$14.2 million in the RAL segment;
- a decrease in income tax recoveries on adjusted items of \$14.0 million;
- an increase in restructuring credit loss provision of \$10.4 million;
- strategic advisory fees related to the Falko Acquisition of \$8.5 million; and
- an increase in employee separation program costs, exclusive of the cost attributable to the pilot early retirement program and signing bonuses of \$1.7 million.

Consolidated Financial Analysis

This section provides detailed information and analysis about Chorus' performance for the three and nine months ended September 30, 2022 compared to the three and nine months ended September 30, 2021. It focuses on Chorus' consolidated operating results and provides financial information for Chorus' operating segments.

(unaudited) (expressed in thousands of Canadian dollars)	Three months ended September 30,				Nine months ended September 30,			
	2022 \$	2021 \$	Change \$	Change %	2022 \$	2021 \$	Change \$	Change %
Operating revenue	421,326	274,399	146,927	53.5	1,156,049	676,759	479,290	70.8
Operating expenses	355,791	242,501	113,290	46.7	1,040,388	642,344	398,044	62.0
Operating income	65,535	31,898	33,637	105.5	115,661	34,415	81,246	236.1
Net interest expense	(26,875)	(22,895)	(3,980)	17.4	(72,034)	(71,768)	(266)	0.4
Foreign exchange loss	(9,766)	(20,266)	10,500	(51.8)	(27,758)	(5,494)	(22,264)	405.2
Gain on property and equipment	—	2	(2)	(100.0)	156	1,718	(1,562)	(90.9)
Gain (loss) on fair value of investments	224	—	224	(100.0)	(573)	—	(573)	(100.0)
Income (loss) before income tax	29,118	(11,261)	40,379	(358.6)	15,452	(41,129)	56,581	137.6
Income tax (expense) recovery	(5,557)	(2,821)	(2,736)	(97.0)	(9,387)	10,485	(19,872)	(189.5)
Net income (loss)	23,561	(14,082)	37,643	(267.3)	6,065	(30,644)	36,709	119.8
Net income attributable to non-controlling interest	1,938	—	1,938	100.0	2,377	—	2,377	100.0
Net income (loss) attributable to Shareholders	21,623	(14,082)	35,705	(253.6)	3,688	(30,644)	34,332	112.0
Preferred share dividends declared	(8,563)	—	(8,563)	100.0	(13,989)	—	(13,989)	100.0
Earnings (loss) attributable to Common Shareholders	13,060	(14,082)	27,142	(192.7)	(10,301)	(30,644)	20,343	(66.4)
Adjusted EBITDA ⁽¹⁾	123,353	78,081	45,272	58.0	311,504	238,977	72,527	30.3
Adjusted EBT ⁽¹⁾	48,446	19,361	29,085	150.2	105,981	55,533	50,448	90.8
Adjusted net income ⁽¹⁾	41,686	15,310	26,376	172.3	87,016	42,434	44,582	105.1

(1) These are non-GAAP financial measures

Outlook

(See cautionary statement regarding forward-looking information below)

Chorus completed the Falko Acquisition in the second quarter of 2022. This transformative transaction creates new opportunities for growth, through increased access to growth capital and a differentiated business model to maximize returns on aircraft assets.

Chorus' forecast⁽¹⁾ for the year ending December 31, 2022 is as follows:

(unaudited) (expressed in thousands of Canadian dollars)	RAL		RAS				Consolidated	
			Excluding Pass-Through and Controllable Costs (included in revenue and expenses)		Pass-Through and Controllable Costs (included in revenue and expenses)			
	From \$	To \$	From \$	To \$	From \$	To \$	From \$	To \$
Revenue	240,000	250,000	320,000	340,000	940,000	1,140,000	1,500,000	1,730,000
Adjusted EBITDA ⁽²⁾	205,000	220,000	210,000	220,000	—	—	415,000	440,000
Adjusted EBT ⁽²⁾	61,000	71,000	78,000	88,000	—	—	139,000	159,000
Adjusted Earnings available to Common Shareholders ⁽²⁾⁽³⁾							88,000	103,000
Adjusted EPS available to Common Shareholders ⁽²⁾⁽⁴⁾							0.45	0.53
Net debt to Adjusted EBITDA ⁽²⁾							4.5x	4.9x
Return on Invested Capital (%)							5.4%	6.4%
Cash from operations ⁽⁵⁾							250,000	290,000

- 1) The forecast includes the impact of the preliminary purchase price allocation ("**PPA Adjustments**") for the Falko Acquisition as required under *IFRS 3 Business Combinations* ("**IFRS 3**"). The initial accounting has been determined provisionally for this reporting period. The PPA Adjustments must be completed within 12 months from the acquisition close date. Under IFRS 3, when an acquirer takes control of a business through an acquisition the consideration paid is allocated to the fair value of the assets and liabilities, at the acquisition date, inclusive of the fair value assessment of intangibles. Intangibles include the fair value assessment of: asset management contracts and performance entitlements for existing or future funds, investor/customer relationships and goodwill for the assembled workforce.
- (2) These are non-GAAP financial measures.
- (3) Preferred Share dividends and non-controlling interest income are deducted from Adjusted net income to determine Earnings available to Common Shareholders and for Adjusted EPS available to Common Shareholders.
- (4) Weighted average Common Shares of 194,561,000 was used in the calculation of Adjusted EPS.
- (5) Cash from operations exclude dividends paid to non-controlling interest shareholders and net changes in non-cash balances related to operations.

Key Economic Assumptions:

- The forecast assumes the launch in the first half of 2023 of a new investment fund managed by Falko with (i) a minimum of US \$500.0 million in capital commitments and (ii) management fees and economic terms commensurate with those in Falko's prior funds.

- The forecast revenue is based on current contracted lease revenue and forecasted revenues for leased aircraft and asset management fees. Aircraft leasing revenue under the CPA and Fixed Margin revenue is expected to be US \$114.7 million and \$66.3 million, respectively in 2022.
- The forecast uses weighted average statutory tax rates for each of the individual entities based on the jurisdiction in which the entity is taxable. The forecast uses a weighted average income tax rate of 20.0% based on average statutory tax rates of 26.5%, 12.5% and 19.0% in Canada, Ireland and United Kingdom, respectively. The actual weighted average income tax rates may vary due to the actual income in each country and foreign exchange rates.
- The forecast assumes no disposals in 2022 of aircraft leased under the CPA and no disposals in the RAL segment in the fourth quarter of 2022.
- The forecast uses a foreign exchange rate of 1.35 for the fourth quarter of 2022 to translate USD to CAD revenue and expenses.

Regional Aircraft Leasing

Following the onset of the COVID-19 pandemic, RAL received requests from many of its customers for some form of temporary rent relief, as they coped with an unprecedented reduction in demand for passenger air travel. Under rent relief arrangements, certain of which include lease term extensions, the repayment of the deferred amounts typically coincides with the lease term extensions. The gross lease receivable may decrease from the September 30, 2022 balance of US \$97.4 million to approximately US \$91.3 million by the end of 2022 due to rent relief arrangements and repayment expectations.

RAL's lease deferral receivable exposure is also partially mitigated by security packages held of approximately US \$19.0 million (December 31, 2021 - US \$21.1 million).

Capital Expenditures

Capital expenditures in 2022, including capitalized major maintenance overhauls but excluding expenditures for the acquisition of aircraft are expected to be between \$21.0 million and \$32.0 million. Aircraft acquisitions and improvements in 2022 are expected to be between \$19.0 million and \$25.0 million.⁽¹⁾

(unaudited) (expressed in thousands of Canadian dollars)	Planned 2022 ⁽¹⁾ \$	Actual	
		Nine months ended September 30, 2022 \$	Year ended December 31, 2021 ⁽²⁾ \$
Capital expenditures, excluding aircraft acquisitions	8,000 to 14,000	6,148	7,019
Capitalized major maintenance overhauls ⁽³⁾	13,000 to 18,000	12,957	20,296
Aircraft acquisitions and improvements	19,000 to 25,000	17,783	47,392
	40,000 to 57,000	36,888	74,707

- (1) The 2022 plan includes reconfiguration costs on re-leased aircraft and certain aircraft improvements in the RAL segment which have been converted to Canadian from US dollars using a foreign exchange rate of 1.3707, the September 30, 2022 closing day rate from the Bank of Canada.
- (2) The 2021 actual includes the acquisition of one CRJ900 and reconfiguration costs on certain off-lease and re-leased aircraft.
- (3) The 2022 plan includes between \$7.2 million to \$9.2 million of costs that are expected to be included in Controllable Costs. Actual 2022 and 2021 costs include \$7.2 million and \$8.1 million, respectively, which were included in Controllable Costs.

Use of Defined Terms

Capitalized terms used but not defined in this news release have the meanings given to them in the MD&A which is available on Chorus' website (www.chorusaviation.com) and under Chorus' profile on SEDAR (www.sedar.com).

Investor Conference Call / Audio Webcast

Chorus will hold an analyst call at 9:00 ET on November 10, 2022, to discuss the third quarter 2022 financial results. The call may be accessed by dialing 1-888-664-6392. The call will be simultaneously audio webcast via:
<https://app.webinar.net/6rBV9zB9gA4>.

This is a listen-in only audio webcast.

The conference call webcast will be archived on Chorus' website at www.chorusaviation.com under Investors > Reports > Executive Management Presentations. A playback of the call can also be accessed until midnight ET, November 17, 2022, by dialing toll-free 1-888-390-0541 and using passcode 029946#.

¹NON-GAAP FINANCIAL MEASURES

This news release references several non-GAAP financial measures to supplement the analysis of Chorus' results. Chorus uses certain non-GAAP financial 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 a standardized meaning, and are therefore not likely to be comparable to similar measures presented by other public entities.

Adjusted Net Income, Adjusted EBT and Adjusted EBITDA

Chorus revised its definition of Adjusted net income in the second quarter of 2022 to include expected credit loss provision related to anticipated aircraft repossessions ("restructuring expected credit loss provision") to facilitate comparability of its results.

Adjusted net income and Adjusted net income per Share are 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, signing bonuses, employee separation program costs, impairment provisions, lease repossession costs net of security packages realized, restructuring expected credit loss provision, Dash 8-300 inventory provision, defined benefit pension curtailment, integration costs, 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.

Chorus revised its definition of Adjusted EBT and Adjusted EBITDA in the second quarter of 2022 to include the expected credit loss provision related to anticipated aircraft repossession ("restructuring expected credit loss provision") to facilitate comparability of its results. Adjusted EBT and 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.

EBT is defined as earnings before income tax. Adjusted EBT (EBT before signing bonuses, employee separation program costs, impairment provisions, lease repossession costs net of security packages realized, restructuring expected credit loss provision, Dash 8-300 inventory provision, defined benefit pension curtailment, integration costs, 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 signing bonuses, employee separation program costs, impairment provisions, lease repossession costs net of security packages realized, restructuring expected credit loss provision, Dash 8-300 inventory provision, defined benefit pension curtailment, integration costs 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 signing bonuses, employee separation program costs, strategic advisory fees, impairment provisions, lease repossession costs net of security packages realized, restructuring expected credit loss provision, Dash 8-300 inventory provision, defined benefit pension curtailment and integration costs, 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 signing bonuses, employee separation program costs, impairment provisions, lease repossession costs net of security packages realized, restructuring expected credit loss provision, Dash 8-300 inventory provision, defined benefit pension curtailment, integration costs 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.

Forward-Looking Information

This news release includes 'forward-looking information' and statements. Forward-looking information and statements are 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 references to assumptions. Such information and statements may involve but are not limited to comments with respect to strategies, expectations, planned operations or future actions. Forward-looking information and statements relate to analyses and other information that are based on forecasts of future results, estimates of amounts not yet determinable and other uncertain events. Forward-looking information and statements, by their nature, are based on assumptions, including those referenced below, and are subject to important risks and uncertainties. Any forecasts or forward-looking predictions or statements cannot be relied upon due to, among other things, external events, changing market conditions and general uncertainties of the business. Such information and statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to differ materially from those indicated in the forward-looking information and statements.

Examples of forward-looking information in this news release include the discussion in the Outlook section, as well as statements regarding expectations as to Chorus' future liquidity and financial strength and contracted revenues, the recovery of air traffic in Canada and around the world, Chorus' future growth and competitive position, Chorus' ability to grow Falko's asset management business and realize the benefit of synergies among its subsidiaries, the completion of pending or planned transactions (including the successful close of a new Falko-managed fund). Actual results may differ materially from results indicated in forward-looking information for a number of reasons, including

Chorus' ability to successfully integrate Falko's operations and employees and realize the anticipated benefits of the acquisition transaction; the potential impact of the completion of the acquisition transaction on relationships, including with employees, suppliers, customers, investors and other providers of capital; Falko's ability to successfully launch a new fund on the terms currently contemplated or at all; deviations from the key economic assumptions described in the Outlook section; a prolonged duration of the COVID-19 outbreak (including as a result of the emergence of new COVID-19 variants) and/or further restrictive measures to minimize its public health impacts, the evolving impact of COVID-19 on Chorus' contractual counterparties, changes in aviation industry and general economic conditions, including inflationary pressures, the continued payment (in whole or in part) of amounts due under the CPA and/or aircraft lease agreements with CAC's customers, the risk of disputes under the CPA and/or under aircraft lease agreements, Chorus' ability to pay its indebtedness and otherwise remain in compliance with its debt covenants, the risk of cross defaults under debt agreements and other significant contracts, the risk of asset impairments and provisions for expected credit losses, a failure to conclude transactions (including potential financings) referenced in this news release and in Chorus' public disclosure record available at www.sedar.com. The forward-looking statements contained in this news release represent Chorus' expectations as of the date of this news release (or as of the date they are otherwise stated to be made) and are subject to change after such date. Chorus disclaims any intention or obligation to update or revise such statements to reflect 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.

About Chorus Aviation Inc.

Chorus' vision is to deliver regional aviation to the world. Headquartered in Halifax, Nova Scotia, Chorus is an integrated provider of regional aviation solutions, including asset management services. Its principal subsidiaries are: Falko Regional Aircraft, the world's largest asset manager and aircraft lessor focused solely on the regional aircraft leasing segment; Jazz Aviation, the sole provider of regional air services under the Air Canada Express brand; and Voyageur Aviation, a provider of specialty air charter, aircraft modification, and parts provisioning services to regional aviation customers around the world. Together, Chorus' subsidiaries provide support 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.

Chorus Class A Variable Voting Shares and Class B Voting Shares trade on the Toronto Stock Exchange under the trading symbol 'CHR'. Chorus 6.00% Senior Debentures due December 31, 2024, 5.75% Senior Unsecured Debentures due December 31, 2024, 6.00% Convertible Senior Unsecured Debentures due June 30, 2026, and 5.75% Senior Unsecured Debentures due June 30, 2027 trade on the Toronto Stock Exchange under the trading symbols 'CHR.DB', 'CHR.DB.A', 'CHR.DB.B', and 'CHR.DB.C' respectively. www.chorusaviation.com.

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