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Second Quarter 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 23 - 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 unaudited interim condensed consolidated financial statements of Chorus for the three and six-months ended June 30, 2024, the audited consolidated financial statements of Chorus for the year ended December 31, 2023, Chorus' MD&A dated February 22, 2024 in respect of the year ended December 31, 2023, and Chorus' Annual Information Form dated February 22, 2024 in respect of the year ended December 31, 2023. 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 August 13, 2024.

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

Sale of the RAL segment

On July 30, 2024, Chorus announced that the Corporation and CACC had entered into a sale and purchase agreement (the "**SPA**") to sell Chorus' Regional Aircraft Leasing ("**RAL**") segment. Pursuant to the SPA, Chorus will sell (i) all of the limited partnership interests in Chorus Aviation Investment Holdings LP held by the Corporation (the "**CAIH LP Interests**"), (ii) all of the shares in Chorus Aviation Leasing Inc. held by CACC, (the "**CALI Interests**"), and (iii) all of the shares in Chorus Aviation Holdings GP Inc. held by the Corporation ("**GP Sale Interests**", and together with the CAIH LP Interests and the CALI Interests, the "**Sale Interests**") (the "**Transaction**"). The Transaction will result in the disposition of Falko Regional Aircraft Limited, Falko (Ireland) Limited and their respective affiliates (the "**Falko Group**") in the RAL segment, together with Chorus' ownership of the aircraft in the RAL segment and the interests in the aircraft investment funds managed by the Falko Group.

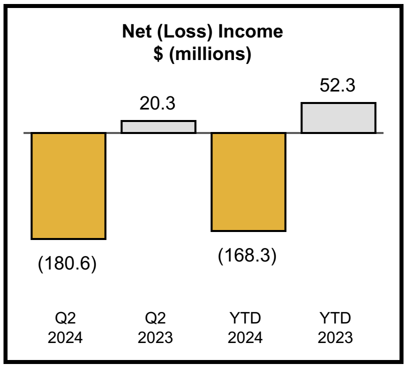
The aggregate consideration for the Transaction is approximately $1.9 billion, the net proceeds are estimated to be $825.2 million in cash, after (i) transaction costs, (ii) aircraft-related debt in the RAL segment to be assumed or prepaid by the purchasers at closing, and (iii) the value of the non-controlling interest in the RAL segment. The Transaction is expected to close by the end of 2024. The net sale price resulted in an impairment on discontinued operations of $187.1 million as at June 30, 2024. Upon the close of the Transaction, foreign exchange differences on foreign operations included in other comprehensive income on the statement of equity will be recognized to the income statement at the exchange rate in effect at that time. At June 30, 2024, foreign exchange gains on foreign operations was approximately $30.0 million. The SPA contains customary conditions to closing, including the receipt of regulatory approvals and approval of the Transaction by Chorus' common shareholders. All amounts in the SPA are denominated in USD and amounts in this MD&A have been converted to CAD using an estimated foreign exchange rate for USD to CAD of 1.3687.

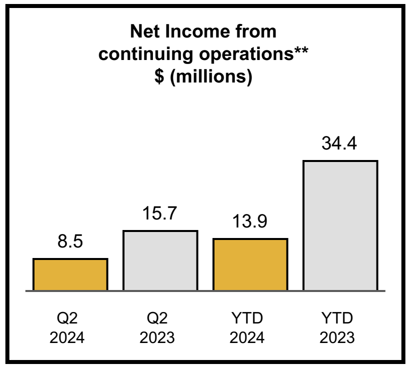
The net proceeds of the Transaction are expected to be used to redeem or pay down Chorus' corporate financings consisting of the Preferred Shares, the Debentures and all or part of the balance outstanding under the Operating Credit Facility. Following the closing of the Transaction, Chorus will redeem the Series A Debentures and make an offer to redeem the Series B Debentures and the Series C Debentures in accordance with the terms of the relevant indentures. If all of the Series B Debentures and Series C Debentures are tendered in response to Chorus' redemption offer, it is expected that the net proceeds from the Transaction will be used to redeem or pay down Chorus' corporate financings.

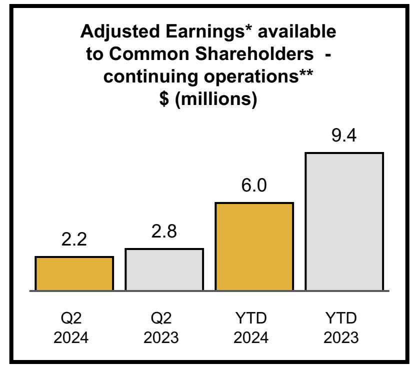
Chorus' non-GAAP financial measures and ratio metrics exclude the RAL segment for the current and prior periods. Chorus' results from continuing operations are in a transitional period until the Transaction closes and the repayment or redemption of corporate financings and Preferred Shares has been completed along with the impact of the reduction in interest expense and the elimination of Preferred Share dividends. (Refer to Section 4 - Post Sale Pro Forma Non-GAAP Financial Measures June 30, 2024.)

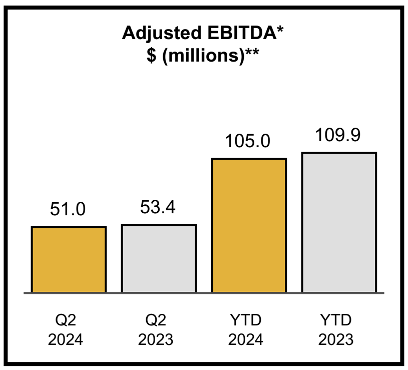
Chorus has two reportable operating segments, Regional Aviation Services and Regional Aircraft Leasing that were identified on the basis of services provided and were consistent with the internal reporting provided to the Chief Executive Officer and Chief Financial Officer. As a result of the Transaction, the RAL segment has been re-classified as a discontinued operation. Once the Transaction closes, Chorus will have 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 of the unaudited interim condensed consolidated financial statements of Chorus for the three and six-months ended June 30, 2024.

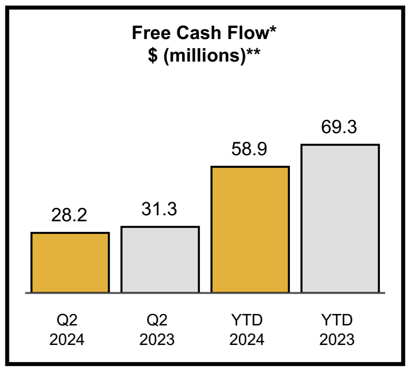
Refer to Section 24 - Caution Regarding Forward-Looking Information.

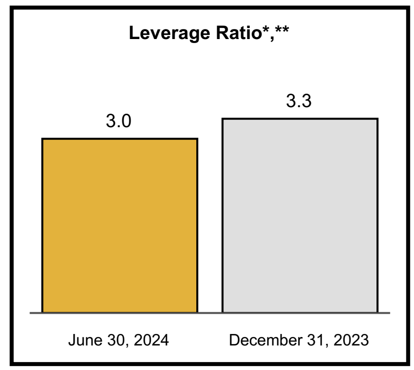












* These are non-GAAP financial measures or non-GAAP ratios that are not recognized measures for financial statement presentation under GAAP. As such, they do not have standardized meanings, may not be comparable to similar measures presented by other issuers and should not be considered a substitute for or superior to GAAP results. Refer to Section 18 – Non-GAAP Financial Measures for further information, including the composition and use of such non-GAAP financial measures.

** 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. (Refer to Section 12 - Critical Accounting Estimates.)

Second Quarter Highlights:

- Net income from continuing operations of $8.5 million for the period ended June 30, 2024.
- Net loss of $180.6 million for the period ended June 30, 2024 which is inclusive of the impairment on discontinued operations of $187.1 million related to the sale of the RAL segment.
- Generated strong Free Cash Flow of $28.2 million for the period ended June 30, 2024 primarily derived from operating cash flows.
- Deleveraged the balance sheet improving the Leverage Ratio from 3.3 at December 31, 2023 to 3.0 at June 30, 2024 primarily through long-term debt repayments of $79.7 million since December 31, 2023.
- Chorus' non-GAAP financial measures or non-GAAP ratio metrics exclude the RAL segment for the current and prior periods. Chorus' results from continuing operations are in a transitional period until the Transaction closes and the repayment or redemption of corporate financings including Preferred Shares has been completed along with the impact of the reduction in interest expense and elimination of Preferred Share dividends.

- Refer to Section 4 - Post Sale Pro Forma Non-GAAP Financial Measures June 30, 2024 for the pro forma impact on key measures resulting from Chorus' expected repayment or redemption of its corporate financings including the Preferred Shares, all of the Debentures and early redemption amounts (including the multiple on invested capital payable upon the redemption of the Preferred Shares and the Operating Credit Facility).
- Purchased and cancelled 1,412,382 Common Shares under the current NCIB during the quarter at a weighted average price of $2.15 per Common Share (refer to Section 8 - Capital Structure).
- Voyageur purchased one King Air 200 in the second quarter of 2024 in support of its contract with Ambulance New Brunswick for the provision of fixed-wing air ambulance service.

Second Quarter Summary

In the second quarter of 2024, Chorus reported Adjusted EBITDA from continuing operations of $51.0 million, a decrease of $2.4 million compared to the second quarter of 2023 primarily due to:

- a decrease in aircraft leasing revenue under the CPA of $4.6 million primarily due to a change in lease rates on certain aircraft;
- an increase in general administrative expenses attributable to increased operations; and
- an increase in stock-based compensation of $1.0 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 other revenue of $4.9 million primarily due to Voyageur's increased revenue in parts sales, contract flying and MRO activity.

Adjusted Net Income from continuing operations was $11.2 million for the quarter, a decrease of $0.4 million compared to the second quarter of 2023 primarily due to:

- a $2.4 million decrease in Adjusted EBITDA as previously described; and
- an increase in depreciation expense of $3.3 million primarily attributable to a change in depreciation estimates on certain aircraft and capital expenditures; partially offset by
- a decrease of $3.5 million in income tax expense;
- a decrease in net interest costs of $1.0 million; and
- a positive change in foreign exchange of $0.9 million.

Net income from continuing operations decreased $7.2 million compared to the second quarter of 2023 primarily due to:

- the previously noted decrease in Adjusted Net Income of $0.4 million;
- a negative change in net unrealized foreign exchange of $7.4 million; and
- a decrease in income tax recovery on adjusted items of $0.2 million; partially offset by
- a decrease in employee separation program costs of $0.8 million.

Year-to-Date Summary

Chorus reported Adjusted EBITDA from continuing operations of $105.0 million for the six months ended June 30, 2024, a decrease of $4.9 million compared to the same prior year period primarily due to:

- a decrease in aircraft leasing revenue under the CPA of $9.0 million primarily due to a change in lease rates on certain aircraft;
- an increase in stock-based compensation of $2.3 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 attributable to increased operations; partially offset by
- an increase in other revenue of $3.3 million primarily due to Voyageur's increased revenue in parts sales, contract flying and MRO activity;
- an increase in capitalization of major maintenance overhauls on owned aircraft of $2.1 million; and
- an improvement in the Controllable Cost Guardrail of $2.0 million.

Adjusted Net Income from continuing operations of $23.8 million, a decrease of $3.2 million compared to the same prior year period primarily due to:

- a $4.9 million decrease in Adjusted EBITDA as previously described;
- an increase in depreciation expense of $6.9 million primarily attributable to a change in depreciation estimates on certain aircraft and capital expenditures; and
- a negative change in net foreign exchange of $0.5 million; partially offset by
- a decrease of $7.7 million in income tax expense; and
- a decrease in net interest costs of $1.3 million.

Net income from continuing operations of $13.9 million, a decrease of $20.6 million compared to the same prior year period primarily due to:

- the previously noted decrease in Adjusted Net Income of $3.2 million;
- a negative change in net foreign exchange of $18.1 million; and
- a decrease in income tax recovery on adjusted items of $0.3 million; partially offset by
- a decrease in employee separation program costs of $1.1 million.

2 ABOUT CHORUS

Chorus is a global aviation solutions provider and asset manager, focused on regional aviation. Chorus' principal 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' ongoing 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.

On July 30, 2024, Chorus entered into the SPA in respect of the Transaction. The Transaction is expected to close by the end of 2024. The Regional Aircraft Leasing segment will be disposed of through the Transaction and therefore forms part of discontinued operations for purposes of this MD&A. (Refer to Section 1 - Overview and Section 24 - Caution Regarding Forward-Looking Information.)

The Regional Aviation Services segment, which constitutes Chorus' continuing operations, includes all four sectors of the regional aviation industry in which Chorus currently operates (described below).

a) Contract flying: 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) Aircraft leasing: 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) MRO, part sales and technical services: 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) Pilot training: 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 rating.

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 24 - Caution Regarding Forward-Looking Information).

3 STRATEGY

Chorus had been executing on its asset-light leasing strategy for the RAL segment when, in the course of exploring a significant aircraft portfolio transaction, it received unsolicited offers for the entire RAL segment. Following the conclusion of a competitive process and rigorous analysis, Chorus entered into the SPA for the Transaction.

Post the Transaction, Chorus is expected to have a strengthened balance sheet, with improved liquidity that should enable the Corporation to return capital to shareholders. Furthermore, Chorus is expected to have the financial flexibility and operational expertise to 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 and will support ongoing sustainable Free Cash Flow from its current 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.

Refer to Section 24 - Caution Regarding Forward-Looking Information.

4 POST SALE PRO FORMA NON-GAAP FINANCIAL MEASURES JUNE 30, 2024

The pro forma information in this section is based on the unaudited interim condensed consolidated financial statements of Chorus for the three and six-months ended June 30, 2024 (the "Q2 2024 Statements") and has been prepared to retroactively illustrate the financial effect of the Transaction on Chorus had the Transaction closed on July 1, 2023 for the purposes of metrics which are based on the trailing 12 months ended June 30, 2024 and December 31, 2023 for all other metrics. The pro forma adjustments to the Q2 2024 Statements are tentative, 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 24 - Caution Regarding Forward-Looking Information).

Following the closing of the Transaction, Chorus expects to use the net proceeds of the Transaction to pay down or redeem its corporate financings including the Preferred Shares, all of the Debentures and early redemption amounts (including the multiple on invested capital payable upon the redemption of the Preferred Shares) and the Operating

Credit Facility. Following the closing of the Transaction, Chorus will redeem or make an offer to redeem (as applicable) the Debentures in accordance with the terms of the relevant indentures.

Importantly, following the closing of the Transaction, and the application of the net proceeds therefrom, substantially all of Chorus' remaining debt is expected to consist of amortizing term debt relating to aircraft operated by Jazz Aviation under the CPA with Air Canada, which is fully supported by the CPA out to 2035, and the Operating Credit Facility that can be drawn from time to time. Chorus' pro forma debt assumes that all of the holders of Series B Debentures and Series C Debentures tender in response to Chorus' redemption offer.

As a result of the redemption of the Preferred Shares, the significant debt reduction and reduction in interest and preferred dividend costs, the Transaction is expected to significantly strengthen Chorus' balance sheet and improve key financial metrics.

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

(unaudited) *(in thousands of Canadian dollars)*	
Summary of the Transaction	
Net proceeds, net of transaction costs[1]	825,210
Redemption/Repayment:	
Debentures[2]	243,750
Operating Credit Facility[3]	60,000
Preferred Shares[1][4]	497,209
	800,959
Net cash remaining	24,251

(1) The net proceeds, net of transaction costs and the Preferred Shares have been converted to CAD at 1.3687 which was the exchange rate in effect at closing on June 30, 2024 from USD.
(2) Principal amount of the Debentures.
(3) Balance under the Operating Credit Facility at June 30, 2024.
(4) Chorus will be required to pay a premium of US $63.3 million on the redemption of the US $300.0 million Preferred Shares.

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The following Pro forma non-GAAP adjusted metrics reflect continuing operations and the effect of the anticipated repayment of corporate financings on the June 30, 2024 results.

Pro Forma Adjusted Earnings available to Common Shareholders per Common Share

(unaudited) *(in thousands of Canadian dollars, except per share amounts)*	**Three months ended June 30, 2024 $**	**Six months ended June 30, 2024 $**
Adjusted Net Income available to Common Shareholders as reported from continuing operations[1][2]	2,243	5,967
Interest expense savings, net of tax[3]	4,251	8,412
Preferred Share dividends savings	8,979	17,827
Pro Forma Adjusted Net Income available to Common Shareholders from continuing operations	15,473	32,206
Pro Forma Adjusted Earnings available to Common Shareholders per Common Share, basic from continuing operations	0.08	0.17

(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 18 – Non-GAAP Financial Measures for further information, including the composition and use of such non-GAAP financial measures.

(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. (Refer to Section 12 - Critical Accounting Estimates.)

(3) The interest expense on the Debentures and the Operating Credit Facility for the three and six months ended June 30, 2024 was $5.8 million and $11.5 million, respectively. The interest expense was tax effected using a 27.0% tax rate.

Pro Forma Leverage Ratio

(unaudited) *(in thousands of Canadian dollars)*	**June 30, 2024** **$**
Net Debt as Reported[1]	676,278
Less:	
Debentures[2]	(238,732)
Operating Credit Facility[2]	(60,000)
Pro Forma Net Debt	377,546
Less:	
Cash at June 30, 2024[1]	(29,307)
Cash remaining from Transaction after corporate financings repayments[3]	(24,251)
Pro Forma Adjusted Net Debt	**323,988**
Adjusted EBITDA[1][4]	216,677
Leverage Ratio	1.5

(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. (Refer to Section 12 - Critical Accounting Estimates.)
(2) Principal amount of the Debentures and the balance outstanding under the Operating Credit Facility at June 30, 2024.
(3) Chorus anticipates the net cash remaining after the sale of the RAL segment less the pay down or redemption of its corporate financings including the Preferred Shares and all of the Debentures and early redemption amounts (including the multiple on invested capital payable upon the redemption of the Preferred Shares) to be $24.3 million using the June 30, 2024 USD to CAD foreign exchange rate of 1.3687.
(4) 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 18 – Non-GAAP Financial Measures for further information, including the composition and use of such non-GAAP financial measures.

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

(unaudited) *(in thousands of Canadian dollars)*	**Three months ended June 30, 2024 $**	**Six months ended June 30, 2024 $**
Free Cash Flow as reported[1][2]	28,169	58,858
Interest savings, net of tax[3]	4,251	8,412
Pro Forma Free Cash Flow	32,420	67,270
Repayment on long-term borrowings[2][4]	*(22,231)*	*(45,788)*
Pro Forma Free Cash Flow after repayment on long-term borrowings[4]	*10,189*	*21,482*

(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 18 – Non-GAAP Financial Measures for further information, including the composition and use of such non-GAAP financial measures.

(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. (Refer to Section 12 - Critical Accounting Estimates.)

(3) The interest expense on the Debentures and the Operating Credit Facility for the three and six months ended June 30, 2024 was $5.8 million and $11.5 million, respectively. The interest expense was tax effected using a 27.0% tax rate.

(4) Excludes repayment of $17.1 million and $33.9 million on the Unsecured Credit Facility for the three and six months ended June 30, 2024, respectively.

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Pro Forma Adjusted Return on Equity

(unaudited) *(in thousands of Canadian dollars)*	**Trailing 12-months ended June 30, 2024 $**
Adjusted Net Income Available to Common Shareholders as reported[(1)]	13,181
Add: Interest savings, net of tax [(2)]	17,492
Add: Preferred Share dividends declared	35,566
Pro Forma Adjusted Net Income Available to Common Shareholders	66,239

(unaudited) *(in thousands of Canadian dollars)*	
Average equity attributable to Common Shareholders excluding cash	
Average Shareholders' equity as reported	1,204,186
Add (Deduct) items to get to average equity attributable to Common Shareholders excluding cash	
Average Non-controlling interest	(90,087)
Average Pro Forma Preferred Shares	(375,217)
Average Premium and foreign exchange on Preferred Shares[(3)]	(60,996)
Average Cash	(26,680)
Average Cash remaining from Transaction after corporate financings repayments[(4)]	(12,126)
	639,080
Pro Forma Adjusted Return on Equity[(5)]	10.2%

(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. (Refer to Section 12 - Critical Accounting Estimates.)
(2) The interest expense on the Debentures and the Operating Credit Facility for the trailing 12-months ended June 30, 2024 was $24.0 million. The interest expense was tax effected using a 27.0% tax rate.
(3) Chorus will be required to pay a premium of US $63.3 million on redemption of the US $300.0 million Preferred Shares. The Preferred Shares premium has been converted to CAD at 1.3687 which was the exchange rate in effect at closing on June 30, 2024 from USD.
(4) Chorus anticipates the net cash remaining after the sale of the RAL segment less the pay down or redemption of its corporate financings including the Preferred Shares and all of the Debentures and early redemption amounts (including the multiple on invested capital payable upon the redemption of the Preferred Shares) to be $24.3 million using the June 30, 2024 USD to CAD foreign exchange rate of 1.3687.
(5) 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 18 – Non-GAAP Financial Measures for further information, including the composition and use of such non-GAAP financial measures.

5 OUTLOOK

The discussion that follows includes forward-looking information. This outlook is provided for the purpose of providing information about current expectations for 2024. Forecast information has also been provided for 2025 and 2026 for Jazz. This information may not be appropriate for other purposes (refer to Section 24 - Caution Regarding Forward-Looking Information). Due to the planned sale of its' RAL segment, Chorus has removed consolidated guidance for 2024 (refer to Section 4 for Post Sale Pro forma non-GAAP Financial Measures June 30, 2024). Chorus' guidance for Jazz is unchanged.

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.

	Annual Forecast(1)		
(unaudited) *(in thousands of Canadian dollars)*	**2024** **$**	**2025** **$**	**2026(2)** **$**
Fixed Margin	60,900	59,600	43,900
Aircraft leasing under the CPA			
Revenue	130,000	113,000	93,000
Payment on long-term debt and interest	95,000	74,000	66,000
Total Fixed Margin and Aircraft leasing under the CPA less payment on long-term debt and interest	95,900	98,600	70,900
Wholly-owned aircraft leased under the CPA (end of period)	48	39	39
Wholly-owned aircraft leased under the CPA available for re-lease (end of period)	nil	9	9

(1) The forecast uses a foreign exchange rate of 1.3400 for 2024 and 1.2700 for 2025 and 2026 to translate USD to CAD.
(2) Includes estimates for future market lease rates for 12 Q400's for 2026.

Capital Expenditures

Capital expenditures in 2024 are expected to be as follows:

(unaudited) *(in thousands of Canadian dollars)*	**Annual Forecast 2024** **$**		
Capital expenditures, excluding aircraft acquisitions	12,000	to	17,000
Capitalized major maintenance overhauls(1)	11,000	to	16,000
Aircraft acquisitions and improvements	17,500	to	22,500
	40,500	to	55,500

(1) The 2024 plan includes between $9.0 million to $13.0 million of costs that are expected to be included in Controllable Costs.

6 FLEET

The following table provides the total number of aircraft from continuing operations as at June 30, 2024:

	#	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	15	—
CRJ900	21	—
Dash 8-400	5	—
E175	25	—
Total Other Covered Aircraft	66	—
Voyageur Aircraft		
CRJ200	7	7
King Air 200(1)	3	3
King Air 350(1)	1	1
Dash 8-100	3	3
Dash 8-300	9	9
Dash 8-400	1	1
Total Voyageur Aircraft	24	24
Non-Operational Aircraft		
Dash 8-100	1	1
Dash 8-300	14	14
Total Non-Operational Aircraft	15	15
Total	153	87

(1) Voyageur's fleet increased during the six months ended June 30, 2024 due to the purchase of one King Air 200 and one King Air 350.

7 CONSOLIDATED FINANCIAL ANALYSIS

This section provides detailed information and analysis about Chorus' performance from continuing operations for the three and six months ended June 30, 2024 compared to the three and six months ended June 30, 2023.

(unaudited) (expressed in thousands of Canadian dollars)	Three months ended June 30,				Six months ended June 30,			
	2024 $	2023 $	Change $	Change %	2024 $	2023 $	Change $	Change %
		(revised)[1]				(revised)[1]		
Operating revenue	351,218	327,454	23,764	7.3	709,812	667,085	42,727	6.4
Operating expenses	326,769	298,052	28,717	9.6	657,401	603,957	53,444	8.8
Operating income	24,449	29,402	(4,953)	(16.8)	52,411	63,128	(10,717)	(17.0)
Net interest expense	(8,805)	(9,785)	980	(10.0)	(18,096)	(19,386)	1,290	(6.7)
Foreign exchange (loss) gain	(4,510)	2,001	(6,511)	(325.4)	(14,060)	4,550	(18,610)	(409.0)
Gain on property and equipment	15	10	5	50.0	15	10	5	50.0
Income before income tax	11,149	21,628	(10,479)	(48.5)	20,270	48,302	(28,032)	(58.0)
Income tax expense	(2,699)	(5,949)	3,250	(54.6)	(6,410)	(13,866)	7,456	(53.8)
Net income from continuing operations	8,450	15,679	(7,229)	(46.1)	13,860	34,436	(20,576)	(59.8)
Net (loss) income from discontinued operations	(189,023)	4,639	(193,662)	(4,174.6)	(182,123)	17,901	(200,024)	(1,117.4)
Net (loss) income	(180,573)	20,318	(200,891)	(988.7)	(168,263)	52,337	(220,600)	(421.5)
Net (loss) income attributable to non-controlling interest	(1,100)	1,267	(2,367)	(186.8)	2,391	1,757	634	36.1
Net (loss) income attributable to Shareholders	(179,473)	19,051	198,524	1,042.1	(170,654)	50,580	(221,234)	(437.4)
Preferred Share dividends declared	(8,979)	(8,816)	(163)	1.8	(17,827)	(17,687)	(140)	0.8
(Loss) earnings attributable to Common Shareholders	(188,452)	10,235	(198,687)	(1,941.3)	(188,481)	32,893	(221,374)	(673.0)
Adjusted EBITDA[2]	50,998	53,414	(2,416)	(4.5)	105,018	109,875	(4,857)	(4.4)
Adjusted EBT[2]	14,061	17,963	(3,902)	(21.7)	30,347	41,340	(10,993)	(26.6)
Adjusted Net Income[2]	11,222	11,659	(437)	(3.7)	23,794	27,040	(3,246)	(12.0)

(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 (refer to Section 12 - Critical Accounting Estimates).

(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 18 – Non-GAAP Financial Measures for further information, including the composition and use of such non-GAAP financial measures.

Three months ended June 30, 2024

For the three months ended June 30, 2024, consolidated operating revenue increased $23.8 million or 7.3%, compared to the same period last year. Increased revenue was primarily attributable to an increase in Controllable Cost Revenue of $25.0 million, an increase in other revenue of $4.9 million primarily due to Voyageur's increased revenue in parts sales, contract flying and MRO activity; partially offset by a decrease in aircraft leasing revenue under the CPA of $4.6 million primarily due to a change in lease rates on certain aircraft; and decreased Pass-Through Revenue of $1.3 million.

Operating expenses increased $28.7 million or 9.6% for the three months ended June 30, 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 estimate on certain aircraft and capital expenditures 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 decreased Pass-Through Costs.

Net interest expense decreased $1.0 million or 10.0% for the three months ended June 30, 2024 compared to the same period last year primarily due to lower average debt balances resulting from payments on long-term debt.

Foreign exchange losses increased $6.5 million for the three months ended June 30, 2024 compared to foreign exchange gains in the same period last year primarily related to an increase in foreign exchange losses on long-term debt, intercompany loans and working capital. The June 30, 2024 closing exchange rate for USD to CAD was 1.3687 compared to 1.3550 at March 31, 2024. The June 30, 2023 closing exchange rate for USD to CAD was 1.3240 compared to 1.3533 at March 31, 2023.

Income tax expense decreased $3.3 million for the three months ended June 30, 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.

Six months ended June 30, 2024

For the six months ended June 30, 2024, consolidated operating revenue increased $42.7 million or 6.4%, compared to the same period last year. Increased revenue was primarily attributable to an increase in Controllable Cost Revenue of $55.9 million and an increase in other revenue of $3.3 million primarily due to Voyageur's increased revenue in parts sales, contract flying and MRO activity; partially offset by a decrease in aircraft leasing revenue under the CPA of $9.0 million primarily due to a change in lease rates on certain aircraft; decreased Pass-Through Revenue of $6.7 million; and the contracted decrease in the Fixed Margin of $1.0 million.

Operating expenses increased $53.4 million or 8.8% for the six months ended June 30, 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 estimate on certain aircraft and capital expenditures 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 decreased Pass-Through Costs and an increase in capitalization of major maintenance overhauls on owned aircraft of $2.1 million.

Net interest expense decreased $1.3 million or 6.7% for the six months ended June 30, 2024 compared to the same period last year primarily due to lower average debt balances resulting from payments on long-term debt.

Foreign exchange losses increased $18.6 million for the six months ended June 30, 2024 compared to foreign exchange gains in the same period last year primarily related to an increase in foreign exchange losses on long-term debt, intercompany loans and working capital. The June 30, 2024 closing exchange rate for USD to CAD was 1.3687 compared to 1.3226 at December 31, 2023. The June 30, 2023 closing exchange rate for USD to CAD was 1.3240 compared to 1.3544 at December 31, 2022.

Income tax expense decreased $7.5 million for the six months ended June 30, 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.

Portfolio of Aircraft Leasing under the CPA

- Current fleet of 48 wholly-owned aircraft and five spare engines
- Current net book value of $824.6 million
- Approximately US $445.6 million in future contracted lease revenue[1,2]
- Current weighted average fleet age of 8.0 years[3]
- Current weighted average remaining lease term of 5.9 years[3]
- 100% of debt has a fixed rate of interest
- Current weighted average cost of borrowing of 3.33%

1 Refer to Section 24 - 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.

8 CAPITAL STRUCTURE

Chorus' capital structure currently consists primarily of Common Shares, Preferred Shares and debt consisting of Series A Debentures, Series B Debentures, Series C Debentures, senior secured amortizing facilities, revolving loan facilities, Operating Credit Facility, Bi-Lateral Credit Facilities, lease liabilities and loans under the Regional 2021-1ABS.

The net proceeds of the Transaction are expected to be used to redeem or pay down Chorus' corporate financings, consisting of the Preferred Shares, the Debentures, and all or part of the balance outstanding under the Operating Credit Facility. Following the closing of the Transaction, Chorus will redeem the Series A Debentures and make an offer to redeem the Series B Debentures and Series C Debentures in accordance with the terms of the relevant indentures. If all of the Series B Debentures and Series C Debentures are tendered in response to Chorus' redemption offer, it is expected that the net proceeds from the Transaction will be used to redeem or pay down Chorus' corporate financings.

Following the closing of the Transaction and the redemption or repayment of all of Chorus' corporate financings as described above, substantially all of Chorus' remaining debt is expected to consist of amortizing term debt of its subsidiaries relating to aircraft operated by Jazz for Air Canada under the CPA, which is fully supported by the CPA out to 2035, and the Operating Credit Facility which is available to be drawn from time to time.

The substantial improvement expected in Chorus' capital structure resulting from the redemption of the Preferred Shares and Debentures will enhance the Corporation's financial flexibility and support its ability to implement a sustainable return of capital program for Common Shareholders. (Refer to Section24 - 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 lower 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.

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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 June 30, 2024 and December 31, 2023.

(unaudited) *(expressed in thousands of Canadian dollars)*	**June 30, 2024** **$**	**December 31 2023** **$**	**Change** **$**
Equity			
Capital	776,825	781,698	(4,873)
Contributed surplus	1,034,332	1,034,194	138
Deficit	(837,757)	(649,382)	(188,375)
Exchange differences on foreign operations	33,906	325	33,581
Equity component of convertible debentures	2,683	2,683	—
Warrants	24,366	24,366	—
	1,034,355	1,193,884	(159,529)
Long-term debt[1]	671,200	1,745,004	(1,073,804)
Lease liabilities[1]	5,078	10,576	(5,498)
Total capital	1,710,633	2,949,464	(1,238,831)

(1) At June 30, 2024, long-term debt and related deferred financing fees and accretion discounts totaling $880.1 million and lease liabilities totaling $3.7 million were reclassified to liabilities directly associated with assets held for sale.

As at August 6, 2024 and December 31, 2023, the issued and outstanding shares of Chorus were as follows:

(unaudited)	**August 6, 2024**	**December 31, 2023**
Total issued and outstanding Common Shares	191,108,856	193,427,537
Common Shares potentially issuable Stock-based compensation plans	6,734,265	6,817,882
Total outstanding and potentially dilutive Common Shares	197,843,121	200,245,419
Total issued and outstanding Preferred Shares	300,000	300,000

In addition, and subject to adjustment in certain circumstances:

- up to 11,417,322 Common Shares are issuable at a price of $6.35 per Common Share upon conversion of the Series B Debentures by the holders thereof; and
- up to 18,642,772 Common Shares are issuable at a price of $4.60 per Common Share upon the exercise of the 2022 Warrants.

Normal Course Issuer Bid

On November 8, 2023, the Corporation received approval from the TSX to renew the NCIB for its Common Shares. Under the renewed NCIB, the Corporation is authorized to purchase for cancellation up to a maximum of 15,160,372 of its Common Shares, representing 10% of the public float of the Common Shares as of November 6, 2023 calculated in accordance with TSX rules. The NCIB commenced on November 14, 2023 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, 2024. Security holders may obtain a copy of the NCIB notice, without charge, by contacting the Corporation.

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 six months ended June 30, 2024, the Corporation purchased and cancelled 2,350,598 Common Shares under the NCIB at a weighted average price of $2.12 per Common Share. Since the start of the current NCIB on November 14, 2023, the Corporation has purchased and cancelled 2,796,265 Common Shares at a weighted average price of $2.13. There can be no assurance as to how many Common Shares, if any, will be acquired by Chorus pursuant to the NCIB.

The current NCIB follows on the conclusion of Chorus' previous NCIB that expired on November 13, 2023. Under the previous NCIB, the Corporation purchased 9,177,784 Common Shares at a weighted average price of $3.25 per Common Share.

Private Placement with Brookfield

On May 3, 2022, certain wholly-owned subsidiaries of Chorus completed the majority of the Falko Acquisition and Chorus concurrently 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 (ii) 25,400,000 Common Shares and was issued 18,642,772 Common Share purchase warrants 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.

The Preferred Shares are non-voting shares (except that they have the right to vote separately as a class on the matters contemplated by section 176 of the Canada Business Corporations Act and in other specified circumstances as set out in the terms of the Preferred Shares). The Preferred Shares carry a dividend entitlement of 8.75% per annum in cash or 9.5% per annum in kind, payable quarterly. The dividend rate increases each year by 1% per annum in cash, 1.5% per annum in kind, starting on the sixth anniversary of the issuance up to a cap of 14.75% per annum in cash and 15.5% per annum in kind. The Preferred Shares are subject to a 2% per annum dividend rate increase in the event of a continuing event of default. The Corporation has a one-time option to redeem 50% of the Preferred Shares at any time, and an option to redeem all of the Preferred Shares, subject in each case to the payment of multiples on the subscriber's invested capital of (a) any time prior to the third anniversary of the original issue date of the Preferred Shares (the "**Issue Date**"), 1.4x; (b) starting on the third anniversary of the Issue Date until the sixth anniversary of the Issue Date, 1.6x; and (c) on or after the sixth anniversary of the Issue Date, 0x. The holders of the Preferred Shares have a put right in the event of change of control or the disposition by the Corporation of a material business or the acquisition by the Corporation and/or entry into of a new unrelated business line that fundamentally changes the nature of the business of the Corporation. The terms of the Preferred Shares are set out in the Corporation's Restated Articles of Incorporation, a copy of which is available under the Corporation's profile on SEDAR+ at www.sedarplus.ca and on the Corporation's website at www.chorusaviation.com.

The net proceeds of the Private Placement were used in their entirety to partially fund the Falko Acquisition. In connection with the Private Placement, Chorus and Brookfield entered into an investor rights agreement (the "**Investor Rights Agreement**") pursuant to which, among other covenants, Chorus agreed to a maximum leverage covenant and certain restrictions on dividends payable in respect of its Common Shares. A copy of the Investor Rights Agreement is available under the Corporation's profile on SEDAR+ at www.sedarplus.ca.

Following the closing of the Transaction, Chorus expects to redeem all of the outstanding Preferred Shares.

Long-term debt

Long-term debt consists of the following:

(unaudited) *(expressed in thousands of Canadian dollars)*	**June 30, 2024** **$**	**December 31, 2023** **$**
Secured long-term debt and credit facilities[(1)]		
Amortizing term loans[(2)]		
Secured by aircraft[(2)]	365,984	1,075,129
Secured by engines	2,484	3,082
Warehouse credit facility[(2)]	—	66,357
Nova Scotia Jobs Fund loan - secured by office building	4,000	4,000
Asset-backed securitization[(2)]	—	249,907
Operating Credit Facility	60,000	87,000
	432,468	1,485,475
Unsecured long-term debt[(1)]		
Series A Debentures	86,250	86,250
Series B Debentures	72,500	72,500
Series C Debentures	85,000	85,000
Unsecured Credit Facility	—	33,065
	676,218	1,762,290
Less:		
Deferred financing fees[(2)]	(3,829)	(9,535)
Accretion discount on amortizing term loans and asset-backed securitization[(2)]	—	(6,289)
Accretion discount on convertible debentures	(1,189)	(1,462)
	671,200	1,745,004
Less: Current portion[(3)]	163,240	430,082
	507,960	1,314,922

(1) The majority of long-term debt is payable in USD and has been converted to CAD at 1.3687 which was the exchange rate in effect at closing on June 30, 2024 (December 31, 2023 - 1.324).
(2) At June 30, 2024, RAL amortizing term loans, the warehouse credit facility, asset-backed securitization and related deferred financing fees and accretion discounts totaling $880.1 million were reclassified to liabilities directly associated with assets held for sale.
(3) The current portion of long-term debt in the above table includes deferred financing fees of $0.4 and interest accretion of $nil, respectively for the period ended June 30, 2024 (December 31, 2023 - $1.2 million and $3.5 million, respectively). In addition, the current portion includes the Series A Debentures.

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' aircraft amortizing term loans are repayable in instalments, bearing fixed and floating interest agreements, at a weighted average rate of 3.32%, maturing between July 2024 and February 2033, each secured primarily by the aircraft and engines financed by the loans, as well as an assignment of any leases in respect thereof. At June 30, 2024 amortizing term loans of $588.6 million and deferred financing fees of $3.6 million were reclassified to liabilities directly associated with assets held for sale.

Chorus' engine loans are repayable in instalments, bearing fixed and floating interest at a weighted average rate of 4.10%, maturing between December 2024 and May 2028, each secured primarily by one PW150A engine.

Chorus' aircraft warehouse credit facility includes a series of term loans repayable in instalments and amortizing to January 2025, each secured primarily by the aircraft financed by the loans and a security assignment of the leases in respect thereof. At June 30, 2024, the warehouse credit facility balance of $61.1 million was reclassified to liabilities directly associated with assets held for sale.

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.

Asset-backed securitization

As part of the Falko Acquisition completed on May 3, 2022, Chorus indirectly acquired a majority interest in the equity note issued by Regional 2021-1 Limited to Regional 2021-1 E Holding Limited (the "**E Note**") in connection with an asset-backed securitization of 39 regional aircraft which closed in April 2021 (the "**Regional 2021-1 ABS**"). In addition to issuing the equity note, Regional 2021-1 Limited and its wholly-owned subsidiary, Regional 2021-1 LLC (collectively, the "**ABS Borrowers**"), co-borrowed US $255.0 million of Series A Loans (the "**Series A Loans**"). Chorus has an interest in the aircraft owned by the Co-Borrowers and their subsidiaries by virtue of its indirect interest in the E Note.

These Series A Loans amortize on a straight-line basis based on the aircraft type that ranges from eight to 11 years, bear interest at 5.75% and are secured by 38 regional aircraft.

The Series A Loans are subject to priority of payment provisions and financial tests that could result in, among other things, requirements to replenish a liquidity facility, requirements to replenish maintenance reserve and security deposit accounts as well as tests that could result in the restriction of cash, accelerated amortization, and/or cash sweeps. At June 30, 2024, the asset-backed securitization of $238.6 million and an accretion discount of $4.6 million was reclassified to liabilities directly associated with assets held for sale.

Financial Covenants under amortizing term loans

A description of the principal financial covenants in Chorus' debt agreements is set out below:

Amortizing term loans have covenants which apply separately to the "**Jazz Group**" (comprising Jazz and Jazz Leasing Inc. and any entity controlled directly or indirectly by either of them) and subsidiaries of FIL and Falko (which hold aircraft acquired for lease to customers outside of Chorus).

- Falko has certain loans that are required to maintain a maximum loan to value ratio and a minimum debt service coverage ratio.
- 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.
- Subsidiaries of FIL have entered into financing agreements in connection with the acquisition of aircraft. CACC, FIL and/or Jazz Leasing have guaranteed the indebtedness under a substantial number of these financing agreements. Under the terms of those financing agreements, the guarantors and/or the borrowers are required to maintain a minimum tangible net worth, observe a maximum consolidated total debt to tangible net worth ratio, observe debt-to-equity covenants, maintain a minimum cash balance, maintain minimum lease rent coverage ratios and/or refrain from paying dividends or other distributions if the debt covenants are breached. Furthermore, the indebtedness under certain of these financing agreements is cross-defaulted to payment defaults by Jazz Leasing under facilities under which Jazz Leasing is the borrower.

As at June 30, 2024, Chorus was in compliance with all of these financial covenants.

Furthermore, most 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.

Series A Debentures

In December 2019, the Corporation issued $86.3 million aggregate principal amount of Series A Debentures, which bear interest at a rate of 5.75% per annum, mature on December 31, 2024 and can be redeemed any time after December 31, 2023 at the principal amount plus accrued and unpaid interest.

Chorus intends to redeem these Debentures following the closing of the Transaction or, if earlier, by December 31, 2024 using proceeds from the Transaction or proceeds from the secured $50.0 million with The Bank of Nova Scotia (see "Bi-Lateral Credit Facilities" below) and cash flow from operations.

The Series A 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 A Debentures, the Corporation may elect to satisfy its obligation to pay all or a portion of the principal amount of the Series A 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 A Debentures by delivering Common Shares to the trustee under the indenture governing the Series A Debentures for sale, with the proceeds used to satisfy the interest payment obligation.

Chorus received proceeds of $82.4 million, net of transaction costs associated with the offering. Transaction costs are capitalized and offset against the Series A Debentures and amortized over the life of the debentures using the effective interest rate.

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

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 are 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 Share.

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 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 intends to make an offer in accordance with these provisions.

Chorus received proceeds of $69.5 million, net of transactions costs associated with the offering. Transaction costs are capitalized and offset against the debt and equity portions of the Series B Debentures and amortized over the life of the debentures using the effective interest rate.

The 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 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 intends to make an offer in accordance with these provisions.

Chorus received proceeds of $81.2 million, net of transaction costs associated with the offering. Transaction costs are capitalized and offset against the Series C Debentures and amortized over the life of the Series C Debentures using the effective interest rate.

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

Loan facilities

Operating Credit Facility

On March 4, 2024, Chorus amended the terms of its existing $150.0 million Operating Credit Facility to extend the maturity date to January 27, 2027.

The Operating Credit Facility provides Chorus 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. Letters of credit issued by Chorus under this facility reduce the amount available under the facility.

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 Canadian Dollar 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 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 Facilities

On November 1, 2023, Chorus entered into two credit facilities with The Bank of Nova Scotia both of which were amended in July 2024.

The first facility provides Chorus with an unsecured revolving loan facility in an amount up to $50.0 million (amended from $30.0 million on July 30, 2024) and matures on the earlier of (a) the closing date of the Transaction, or (b) June 30, 2025 (extended from November 1, 2024 on July 30, 2024). Borrowings under this facility are unsecured and bear interest for Canadian dollar advances at Canadian Prime plus 3.50% or CORRA plus a credit spread adjustment plus 4.50%, and for US dollar advances at Base Rate plus 3.50% or SOFR plus a credit spread adjustment plus 4.50%. This facility may be used for general corporate purposes but can only be drawn after Chorus has fully drawn under the Operating Credit Facility. Indebtedness under this facility ranks at least pari passu in right of payment with all other senior, unsecured and unsubordinated indebtedness of Chorus. 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 second facility provides Chorus with 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) $50.0 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. Currently, the facility matures on December 31, 2025 and the use of proceeds is limited to the repayment of the Series A Debentures. Upon and subject to the Transaction closing, the maturity date will be extended to July 30, 2027 and the facility will be available for use for general corporate purposes.

Warehouse Credit Facility

FIL and certain of its subsidiaries are parties to a warehouse credit facility. Loans under this facility are repayable based on a 12-year straight-line full pay-out schedule, adjusted for the age of the aircraft at the time they were added to the facility, until they mature in January 2025. Chorus may prepay loans under this facility at any time in whole or in part, subject to a US $5.0 million minimum prepayment.

The facility bore interest at SOFR plus a credit spread adjustment plus 3.25% until January 2024 and SOFR plus a credit spread adjustment plus 4.00% thereafter until maturity.

The facility is secured by the aircraft financed under the facility, as well as an assignment of the leases, insurance proceeds and other collateral security customary for financings of this nature. All loans under this facility are cross-defaulted, cross-collateralized, and are guaranteed by FIL.

The facility contains covenants that must be met on an ongoing basis. The financial covenants include a minimum amount of cash, tangible net worth, and a maximum debt to equity ratio in certain subsidiaries. As at June 30, 2024, Chorus was in compliance with these covenants.

Upon the closing of the Transaction, it is expected that this facility will be prepaid by the buyers.

Total scheduled principal payments on long-term debt on June 30, 2024, excluding unamortized deferred financing fees and interest accretion, for continuing operations are as follows:

(unaudited) *(expressed in thousands of Canadian dollars)*	$
No later than one year	163,684
Later than one year and no later than five years	436,256
Later than five years	76,278
	676,218

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 June 30, 2024, Chorus' largest lender held 54% of Chorus' consolidated long-term debt through the Jazz Group under aircraft loans. All loans with Chorus' largest lender, and indeed with all lenders, contain customary event of default clauses 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 June 30, 2024, the majority of Chorus' debt is not subject to interest rate volatility as it bears interest at fixed rates. Excluding revolving debt facilities and long-term debt associated with assets held for sale, at June 30, 2024, 100.0% of Chorus' term debt was fixed rate debt.

Chorus has entered into interest rate swaps on certain of its RAL amortizing term loans and its aircraft warehouse credit facility, converting a portion of its floating interest rate debt to fixed rates for the average duration of each loan and facility. At June 30, 2024 interest rate swaps of $0.4 million were reclassified to assets classified as held for sale. The majority of Chorus' long-term debt associated with assets held for sale is not subject to interest rate volatility as it bears interest at fixed rates or at floating rates that are fixed via interest rate swaps. At June 30, 2024, 82.2% of long-term debt associated with assets held for sale was fixed rate debt (inclusive of floating rate debt with swaps that effectively fix the rates thereunder) and 17.8% was floating rate debt.

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

Chorus uses the hypothetical derivative method to assess hedge ineffectiveness. Under the hypothetical derivative method the critical terms of the hypothetical derivative will 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 are recorded in other comprehensive (loss) income from discontinued operations and ineffective interest rate swaps are recorded in (loss) income from discontinued operations. Should Chorus be required to repay loans associated with these swaps, it would also be required, in most cases to close out the related swap agreements and settle any amounts owing.

As at June 30, 2024, Chorus had six (December 31, 2023 - seven) interest rate swap agreements with notional amounts totaling $39.0 million (December 31, 2023 - $115.6 million) related to discontinued operations. The fair value of interest rate swaps was as follows:

(unaudited) (in thousands of Canadian dollars)	As at June 30, 2024 $	 December 31, 2023 $
Other long-term assets[(1)]		
Interest rate swaps	—	1,967

(1) At June 30, 2024 Interest rate swaps of $0.4 million were reclassified to assets classified as held for sale.

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

(unaudited) (in thousands of Canadian dollars)	Three months ended June 30, 2024 $	 2023 $	Six months ended June 30, 2024 $	 2023 $
Other comprehensive loss from discontinued operations				
Change in fair value of financial assets and liabilities, net of tax expense of $35 and $57 (2023 - $12 and $159)	(248)	(1,933)	(399)	(2,960)
Income statement from discontinued operations				
(Loss) gain on ineffective interest rate swap[(1)]	(352)	1,811	(990)	1,688

(1) Includes the recognition of a gain of $1.8 million in interest expense from discontinued operations for the three and six months ended June 30, 2023, related to the discontinuance of hedge accounting on an interest rate swap recycled from other comprehensive income.

Chorus manages interest rate risk on a portfolio basis and seeks financing terms in individual arrangements that are most advantageous considering all relevant factors, including credit margin, term and basis. 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, Canadian dollars and Euros. 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 mitigates the currency risk associated with the RAL segment by borrowing in the same currencies as the related lease revenues.

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 $61.2 million and US denominated financial liabilities was $335.6 million at June 30, 2024. A 1¢ change in the US exchange rate would result in a change in the unrealized gain or loss of approximately $2.7 million. A 1¢ change in the Euro versus Canadian dollar exchange rate would not have a material impact on unrealized gains or losses.

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 a Total Return Swap. The current swap is for 7.3 million Common Shares priced at $2.18 per Common Share and matures in March 2025. The Corporation does not apply hedge accounting to the Total Return Swap 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 3(j) and 3(k), under the heading "Material Accounting Policies", of the audited consolidated financial statements of the Corporation for the year ended December 31, 2023.

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

	Three months ended June 30,		**Six months ended June 30,**	
(unaudited) *(in thousands of Canadian dollars)*	**2024** **$**	**2023** **$**	**2024** **$**	**2023** **$**
Income statement				
Gain (loss) on Total Return Swap	2,735	(1,180)	(1,174)	(1,646)

9 LIQUIDITY

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

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

As of June 30, 2024, Chorus' liquidity was $139.5 million including cash of $29.3 million from continuing operations and $110.2 million of available credit under its Operating Credit Facility and one of the Bi-Lateral Credit Facilities for $30.0 million. Chorus' liquidity excludes cash in the RAL segment of $65.6 million.

During the quarter, Chorus generated cash flow from continuing operations of $55.8 million. Other key changes during the quarter which decreased cash were as follows:

- Debt repayments of $39.3 million;
- Capital expenditures of $12.2 million; and
- Payment of Preferred Share dividends of $9.0 million; partially offset by
- Operating Credit Facility draw of $15.0 million; and

- Reduction in working capital of $20.9 million primarily due to a decrease in the accounts receivable from Air Canada.

At June 30, 2024, the Controllable Cost Guardrail balance is a payable of $13.6 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 surplus as reflected on the June 30, 2024 balance sheet was $754.5 million (December 31, 2023 - $171.7 million deficit) and was significantly higher than December 31, 2023 balance due to RAL's net assets being classified as Held for Sale. The current portion of contracted aircraft operating lease receivables for continuing operations as at June 30, 2024 is estimated to be approximately $127.0 million converted to CAD at the June 30, 2024 rate of 1.3687. Working capital adjusted for the current portion of estimated long-term aircraft operating lease receivables reflect a surplus of approximately $881.5 million (refer to Section 24 - Caution Regarding Forward-Looking Information).

Leverage

Chorus' Leverage Ratio improved to 3.0 at June 30, 2024 from 3.3 at December 31, 2023 for continuing operations as a result of repayments of long-term borrowings; partially offset by a decrease in the trailing 12-months Adjusted EBITDA of $4.9 million (refer to Section 18 - Non-GAAP Financial Measures).

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Cash Flows

The following table provides information on Chorus' cash flows for the three and six months ended June 30, 2024 and June 30, 2023.

(unaudited) *(expressed in thousands of Canadian dollars)*	Three months ended June 30, 2024 $	Three months ended June 30, 2023 $	Six months ended June 30, 2024 $	Six months ended June 30, 2023 $
		(revised)(1)		*(revised)*(1)
Cash provided by operating activities	55,834	22,770	124,050	62,723
Cash used in financing activities	(36,847)	(5,638)	(97,172)	(39,609)
Cash used in investing activities	(11,933)	(8,386)	(29,476)	(17,446)
Cash flow from operating, financing and investing activities	7,054	8,746	(2,598)	5,668
Effect of foreign exchange rate changes on cash	402	(1,117)	1,126	(1,138)
Net change in cash during the periods continuing operations	7,456	7,629	(1,472)	4,530
Net change in cash during the periods discontinued operations	5,745	14,234	10,042	10,931
Cash and restricted cash – Beginning of periods	171,786	161,509	176,417	167,911
Cash and restricted cash – End of periods continuing and discontinued operations	184,987	183,372	184,987	183,372
Less: cash and restricted cash - discontinuing operations end of period	155,680	159,319	155,680	159,319
Cash and restricted cash – End of periods continuing operations	29,307	24,053	29,307	24,053

(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 (refer to Section 12 - Critical Accounting Estimates).

Cash provided by operating activities

Chorus had cash inflows from operating activities of $55.8 million for the three months ended June 30, 2024, compared to $22.8 million for the three months ended June 30, 2023. The increase was primarily attributable to a reduction in working capital of $20.9 million primarily due to a decrease in the accounts receivable from Air Canada.

Chorus had cash inflows from operating activities of $124.1 million for the six months ended June 30, 2024, compared to $62.7 million for the six months ended June 30, 2023. The increase was primarily due to a reduction in working capital due to a decrease in the accounts receivable from Air Canada.

Cash used in financing activities

Cash used in financing activities for the three months ended June 30, 2024 was $36.8 million, comprised primarily of payments on long-term borrowings of $39.3 million, payment of dividends on the Preferred Shares of $9.0 million and repurchase of Common Shares under the NCIB of $3.1 million; partially offset by a draw on the Operating Credit Facility of $15.0 million.

Cash used in financing activities for the three months ended June 30, 2023 was $5.6 million, comprised primarily of payments on long-term borrowings of $46.2 million and payment of dividends on the Preferred Shares of $8.8 million; partially offset by a draw on the Operating Credit Facility of $50.6 million.

Cash used in financing activities for the six months ended June 30, 2024 was $97.2 million, comprised primarily of payments on long-term borrowings of $79.7 million, net payments on the Operating Credit Facility of $27.0 million, payment of dividends on the Preferred Shares of $17.8 million, and repurchase of Common Shares under the NCIB of $5.0 million; partially offset by a return of capital investment from Chorus Aviation Leasing Inc. of $34.0 million.

Cash used in financing activities for the six months ended June 30, 2023 was $39.6 million, comprised primarily of payments on long-term borrowings of $88.2 million, repurchase of Common Shares under the NCIB of $22.2 million, and payment of dividends on the Preferred Shares of $17.5 million; partially offset by a draw on the Operating Credit Facility of $90.6 million.

Cash used in investing activities

Cash used in investing activities for the three months ended June 30, 2024 was $11.9 million, which includes capital expenditures of $12.2 million for the purchase of one aircraft and 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 June 30, 2023 was $8.4 million, which included capital expenditures of $9.1 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 six months ended June 30, 2024 was $29.5 million, which includes capital expenditures of $30.5 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 six months ended June 30, 2023 was $17.4 million, which included capital expenditures of $18.9 million for the reconfiguration costs on certain aircraft, as well as major maintenance overhauls and other capital expenditures.

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Capital expenditures

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

(unaudited) *(expressed in thousands of Canadian dollars)*	Three months ended June 30,			Six months ended June 30,		
	2024 $	**2023** $	**Change** $	**2024** $	**2023** $	**Change** $
		(revised)(1)			*(revised)*(1)	
Capital expenditures, excluding aircraft acquisitions	2,497	3,756	(1,259)	5,534	6,917	(1,383)
Capitalized major maintenance overhauls	4,278	3,711	567	9,046	7,310	1,736
Aircraft acquisitions and improvements	5,448	1,646	3,802	15,956	4,651	11,305
Total capital expenditures	12,223	9,113	3,110	30,536	18,878	11,658

(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 (refer to Section 12 - Critical Accounting Estimates).

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. Dividends are subject to the discretion of Chorus' Board of Directors.

For the three and six months ended June 30, 2024, the Corporation declared and paid $9.0 million and $17.8 million, respectively in Preferred Share dividends ($8.8 million and $17.7 million, respectively declared and $8.8 million and $17.5 million, respectively paid for the three and six months ended June 30, 2023).

10 RISK FACTORS

For detailed description of the possible risk factors associated with Chorus' business, including its dependence on the CPA, the aviation industry, the aircraft leasing business carried on by Falko, 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 22, 2024 (which is deemed incorporated into this MD&A).

In addition to the risk factors associated with Chorus' business, completion of the Transaction is subject to shareholder approval, regulatory approvals and other customary conditions to closing. Refer to Section 24 - 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 22 of the audited consolidated financial statements of Chorus for the years ended December 31, 2023 and 2022).

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.[1]

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.

Chorus has measured, presented and disclosed financial information of the RAL segment as a discontinued operation in accordance with IFRS 5, Non-current Assets Held for Sale and Discontinued Operations ("IFRS 5"). Under this standard, Chorus has met the criteria to record RAL as a discontinued operation, therefore effective June 30, 2024 RAL's financial performance and cash flows are presented in the interim condensed consolidated financial statements as discontinued operations on a retroactive basis.

As per IFRS 5, non-current assets and disposal groups should be classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use, and measured at the lower of their carrying amount and fair value less costs to sell and are no longer depreciated or amortized. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense. Chorus recorded an impairment on discontinued operations of $187.1 million related to the Transaction.

Assets and liabilities classified as held for sale have been presented separately as current items on the statement of financial position. In accordance with IFRS 5, comparative periods for the statement of financial position are not revised for assets and liabilities held for sale.

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

The criteria for held for sale classification under IFRS 5 have been met as management believes the sale is highly probable, the RAL segment is available for immediate sale in its present condition and it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management is committed to the plan to sell the asset and the transaction is expected to close within 12 months of the statement of financial position date.

[1] (Refer to Section 24 - Caution Regarding Forward-Looking Information.) The material accounting policies of Chorus are described in note 3 of the audited consolidated financial statements of Chorus for the years ended December 31, 2023 and 2022.

13 CHANGES IN ACCOUNTING STANDARDS

The material accounting policies of Chorus are described in note 3 of the audited consolidated financial statements of Chorus for the years ended December 31, 2023 and 2022 except for the following:

New accounting standards adopted during the period

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 are 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 are 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 Organization for Economic Co-operation and Development (“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. 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.

There may still be Pillar Two tax implications even for those entities within Chorus that have an accounting effective tax rate above 15%. Chorus has engaged tax specialists to assist in applying the legislation.

Accounting standards issued but not yet applied

Amendments to IAS 21 - Lack of Exchangeability

The IASB issued amendments to IAS 21 – The effects of changes in foreign exchange rates in relation to the lack of exchangeability which are effective for annual reporting periods beginning on or after January 1, 2025, with early adoption permitted. The amendments require entities to apply a consistent approach in assessing whether a currency can be exchanged into another currency, and in determining the exchange rate to use and the disclosures to provide when it cannot. Chorus does not expect any impact of these amendments on the consolidated financial statements.

New 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 OFF-BALANCE SHEET ARRANGEMENTS

Information regarding Chorus' off-balance sheet arrangements is disclosed in Section 9 of Chorus' annual MD&A dated February 22, 2024. There have been no material changes to Chorus' off-balance sheet arrangements from what was disclosed at that time.

15 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:

(unaudited) (expressed in thousands of Canadian dollars)	As at June 30, 2024			As at December 31, 2023		
	Fair value	Carrying value	Deferred financing fees(1)	Fair value	Carrying value	Deferred financing fees(1)
	$	$	$	$	$	$
Finance lease receivables(2,3)	—	—	—	35,088	41,770	—
Investments						
Third party(2,4)	—	—	—	449	449	—
Fund investment(2,4)	—	—	—	24,374	24,374	—
Other long-term assets						
Defined benefit pension receivable(3)	21,530	21,530	—	24,377	24,377	—
Interest rate swaps(2,5)	—	—	—	1,967	1,967	—
Total return swap(5)	1,537	1,537	—	—	—	—
Long-term debt						
Amortizing term loans(2,6)	344,745	372,468	—	1,089,848	1,148,582	4,680
Asset-backed securitization(2,6)	—	—	—	236,916	243,604	—
Series A Debentures(7)	84,309	86,250	444	84,525	86,250	874
Series B Debentures(7)	70,325	71,311	1,257	66,345	71,038	1,538
Series C Debentures(7)	73,100	85,000	2,128	71,825	85,000	2,443
Operating credit facility(8)	60,000	60,000	—	87,000	87,000	—
Unsecured credit facility(8)	—	—	—	33,005	33,065	—
Other long-term liabilities						
Total return swap(5)	—	—	—	4,391	4,391	—

(1) Fair value and carrying values exclude related deferred financing fees.
(2) At June 30, 2024, finance lease receivables, investments, other long-term assets and long-term debt within RAL were reclassified to assets classified as held for sale and liabilities directly associated with assets held for sale (refer to Section 12 - Critical Accounting Estimates).
(3) Fair value is calculated by discounting annual cash flows at the relevant market interest rates.
(4) Fair value is calculated by discounting annual cash flows based on limited available market information and is classified as Level 3.
(5) Fair value is estimated using valuation models that utilize market based observable inputs and is classified as Level 2.
(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.

16 RELATED PARTY TRANSACTIONS

As at June 30, 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. In Chorus' filings for the year ended December 31, 2023, the Corporation's CEO and CFO certified, as required by National Instrument 52-109, the appropriateness of the financial disclosure, the design and operational effectiveness of both the DC&P and the ICFR.

In Chorus' filings for the three months ended June 30, 2024, the CEO and CFO also certified, as required by National Instrument 52-109, the appropriateness of the financial disclosures, the design of both the DC&P and the ICFR based on the framework established in Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO - 2013).

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 second quarter of 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 unaudited interim condensed consolidated financial statements of Chorus for June 30, 2024 and approved these documents prior to their release.

18 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

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, 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 24 - Caution Regarding Forward-Looking Information).

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, 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 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 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 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.

(unaudited) (expressed in thousands of Canadian dollars)	Three months ended June 30, 2024 $	2023 $ (revised)[1]	Change $	Six months ended June 30, 2024 $	2023 $ (revised)[1]	Change $
Net (loss) income	**(180,573)**	**20,318**	**(200,891)**	**(168,263)**	**52,337**	**(220,600)**
Less: Net (loss) income from discontinued operations, net of taxes	(189,023)	4,639	(193,662)	(182,123)	17,901	(200,024)
Net income from continuing operations	**8,450**	**15,679**	**(7,229)**	**13,860**	**34,436**	**(20,576)**
Add (Deduct) items to get to Adjusted Net Income						
Employee separation program[2]	523	1,317	(794)	530	1,607	(1,077)
Unrealized foreign exchange loss (gain)	2,389	(4,982)	7,371	9,547	(8,569)	18,116
Tax recovery on adjusted items	(140)	(355)	215	(143)	(434)	291
	2,772	(4,020)	6,792	9,934	(7,396)	17,330
Adjusted Net Income	**11,222**	**11,659**	**(437)**	**23,794**	**27,040**	**(3,246)**
Add (Deduct) items to get to Adjusted EBT						
Income tax expense	2,699	5,949	(3,250)	6,410	13,866	(7,456)
Tax recovery on adjusted items	140	355	(215)	143	434	(291)
Adjusted EBT	**14,061**	**17,963**	**(3,902)**	**30,347**	**41,340**	**(10,993)**
Add (Deduct) items to get to Adjusted EBITDA						
Net interest expense	8,805	9,785	(980)	18,096	19,386	(1,290)
Depreciation and amortization excluding impairment	26,026	22,695	3,331	52,077	45,140	6,937
Foreign exchange loss	2,121	2,981	(860)	4,513	4,019	494
Gain on disposal of property and equipment	(15)	(10)	(5)	(15)	(10)	(5)
	36,937	35,451	1,486	74,671	68,535	6,136
Adjusted EBITDA	**50,998**	**53,414**	**(2,416)**	**105,018**	**109,875**	**(4,857)**

(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. (Refer to Section 12 - Critical Accounting Estimates.)
(2) Included in operating expenses.

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.

(unaudited) *(expressed in thousands of Canadian dollars, except per Share amounts)*	Three months ended June 30,			Six months ended June 30,		
	2024 $	**2023 $**	**Change $**	**2024 $**	**2023 $**	**Change $**
		(revised)[1]			*(revised)*[1]	
Adjusted Net Income from continuing operations	**11,222**	**11,659**	**(437)**	**23,794**	**27,040**	**(3,246)**
Add (Deduct) items to get to Adjusted Earnings available to Common Shareholders						
Preferred Share dividends declared	(8,979)	(8,816)	(163)	(17,827)	(17,687)	(140)
Adjusted Earnings available to Common Shareholders - continuing operations	**2,243**	**2,843**	**(600)**	**5,967**	**9,353**	**(3,386)**
Adjusted Earnings available to Common Shareholders per Common Share, basic - continuing operations	**0.01**	**0.01**	**—**	**0.03**	**0.05**	**(0.02)**

(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. (Refer to Section 12 - Critical Accounting Estimates.)

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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.

(unaudited) *(expressed in thousands of Canadian dollars)*	**June 30, 2024** **$**	**December 31, 2023** **$**	**Change** **$**
		(revised)[(1)]	
Long-term debt and lease liabilities (including current portion)[(2)]	676,278	1,755,580	(1,079,302)
Less:			
Long-term debt and lease liabilities (including current portion) related to discontinued operations[(2)]	—	(986,921)	986,921
Cash[(1)]	(29,307)	(85,985)	56,678
Cash related to discontinued operations[(1)(2)]	—	55,432	(55,432)
Adjusted Net Debt	646,971	738,106	(91,135)
Adjusted EBITDA	216,677	221,535	(4,858)
Leverage Ratio	3.0	3.3	(0.3)

(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. (Refer to Section 12 - Critical Accounting Estimates.)

(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).

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 June 30,			Six months ended June 30,		
(unaudited) *(expressed in thousands of Canadian dollars)*	**2024** **$**	**2023** **$**	**Change** **$**	**2024** **$**	**2023** **$**	**Change** **$**
		(revised)(1)			*(revised)*(1)	
Cash provided by operating activities	55,834	22,770	33,064	124,050	62,723	61,327
Add (Deduct)						
Net changes in non-cash balances related to operations	(20,890)	15,992	(36,882)	(50,612)	20,837	(71,449)
Capital expenditures, excluding aircraft acquisitions	(2,497)	(3,756)	1,259	(5,534)	(6,917)	1,383
Capitalized major maintenance overhauls	(4,278)	(3,711)	(567)	(9,046)	(7,310)	(1,736)
Free Cash Flow	**28,169**	**31,295**	**(3,126)**	**58,858**	**69,333**	**(10,475)**

(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. (Refer to Section 12 - Critical Accounting Estimates.)

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.

	Trailing 12-months ended		
(unaudited) *(expressed in thousands of Canadian dollars)*	**June 30, 2024 $**	**December 31, 2023 $**	**Change $**
		(revised)[(1)]	
Adjusted Net Income[(1)]	48,747	51,993	(3,246)
Add (Deduct) items to get to Adjusted Earnings available to Common Shareholders			
Preferred Share dividends declared	(35,566)	(35,426)	(140)
Adjusted Net Income available to Common Shareholders	13,181	16,567	(3,386)
Average equity attributable to Common Shareholders excluding cash			
Average Shareholders' equity	1,204,186	1,274,446	(70,260)
Add (Deduct) items to get to average equity attributable to Common Shareholders excluding cash			
Average Non-controlling interest	(90,087)	(87,718)	(2,369)
Average Preferred Shares	(375,217)	(375,217)	—
Average Cash[(1)]	(26,568)	(24,926)	(1,642)
	712,314	786,585	(74,271)
Adjusted Return on Equity[(1)]	1.9%	2.1%	(0.2)%

(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. (Refer to Section 12 - Critical Accounting Estimates.)

19 SUMMARY OF QUARTERLY FINANCIAL RESULTS

The following table summarizes quarterly financial results and major operating statistics of Chorus for the previous eight quarters.

(unaudited)	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022
		(revised)(1)	*(revised)*(1)	*(revised)*(1)	*(revised)*(1)	*(revised)*(1)	*(revised)*(1)	*(revised)*(1)
Chorus								
Total revenue from continuing operations ($000)	351,218	358,594	354,628	377,898	327,454	339,631	355,591	340,262
Net income from continuing operations ($000)	8,450	5,410	28,288	38,906	15,679	18,757	21,373	9,672
Net (loss) income from discontinued operations ($000)	(189,023)	6,900	8,333	(21,758)	4,639	13,262	24,479	13,889
Net (loss) income ($000)	(180,573)	12,310	36,621	17,148	20,318	32,019	45,852	23,561
Adjusted Net Income from continuing operations(1)(2) ($000)	11,222	12,572	10,704	14,249	11,659	15,381	14,673	12,754
Adjusted EBITDA from continuing operations(1)(2) ($000)	50,998	54,020	54,643	57,016	53,414	56,461	62,065	53,534
(Loss) earnings available to Common Shareholders per Common Share, basic from continuing operations ($)	—	(0.02)	0.10	0.15	0.04	0.05	0.06	0.01
(Loss) earnings available to Common Shareholders per Common Share, basic from discontinued operations ($)	(0.98)	0.02	0.03	(0.11)	0.01	0.06	0.12	0.05
(Loss) earnings available to Common Shareholders per Common Share, basic ($)	(0.98)	—	0.13	0.04	0.05	0.11	0.18	0.06
(Loss) earnings available to Common Shareholders per Common Share, diluted from continuing operations ($)	—	(0.02)	0.10	0.15	0.04	0.05	0.06	0.01
(Loss) earnings available to Common Shareholders per Common Share, diluted from discontinued operations ($)	(0.98)	0.02	0.03	(0.11)	0.01	0.06	0.12	0.05
(Loss) earnings available to Common Shareholders per Common Share, diluted ($)	(0.98)	0.00	0.13	0.04	0.05	0.11	0.18	0.06
Adjusted Earnings available to Common Shareholders from continuing operations(1)(2) ($000)	2,243	3,724	1,763	5,451	2,843	6,510	5,759	4,191
Adjusted Earnings available to Common Shareholders from continuing operations,(1)(2) per Common Share - basic ($)	0.01	0.02	0.01	0.03	0.01	0.04	0.03	0.02
FTE employees (end of period)	4,573	4,501	4,454	4,704	4,730	4,724	4,751	4,848
Number of aircraft (end of period)	153	140	140	142	145	145	145	148
Average foreign exchange rates (USD-CAD)	1.3681	1.3483	1.3624	1.3407	1.3434	1.3518	1.3582	1.3048
Jazz								
Departures	37,104	34,599	35,151	39,936	39,807	36,775	40,744	46,070
Block Hours	56,209	52,981	52,698	62,941	62,724	61,661	68,086	76,412
Billable Block Hours	57,027	54,570	53,509	65,032	63,788	65,149	71,727	81,224

(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. (Refer to Section 12 - Critical Accounting Estimates.)

(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 18 – Non-GAAP Financial Measures for further information, including the composition and use of such non-GAAP financial measures.

20 REVENUE

(unaudited) (expressed in thousands of Canadian dollars)	Three months ended June 30,				Six months ended June 30,			
	2024	**2023**	**Change**	**Change**	**2024**	**2023**	**Change**	**Change**
	$	**$**	**$**	**%**	**$**	**$**	**$**	**%**
		(revised)(1)				*(revised)(1)*		
Controllable Cost Revenue	218,706	193,667	25,039	12.9	447,154	391,216	55,938	14.3
Pass-Through Revenue	54,260	55,557	(1,297)	(2.3)	105,826	112,510	(6,684)	(5.9)
	272,966	249,224	23,742	9.5	552,980	503,726	49,254	9.8
Fixed Margin	15,320	15,820	(500)	(3.2)	30,640	31,640	(1,000)	(3.2)
Incentive Revenue	543	378	165	43.7	1,182	962	220	22.9
Aircraft leasing under the CPA	33,470	38,025	(4,555)	(12.0)	67,634	76,664	(9,030)	(11.8)
Other(2)(3)	28,919	24,007	4,912	20.5	57,376	54,093	3,283	6.1
	78,252	78,230	22	—	156,832	163,359	(6,527)	(4.0)
Total Revenue	**351,218**	**327,454**	**23,764**	**7.3**	**709,812**	**667,085**	**42,727**	**6.4**

(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 (refer to Section 12 - Critical Accounting Estimates).
(2) Other primarily relates to Voyageur and includes charter, contract flying, MRO and other.
(3) Corporate leases space in its head-office building to third parties.

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21 CONSOLIDATED STATEMENTS OF (LOSS) INCOME

(unaudited) *(expressed in thousands of Canadian dollars)*	Three months ended June 30, 2024 $	2023 $ *(revised)*(1)	Six months ended June 30, 2024 $	2023 $ *(revised)*(1)
Operating revenue	351,218	327,454	709,812	667,085
Operating expenses				
Salaries, wages and benefits	125,305	121,114	251,679	245,448
Depreciation, amortization and impairment	26,026	22,695	52,077	45,140
Aircraft maintenance materials, supplies and services	87,003	72,465	183,913	144,543
Airport and navigation fees	35,722	34,710	69,457	71,791
Terminal handling services	4,396	6,087	9,230	11,849
Other	48,317	40,981	91,045	85,186
	326,769	298,052	657,401	603,957
Operating income	24,449	29,402	52,411	63,128
Non-operating (expenses) income				
Interest revenue	634	433	1,368	1,055
Interest expense	(9,439)	(10,218)	(19,464)	(20,441)
Gain on disposal of property and equipment	15	10	15	10
Foreign exchange (loss) gain	(4,510)	2,001	(14,060)	4,550
	(13,300)	(7,774)	(32,141)	(14,826)
Income before income taxes	11,149	21,628	20,270	48,302
Income tax (expense) recovery				
Current income tax	(4,113)	(5,304)	(9,222)	(8,631)
Deferred income tax	1,414	(645)	2,812	(5,235)
	(2,699)	(5,949)	(6,410)	(13,866)
Net income from continuing operations	8,450	15,679	13,860	34,436
Net (loss) income from discontinued operations, net of taxes	(189,023)	4,639	(182,123)	17,901
Net (loss) income	(180,573)	20,318	(168,263)	52,337
Net (loss) income attributable to non-controlling interest	(1,100)	1,267	2,391	1,757
Net (loss) income attributable to shareholders	(179,473)	19,051	(170,654)	50,580

(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 (refer to Section 12 - Critical Accounting Estimates).

22 ADDITIONAL INFORMATION

Additional information relating to Chorus, including Chorus' Annual Information Form, is available on SEDAR+ at www.sedarplus.ca. or on Chorus' website at www.chorusaviation.com under "Reports".

23 GLOSSARY OF TERMS

This glossary of terms provides definitions for certain capitalized terms that are used but not otherwise 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 "Falko Acquisition and Private Placement";

"**ABS Borrowers**" has the meaning given in this MD&A under the heading "Long-term debt – Asset-backed securitization";

"**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**" has the meaning given in this MD&A under the heading "Falko Acquisition and Private Placement";

"**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, including its subsidiaries. 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 excluding the Preferred 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;

"**Corporate**" means the head-office expenses of the Corporation;

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

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

“**CPA**” means the 2015 Capacity Purchase Agreement (“CPA”) as amended and extended by the 2019 CPA Amendments and further amended by 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**” has the meaning given in this MD&A under the heading “Overview – Business Highlights”;

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

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

“**Defined Benefit Pension Revenue**” means the revenue recognized in 2023 related to the reimbursement of the impact of the new pilot wage scales on the defined benefit pension plan for pilots from Air Canada to be paid over 60 equal monthly payments beginning on December 1, 2023;

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

“**E Note**” has the meaning given in this MD&A under the heading “Long-term debt – Asset-backed securitization”;

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

“**EBITDA**” means earnings before net interest expense, income taxes, depreciation, 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;

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

“**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 is a subsidiary of the Corporation;

“**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;

“**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 is a subsidiary of the Corporation;

“**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;

“**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;

“**Investor Rights Agreement**” has the meaning given in this MD&A under the heading “Falko Acquisition and Private Placement”;

“**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;

“**LIBOR**” means London Interbank Offered Rate;

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

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

“**On-time performance**“ means the percentage of flights that arrive within 15 minutes of their scheduled time;

“**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;

“**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;

“**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 “Falko Acquisition and Private Placement”;

“**Q400**” means the Bombardier Q400 turboprop aircraft (now known as the Dash 8-400);

“**RAL**” means the Regional Aircraft Leasing segment which consists 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 are managed by Falko;

“**Regional 2021-1 ABS**” has the meaning given in this MD&A under the heading “Long-term debt – Asset-backed securitization”;

“**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 trade on the TSX under the symbol CHR.DB.A;

“**Series A Loans**” has the meaning given in this MD&A under the heading “Long-term debt – Asset-backed securitization”;

“**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;

“**Shareholders**” means holders of Common Shares and Preferred Shares;

“**SOFR**” means the secured overnight financing rate;

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

“**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”; and

“**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.

24 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, as well as statements and expectations regarding the Transaction, including the anticipated benefits that would result from the Transaction, and statements and expectations regarding the future performance of Chorus. Actual results may differ materially from those anticipated in forward-looking information for a number of reasons, including: whether Chorus' Shareholders approve the Transaction; whether all conditions precedent, including all necessary regulatory approvals, to the Transaction are satisfied; Chorus’ ability to realize the anticipated benefits of the Transaction, including the implementation of any capital return program for shareholders; the anticipated net proceeds from the Transaction; the anticipated use of proceeds from the Transaction; the potential impact of the announcement or completion of the Transaction on relationships, including with employees, suppliers, customers, investors and other providers of capital; 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; and the risk factors in this MD&A and Chorus’ most recent Annual Information Form and in its public disclosure record available under its profile on SEDAR+ at www.sedarplus.ca.

The forward-looking information contained in this MD&A represents Chorus’ 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. Chorus 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.