



NEWS RELEASE

Exchange Income Corporation Announces the Acquisition of Carson Air

Acquires Carson Air Ltd., the largest provider of fixed wing air ambulance services in B.C.

WINNIPEG, Manitoba – July 5, 2021 – Exchange Income Corporation (TSX: EIF) (“EIC” or the “Corporation”) a diversified, acquisition-oriented company focused on opportunities in the aviation, aerospace and manufacturing sectors, announced today it has acquired Carson Air Ltd. (“Carson Air”) headquartered in Kelowna, B.C. The purchase price of \$61 million was funded by issuance of \$3 million of EIC common shares to the vendor and cash in the amount of \$58 million that was available from the Corporation’s credit facility.

EIC also announced it has entered into additional non-binding letters of intent to acquire three unrelated companies that will tuck-into and expand operations within its existing manufacturing and aviation segments. In aggregate, the four transactions have a combined purchase price of \$114 million, funded with \$102 million in cash and \$12 million of EIC shares. This group of transactions would be accretive on a per share basis, even if funded on a pure equity basis, and would create strategic value for our existing operations. While due diligence is not yet complete and the transactions could be delayed or cancelled, the Corporation expects to close them over the next ninety days.

Carson Air was established in 1990 and has a long history of being the primary provider of fixed wing air ambulance services in B.C. It has eight fixed wing aircraft providing contracted air ambulance services within B.C. from operating bases in Kelowna and Vancouver. In addition to air ambulance services, which is Carson Air’s primary business, it provides dedicated cargo services in B.C. and Alberta and operates a flight school, Southern Interior Flight Centre.

Mike Pyle, CEO of EIC, commented, “When we are assessing acquisition opportunities, superior management, company culture, industry reputation and operational excellence are of paramount importance. Carson Air checks all the boxes in these areas. Growth is important but it must be done prudently with the right companies and I think that bringing B.C.’s undisputed medevac leader into the EIC fold will further enhance our reputation as the best in Canada at what we do.”

Mr. Pyle added, “The acquisition of Carson Air further solidifies EIC as Canada’s pre-eminent provider of medevac services. This acquisition expands the geographic footprint of our medevac services into B.C. We are proud to offer these services to remote and Indigenous communities from coast to coast to coast.”

“We are very familiar with EIC’s medevac operations, particularly within western Canada and Nunavut” stated Kevin Carson, CEO and majority owner of Carson Air. “EIC has a proven reputation within the Canadian medevac industry, and I am convinced this will be a great fit for Carson Air both operationally and culturally.”

Kevin Hillier, Carson Air’s President, added, “Culture is paramount at Carson Air and when the current owners decided to sell the business, they wanted to ensure this was preserved to ensure a smooth succession and strengthen the company’s long-term future. Carson Air is a family run company and it’s very important to us that we are able to maintain our unique culture, as it’s critical to our success. EIC’s approach resonated with how we envision the future of Carson Air and how we want to treat our valued employees. EIC’s track record speaks for itself and we are confident that this is the right fit for our company, our employees and our customers.”

Adam Terwin, Chief Corporate Development Officer of EIC said, “With the impact of the pandemic, our team focused on opportunities in businesses and industries in which we already excel, such as medevac operations. The acquisition of Carson Air provides us with further medevac capability and expertise, while broadening our geographic coverage. With the Carson Air acquisition now completed, we will finish our due diligence on the



other targets that will similarly expand our operations or vertically integrate with them to increase our scope of operations.”

Mike Pyle concluded by saying, “If nothing else, the pandemic has reinforced to us that our diversified business model, focused on strong niche operating businesses, is very resilient and we have extremely talented and dedicated employees who are exceptional at executing the business model. As such, it makes sense we look for opportunities to expand upon these operations. We have shown we are able to grow organically, as evidenced by PAL Aerospace expanding its geographical presence and winning the surveillance contract with the Netherlands Government. Now, we are doing it through acquisition with Carson Air. Assuming that the three additional transactions close, all the funds from our most recent share offering will have been fully and accretively deployed. We will continue to focus on accretive, profitable expansion opportunities through both acquisition and internal growth investment.”

About Exchange Income Corporation

Exchange Income Corporation is a diversified acquisition-oriented company, focused in two sectors: aerospace & aviation services and equipment, and manufacturing. The Corporation uses a disciplined acquisition strategy to identify already profitable, well-established companies that have strong management teams, generate steady cash flow, operate in niche markets and have opportunities for organic growth. For more information on the Corporation, please visit www.ExchangeIncomeCorp.ca. Additional information relating to the Corporation, including all public filings, is available on SEDAR (www.sedar.com).

About Carson Air

Founded in 1990, Carson Air is the primary provider of fixed wing air ambulance services in BC. The company provides fixed wing air ambulance services, air cargo services, and operates a flight school. These services are collectively provided from its three bases in Kelowna, B.C., Vancouver, B.C., and Calgary, AB.

Caution Concerning Forward-looking Statements

The statements contained in this news release that are forward-looking are based on current expectations and are subject to a number of uncertainties and risks, and actual results may differ materially. These uncertainties and risks include, but are not limited to, COVID-19 and pandemic related risks, the dependence of Exchange Income Corporation on the operations and assets currently owned by it, the degree to which its subsidiaries are leveraged, the fact that cash distributions are not guaranteed and will fluctuate with the Corporation’s financial performance, dilution, restrictions on potential future growth, the risk of shareholder liability, competitive pressures (including price competition), changes in market activity, the cyclicity of the industries, seasonality of the businesses, poor weather conditions, and foreign currency fluctuations, legal proceedings, commodity prices and raw material exposure, dependence on key personnel, and environmental, health and safety and other regulatory requirements. Except as required by Canadian Securities Law, the Corporation does not undertake to update any forward-looking statements; such statements speak only as of the date made. Further information about these and other risks and uncertainties can be found in the disclosure documents filed by Exchange Income Corporation with the securities regulatory authorities, available at www.sedar.com.

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