Exchange Income Corporation

NEWS RELEASE

Exchange Income Corporation Achieves Record Quarterly Results and Increases Guidance and Annual Dividend

Company Raises 2022 Adjusted EBITDA Guidance to $435 - $445 Million and Increases Annual Dividend by $0.12 to $2.52 per Share

WINNIPEG, Manitoba – August 11, 2022 – Exchange Income Corporation (TSX: EIF) ("EIC" or the "Corporation") a diversified, acquisition-oriented company focused on opportunities in the aviation, aerospace and manufacturing sectors, reported its financial results for the three and six month period ended June 30, 2022. All amounts are in Canadian currency.

Q2 Financial Highlights

- Generated record quarterly high Revenue of $529 million, an increase of $207 million or 64%
- Earned Adjusted EBITDA[1] of $115 million, representing growth of $34 million or 42% and setting another quarterly benchmark
- Free Cash Flow less Maintenance Capital Expenditures[1] was $47 million, $11 million or 30% higher. On a per share basis, it rose to $1.20 from $0.98. Both of these are records for the second quarter.
- Achieved record high quarterly Net Earnings of $30 million, an increase of $13 million or 82%. Net Earnings per share (basic) increased to $0.76 from $0.44.
- Produced Adjusted Net Earnings[1] of $39 million or $0.98 per share, both second quarter records and an improvement of 95% and 85% respectively
- Trailing Twelve Month Free Cash Flow less Maintenance Capital Expenditures Payout Ratio improved to 56% from 58%
- Acquired Northern Mat & Bridge for $325 million, subject to normal post-closing adjustments
- Acquired Advanced Paramedics Ltd. for $15 million, subject to normal post-closing adjustments
- Amended, extended, and increased the size of credit facility to $1.75 billion from $1.3 billion

CEO Commentary

"The work you do in the past defines your future," said Mike Pyle, CEO of EIC. "Throughout the pandemic EIC stayed true to its business model, maintaining a strong balance sheet, investing in its companies, acquiring companies that meet our criteria and empowering our people. These steps not only helped drive our record second quarter performance but also set the stage for continued growth. Our confidence in the sustainability of this performance and the future has caused us to increase our Adjusted EBITDA guidance for 2022 to $435 to $445 million and increase our dividend for the second quarter in a row by $0.12 per annum to a new level of $2.52."

Mr. Pyle added, "our record performance in the second quarter, both in absolute and more importantly on a per share basis, was achieved without any government support programs making the year over year improvement even more impressive as the prior year included $17 million in support. These results were achieved even as we deal with the lingering impacts of the pandemic, including the supply chain, labour shortages, and inflation issues that are impacting the entire business world. Increasing passenger volumes from lessening of restrictions, strong charter, cargo and medevac operations, solid aircraft, engine and parts sales combined with the solid performance of our legacy manufacturing companies and the acquisition of Northern Mat were the backbone of the results achieved in the quarter. Since closing the acquisition of Northern Mat on May 10, it has performed exceptionally well, generated results at the highest end of our expectations, and has benefitted from several macroeconomic events leading to an increased outlook."

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[1] Adjusted EBITDA, Adjusted Net Earnings, Free Cash Flow, Free Cash Flow less Maintenance Capital Expenditures, Maintenance and Growth Capital Expenditures, and the corresponding per share amounts and payout ratios are Non-IFRS measures. See Appendix A for more information.

“We remain very bullish on the temporary road access business. It is the gold standard for environmental stewardship of the land while executing on much needed infrastructure projects across the country. We are currently examining both organic and acquisition opportunities across North America,” said Adam Terwin, EIC’s Chief Corporate Development Officer. “In addition to opportunities in the temporary road access market, we have a very robust pipeline of acquisition opportunities in both the Aerospace & Aviation and Manufacturing segments. Most of these opportunities are in the early stages of diligence, however we are excited by potential strategic acquisitions we are assessing in the Manufacturing segment.”

Selected Financial Highlights
(All amounts in thousands except % and share data)

	Q2 2022	Q2 2021	% Change	YTD 2022	YTD 2021	% Change
Revenue	$529,017	$322,070	64%	$929,243	$622,816	49%
Adjusted EBITDA	$115,055	$81,061	42%	$182,011	$145,183	25%
Net Earnings	$29,990	$16,506	82%	$33,743	$23,633	43%
per share (basic)	$0.76	$0.44	73%	$0.86	$0.65	32%
Adjusted Net Earnings	$38,501	$19,781	95%	$46,336	$30,332	53%
per share (basic)	$0.98	$0.53	85%	$1.18	$0.83	42%
Trailing Twelve Month Adjusted Net Earnings Payout Ratio (basic)	87%	118%				
Free Cash Flow[1]	$89,251	$57,289	56%	$136,660	$98,927	38%
per share (basic)	$2.26	$1.54	47%	$3.49	$2.72	28%
Free Cash Flow less Maintenance Capital Expenditures	$47,356	$36,523	30%	$66,852	$56,097	19%
per share (basic)	$1.20	$0.98	22%	$1.71	$1.54	11%
Trailing Twelve Month Free Cash Flow less Maintenance Capital Expenditures Payout Ratio (basic)	56%	58%				
Dividends declared	$23,334	$21,533	8%	$45,454	$41,780	9%

Review of Q2 Financial Results
Consolidated revenue for the quarter was $529 million, which was an increase of $207 million or 64% over the comparative period. Both the Aerospace & Aviation and Manufacturing segments grew over the prior year, by $154 million and $53 million, respectively. Adjusted EBITDA for the quarter was $115 million, which was an increase of $34 million or 42% compared to the second quarter of last year.

Revenue generated by the Aerospace & Aviation segment increased by $154 million to $352 million and Adjusted EBITDA increased by $17 million to $86 million. The acquisitions of Carson Air and CTI in the latter half of 2021 and Advanced Paramedic in the second quarter of 2022 contributed to the increase. Improved demand for passenger services resulting from reduced travel restrictions, increased charter activity, and

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continued strong demand for the Corporation's cargo operations also positively contributed to the revenue generated in the period. Operating costs were higher in the period due to a combination of factors, including the impact of escalating fuel prices. The impact of rapid fuel price escalation was partly offset by the implementation of fuel surcharges. Although certain contracts have embedded fuel cost escalation clauses, the contractual right to implement the fuel increase always lags in time compared to the initial increase in fuel prices. Regional One's revenue for the current period increased by $65 million or 172%, and essentially all of the increase is in sales and service revenue. Lease revenue increased by $2 million as the return to normal in the regional jet marketplace is being slowed by the shortage of experienced pilots, which has caused airlines to curtail flights traditionally serviced by regional jets.

Manufacturing segment revenue increased 42% to $177 million for the quarter and Adjusted EBITDA increased by $19 million to $39 million. The acquisition of Northern Mat during the quarter and strong performance across the portfolio drove this increase. Northern Mat, driven by several large projects, is experiencing well above historical demand for its leased mats and bridges and the utilization of these leased assets was nearing practical capacity as the quarter ended. Northern Mat's performance was in line with our high expectations based on our diligence performed on the rental market.

In the second quarter, EIC recorded Adjusted Net Earnings of $39 million, or $0.98 per share, compared to $20 million, or $0.53 per share, in the second quarter of last year.

"While we will continue to experience challenges from pandemic supply chain impacts, rising fuel costs, labour shortages, and inflationary cost increases, we have proven that we are able to manage through these issues with our collective capability and initiatives we have put in place," stated Carmele Peter, President of EIC. "We have increased fuel surcharges to mitigate raising fuel costs, our air operators work collaboratively to maximize aircraft utilization to service customers and capture new work, our Life in Flight Program is providing a source of pilots and aircraft mechanic apprentices, Regional One has been able to offset a slower recovery of leasing due to a shortage of flight crew by taking advantage of the whole aircraft and engine purchase and sale dynamics, and we are seeing a stabilization of input costs and in some instances a decrease in those costs. In addition, demand is robust in both segments."

Richard Wowryk, EIC's CFO also noted, "The results speak for themselves this quarter, but it is important to note that EIC's backbone has always been, and continues to be, its strong, liquid balance sheet. The capital transactions and changes to our syndicated loan facility that were completed this year have given us the ability to do the things we have, and position us well for the future. With no maturing debt until 2025, increased liquidity and a Trailing Twelve Month Free Cash Flow less Maintenance Capital Expenditures Payout Ratio of 56%, we have created a foundation for sustainability and growth. With an eye on future growth, we continued to invest in the current period, which included both through Growth Capital Expenditures[1] and investments in working capital. A majority of the investments in working capital during the period relate to deposits on aircraft additions for our lease portfolio and a deposit on a large helicopter purchase related to the Corporation's bid on a 10-year rotary wing medevac contract in Canada."

Outlook

Mr. Pyle concluded by saying, "The future of EIC looks bright. Within our aviation businesses, passenger volumes are returning and demand for other services that saw growth during the pandemic continue to flourish. Our ISR operations continue to execute under long-term contracts, including the Netherlands surveillance contract commencing in the third quarter, and while the current usage of our on-demand ISR aircraft has been

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impacted by shifts in current defence requirements as a result of the conflict in Ukraine, we are seeing future opportunities for the aircraft. Regional One is experiencing strong levels of parts, engines and aircraft sales and although its leasing business continues to lag as the global pilot shortage has caused airlines around the world to reduce their use of regional jets, we are seeing continual improvement which we expect to accelerate into 2023. Our Manufacturing segment will benefit from our largest acquisition, Northern Mat, and its exceptional performance and, while Quest still has some short-term production gaps, the approximate $100 million growth in backlog in the second quarter substantiates that mid to long term demand for its products remains robust. The remainder of the manufacturing companies will continue to enjoy steady demand. In short, the best is yet to come."

EIC's complete interim financial statements and management's discussion and analysis for the three and six month period ended June 30, 2022 can be found at www.ExchangeIncomeCorp.ca or at www.sedar.com.

Conference Call Notice
Management will hold a conference call to discuss its 2022 second quarter financial results on Friday, August 12, 2022, at 8:30am ET. To join the conference call, dial 1-888-396-8049 or 416-764-8646. Please dial in 15 minutes prior to the call to secure a line. The conference call will be archived for replay until August 19, 2022 at midnight. To access the archived conference call, please dial 1-877-674-7070 or 1-416-764-8692 and enter the encore code 098651#.

A live audio webcast of the conference call will be available at www.ExchangeIncomeCorp.ca and www.newswire.ca. Please connect at least 15 minutes prior to the conference call to ensure adequate time for any software download that may be required to join the webcast. An archived replay of the webcast will be available for 90 days.

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).

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 cyclicality 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, Exchange 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.

Exchange Income Corporation

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Appendix A

Adjusted EBITDA, Adjusted Net Earnings, Free Cash Flow, and Maintenance and Growth Capital Expenditures are not recognized measures under IFRS and are, therefore, defined below.

On May 27, 2021, the Canadian Securities Administrators issued National Instrument 52-112 – Non-GAAP and Other Financial Measures Disclosure along with the companion policy for that instrument that came into effect for financial years ending after October 15, 2021. As a result of the requirements under this instrument, the Corporation presents "Adjusted EBITDA" which is determined in the exact same manner as "EBITDA" was presented in its prior MD&A reports. As such, all amounts presented as "Adjusted EBITDA" are directly comparable to amounts presented as "EBITDA" in prior MD&A reports.

Adjusted EBITDA: is defined as earnings before interest, income taxes, depreciation, amortization, other non-cash items such as gains or losses recognized on the fair value of contingent consideration items, asset impairment, and restructuring costs, and any unusual non-operating one-time items such as acquisition costs. It is used by management to assess its consolidated results and the results of its operating segments. Adjusted EBITDA is a performance measure utilized by many investors to analyze the cash available for distribution from operations before allowance for debt service, capital expenditures, and income taxes. The most comparable IFRS measure, presented in the Corporation's Statements of Income as an additional IFRS measure, is Operating profit before Depreciation, Amortization, Finance Costs, and Other.

	Three Months June 30, 2022	Three Months June 30, 2021	**Six Months June 30, 2022**	Six Months June 30, 2021
Adjusted EBITDA	**$ 115,055**	$ 81,061	**$ 182,011**	$ 145,183
Depreciation of capital assets	**39,476**	34,939	**76,367**	65,682
Amortization of intangible assets	**5,776**	3,868	**8,617**	8,319
Finance costs - interest	**15,211**	11,178	**30,063**	22,569
Depreciation of right of use assets	**7,411**	6,098	**13,947**	12,222
Interest expense on right of use liabilities	**935**	811	**1,687**	1,684
Acquisition costs	**4,449**	379	**4,904**	483
Earnings before taxes	**$ 41,797**	$ 23,788	**$ 46,426**	$ 34,224

Adjusted Net Earnings: is defined as Net Earnings adjusted for acquisition costs, amortization of intangible assets, interest accretion on acquisition contingent consideration, accelerated interest accretion on convertible debentures, and non-recurring items. Adjusted Net Earnings is a performance measure, along with Free Cash Flow less Maintenance Capital Expenditures, which the Corporation uses to assess cash flow available for distribution to shareholders. The most comparable IFRS measure is Net Earnings. Interest accretion on contingent consideration is recorded in the period subsequent to an acquisition after the expected payment to the vendors is discounted. The value recorded on acquisition is accreted to the expected payment over the earn out period. Accelerated interest accretion on convertible debentures reflects the additional interest accretion recorded in a period that, but for the action to early redeem the debenture series, would have been recorded over the remaining term to maturity. This interest reflects the difference in the book value of the convertible debentures and the par value outstanding.

The Corporation presents Adjusted Net Earnings per share, which is calculated by dividing Adjusted Net Earnings, as defined above, by the weighted average number of shares outstanding during the period, as presented in the Corporation's Financial Statements and Notes.

The Corporation presents an Adjusted Net Earnings payout ratio, which is calculated by dividing dividends declared during a period, as presented in the Corporation's Financial Statements and Notes, by Adjusted Net Earnings, as defined above. The Corporation uses this metric to assess cash flow available for distribution to shareholders.

Three Months Ended June 30,	**2022**	2021
Net Earnings	**$ 29,990**	$ 16,506
Acquisition costs (net of tax $154 and nil)	**4,295**	379
Amortization of intangible assets (net of tax $1,560 and $1,044)	**4,216**	2,824
Interest accretion on acquisition contingent consideration	**-**	72
Adjusted Net Earnings	**$ 38,501**	$ 19,781
per share - Basic	**$ 0.98**	$ 0.53
per share - Diluted	**$ 0.90**	$ 0.52

Six Months Ended June 30,	2022	2021
Net Earnings	**$ 33,743**	$ 23,633
Acquisition costs (net of tax $219 and nil)	**4,685**	483
Amortization of intangible assets (net of tax $2,327 and $2,246)	**6,290**	6,073
Interest accretion on acquisition contingent consideration	**-**	143
Accelerated interest accretion on redeemed debentures (net of tax $599 and nil)	**1,618**	-
Adjusted Net Earnings	**$ 46,336**	$ 30,332
per share - Basic	**$ 1.18**	$ 0.83
per share - Diluted	**$ 1.16**	$ 0.81

Free Cash Flow: for the year is equal to cash flow from operating activities as defined by IFRS, adjusted for changes in non-cash working capital, acquisition costs, principal payments on right of use lease liabilities, and any unusual non-operating one-time items. Free Cash Flow is a performance measure used by management and investors to analyze the cash generated from operations before the seasonal impact of changes in working capital items or other unusual items. The most comparable IFRS measure is Cash Flow from Operating Activities. Adjustments made to Cash Flow from Operating Activities in the calculation of Free Cash Flow include other IFRS measures, including adjusting the impact of changes in working capital and deducting principal payments on right of use lease liabilities.

The Corporation presents Free Cash Flow per share, which is calculated by dividing Free Cash Flow, as defined above, by the weighted average number of shares outstanding during the period, as presented in the Corporation's Financial Statements and Notes.

FREE CASH FLOW Three Months Ended June 30,	2022	2021
Cash flows from operations	**$ 35,281**	$ 39,347
Change in non-cash working capital	**57,290**	23,362
Acquisition costs (net of tax $154 and nil)	**4,295**	379
Principal payments on right of use lease liabilities	**(7,615)**	(5,799)
	$ 89,251	$ 57,289
per share - Basic	**$ 2.26**	$ 1.54
per share - Diluted	**$ 1.95**	$ 1.37

FREE CASH FLOW Six Months Ended June 30,	2022	2021
Cash flows from operations	**$ 60,335**	$ 107,613
Change in non-cash working capital items	**85,789**	2,367
Acquisition costs (net of tax $219 and nil)	**4,685**	483
Principal payments on right of use lease liabilities	**(14,149)**	(11,536)
	$ 136,660	$ 98,927
per share - Basic	**$ 3.49**	$ 2.72
per share - Diluted	**$ 3.05**	$ 2.43

Free Cash Flow less Maintenance Capital Expenditures: for the year is equal to Free Cash Flow, as defined above, less Maintenance Capital Expenditures, as defined below.

The Corporation presents Free Cash Flow less Maintenance Capital Expenditures per share, which is calculated by dividing Free Cash Flow less Maintenance Capital Expenditures, as defined above, by the weighted average number of shares outstanding during the period, as presented in the Corporation's Financial Statements and Notes.

The Corporation presents a Free Cash Flow less Maintenance Capital Expenditures payout ratio, which is calculated by dividing dividends declared during a period, as presented in the Corporation's Financial Statements and Notes, by Free Cash Flow less Maintenance Capital Expenditures, as defined above. The Corporation uses this metric to assess cash flow available for distribution to shareholders.

Maintenance and Growth Capital Expenditures: Maintenance Capital Expenditures is defined as the capital expenditures made by the Corporation to maintain the operations of the Corporation at its current level, depreciation on the Corporation's mat and bridge rental portfolio assets, and, prior to the onset of COVID-19, depreciation recorded on assets in the Corporation's aircraft and engine leasing pool. Other capital expenditures are classified as Growth Capital Expenditures as they will generate new cash flows and are not considered by management in determining the cash flows required to sustain the current operations of the Corporation. While there is no comparable IFRS measure for Maintenance Capital Expenditures or Growth Capital

Expenditures, the total of Maintenance Capital Expenditures and Growth Capital Expenditures is equivalent to the total of capital asset and intangible asset purchases, net of disposals, on the Statement of Cash Flows.

	Three Months Ended June 30, 2022			
CAPITAL EXPENDITURES	**Aerospace & Aviation**	**Manufacturing**	**Head Office**	**Total**
Maintenance Capital Expenditures	**$ 36,848**	**$ 4,947**	**$ 100**	**$ 41,895**
Growth Capital Expenditures	**34,366**	**6,144**	**798**	**41,308**
Total Net Capital Asset and Intangible Asset purchases, per Statement of Cash Flows	**$ 71,214**	**$ 11,091**	**$ 898**	**$ 83,203**

	Three Months Ended June 30, 2021			
CAPITAL EXPENDITURES	Aerospace & Aviation	Manufacturing	Head Office	Total
Maintenance Capital Expenditures	$ 19,793	$ 949	$ 24	$ 20,766
Growth Capital Expenditures	33,150	846	-	33,996
Total Net Capital Asset and Intangible Asset purchases, per Statement of Cash Flows	$ 52,943	$ 1,795	$ 24	$ 54,762

	Six Months Ended June 30, 2022			
CAPITAL EXPENDITURES	**Aerospace & Aviation**	**Manufacturing**	**Head Office**	**Total**
Maintenance Capital Expenditures	**$ 64,092**	**$ 5,581**	**$ 135**	**$ 69,808**
Growth Capital Expenditures	**42,521**	**6,157**	**798**	**49,476**
Total Net Capital Asset and Intangible Asset purchases, per Statement of Cash Flows	**$ 106,613**	**$ 11,738**	**$ 933**	**$ 119,284**

	Six Months Ended June 30, 2021			
CAPITAL EXPENDITURES	Aerospace & Aviation	Manufacturing	Head Office	Total
Maintenance Capital Expenditures	$ 40,847	$ 1,931	$ 52	$ 42,830
Growth Capital Expenditures	55,328	1,200	-	56,528
Total Net Capital Asset and Intangible Asset purchases, per Statement of Cash Flows	$ 96,175	$ 3,131	$ 52	$ 99,358

Investors are cautioned that Adjusted EBITDA, Adjusted Net Earnings, Free Cash Flow, and Maintenance Capital Expenditures and Growth Capital Expenditures should not be viewed as an alternative to measures that are recognized under IFRS such as Net Earnings or cash from operating activities. The Corporation's method of calculating Adjusted EBITDA, Adjusted Net Earnings, Free Cash Flow, and Maintenance Capital Expenditures and Growth Capital Expenditures may differ from that of other entities and therefore may not be comparable to measures utilized by them. For additional information on the Corporation's Non-IFRS measures, refer to Section 4 – Dividends and Payout Ratios and Section 12 – Non-IFRS Financial Measures and Glossary of the Corporation's MD&A, which is available on SEDAR at www.sedar.com.