



## NEWS RELEASE

### **Exchange Income Corporation Announces Entering into a Binding Purchase Agreement to Acquire Canadian North**

#### **Acquisition Expands EIC's Essential Air Services Business Across Canada's Arctic**

**WINNIPEG, Manitoba – February 24, 2025** – Exchange Income Corporation (TSX: EIF) (“EIC” or the “Corporation”), a diversified, acquisition-oriented company focused on opportunities in the Aerospace & Aviation and Manufacturing segments, announced today it has signed a binding purchase agreement to acquire Bradley Air Services Limited, operating as Canadian North, for a purchase price of \$205 million, subject to adjustments. The purchase price will be funded through the issuance of \$10 million of EIC common shares to the vendors and cash in the amount of \$195 million from the Corporation's credit facility. The acquisition of Canadian North provides EIC with a unique opportunity to acquire a Northern airline that operates in adjacent regions and on highly complementary routes to those serviced by EIC.

Canadian North provides essential passenger and cargo services to 24 remote Canadian Arctic communities in Nunavut and the Northwest Territories, from its southern gateways in Ottawa and Edmonton. This represents two-thirds of its revenues. Canadian North also provides dedicated charters to resource customers in northern Alberta and British Columbia. These services are delivered with a fleet of 737 jets and ATR turboprops, which are a mix of owned and leased aircraft. Canadian North has significant infrastructure with hangars in Iqaluit, Yellowknife, Ottawa, Edmonton, and Calgary. The acquisition excludes the Montreal to Kuujuaq route, which will be maintained by one of the vendors, Makivik Corporation (“Makivik”).

The business operations of Canadian North and EIC are highly complementary. Canadian North provides passenger and cargo services in the eastern and western regions in Nunavut, while EIC's subsidiary Calm Air services the central region. Canadian North is also active in the Northwest Territories, where EIC has no passenger or cargo presence. This investment also provides EIC passenger and cargo jet service and infrastructure in the North to provide opportunities for our other aviation companies. The acquisition of Canadian North will enable EIC to service all regions in the far north for the first time. As an experienced operator who is dedicated to Northern aviation, EIC will provide its customers in these regions with stable and efficient service.

Air travel in this region is truly an essential service. There is no road access to Nunavut from the rest of Canada and the introduction of roads will be highly unlikely in the foreseeable future. EIC has the core expertise in Northern aviation and we have always been incredibly proud of the services we provide to our community partners. EIC looks forward to building on the work Canadian North has done in servicing the communities, whether it be through community infrastructure investments, training programs such as the Atik Mason Indigenous Pilot Pathway program, enhanced employment opportunities and general investment in the communities.

Mike Pyle stated, “We love the North and have become a leading operator in this unique region over many years, which started with our very first acquisition, Perimeter Aviation. We have spent decades understanding, investing and building relationships in northern Canada. Canadian North is a major provider of these services outside of EIC, operating in markets that we don't currently serve. Canadian North will be a natural fit with our other northern air operators. Combining our aviation resources, knowledge, and assets with the team at Canadian North, will lead to increased efficiency and enhanced service levels in the region. This is what we know, what we do, and we do it well.”



Carmele Peter, EIC's President stated, "EIC's success in the North has been no accident. We understand what makes business in the North successful: the customers. It is important to understand the uniqueness of the environment and the essential nature of the services we offer to the constituents in these regions. We know this understanding is at the foundation of a successful airline in the North and that's why we work relentlessly to forge relationships with our customers. We have a longstanding positive relationship with the Government of Nunavut and will look to further enhance our relationship as the preeminent provider of this valuable service throughout the entire region. Relationships were also very important to this transaction, and we would like to thank the current shareholders of Canadian North, Makivvik and Inuvialuit Development Corporation, for their stewardship of the business and their efforts in working with EIC in bringing this transaction to a successful announcement today. We are all aligned that it is in the best interests of the constituents to have stable and reliable air transportation services in this region. The combination of the legacy that Canadian North has achieved, fuelled by its dedicated employees, and EIC's scale and aviation experience, will build a more resilient airline to seamlessly provide an enhanced level of service throughout the region."

"We are more than just a mode of transportation; we are a lifeline connecting families, we facilitate critical commerce and trade for the nation, and we support the unique needs of the North", shared Shelly De Caria, President & CEO of Canadian North. "That's what drives us – it's why our team gets up every morning. I am from the North; I believe in the potential of the North and I recognize that the North is critical to the future of our country. Having a strong parent company with roots in Northern aviation is critical to our success. We are looking forward to being part of the EIC family, knowing they are committed to investing in Canadian North to deliver exceptional services and to further grow our business. We are excited to continue the Canadian North story and this acquisition will allow us to enhance our commitment to the communities we serve and to expand our services to meet the evolving needs of the North, our customers, and the Canadian economy. I want to take a moment to reflect on the tremendous relationship we have enjoyed with our current shareholders, Makivvik and Inuvialuit Development Corporation. Over the past few years, with their support, we have come together as one Canadian North."

"Demand in the North is steady based on the essential nature of the service. Prospects for growth are high as there are a multitude of factors, such as Arctic sovereignty and resource development, that will drive considerable economic opportunities in the Far North over the next few decades to expand and enhance services to the region," noted Adam Terwin, CCDO at EIC. "The acquisition is largely supported by its asset backing across aircraft and infrastructure, however the returns on capital will be below our expectations in the first year of ownership. This return will grow steadily based on our operating scope, capability, and knowledge to increase the efficiency of the airline and we expect to achieve our targeted return on capital by the end of the second year of ownership."

Closing of the transaction is subject to obtaining required regulatory approvals and other customary closing conditions and is expected to occur later this year.

### **About Exchange Income Corporation**

Exchange Income Corporation is a diversified acquisition-oriented company, focused in two segments: Aerospace & Aviation 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](http://www.ExchangeIncomeCorp.ca).

Additional information relating to the Corporation, including all public filings, is available on SEDAR+ ([www.sedarplus.ca](http://www.sedarplus.ca)).

### **About Canadian North**

Canadian North is an airline that connects people and delivers essential goods throughout Northern communities in Canada. With a versatile fleet of Boeing 737s and ATRs, it connects 24 communities within



Nunavut and the Northwest Territories, as well as Southern hubs in Ottawa and Edmonton. Canadian North is also the premier provider of air charter services for large resource sector clients requiring dependable, efficient and economical fly-in/fly-out charter services.

### **Advisors**

Torys LLP is acting as legal advisor to Exchange Income Corporation.

Norton Rose Fulbright Canada LLP is acting as legal advisor to Makivvik and Canadian North.

### **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. Many of these forward-looking statements may be identified by looking for words such as “believes”, “expects”, “will”, “may”, “intends”, “projects”, “anticipates”, “plans”, “estimates”, “continues” and similar words or the negative thereof. These uncertainties and risks include, but are not limited to, external risks, operational risks, financial risks and human capital risks. External risks include, but are not limited to, risks associated with economic and geopolitical conditions, competition, government funding for Indigenous health care, access to capital, market trends and innovation, general uninsured loss, climate, acts of terrorism, armed conflict, labour and/or social unrest, pandemic, level and timing of government spending, government-funded programs and environmental, social and governance. Operational risks include, but are not limited to, significant contracts and customers, operational performance and growth, laws, regulations and standards, acquisitions (including receiving any requisite regulatory approvals thereof), concentration and diversification, maintenance costs, access to parts and relationships with key suppliers, casualty losses, environmental liability, dependence on information systems and technology, cybersecurity, international operations, fluctuations in sales prices of aviation related assets, fluctuations in purchase prices of aviation related assets, warranty, performance guarantees, global offset and intellectual property risks. Financial risks include, but are not limited to, availability of future financing, income tax matters, commodity risk, foreign exchange, interest rates, credit facility and the trust indentures, dividends, unpredictability and volatility of securities pricing, dilution and other credit risk. Human capital risks include, but are not limited to, reliance on key personnel, employees and labour relations and conflicts of interest.*

*Except as required by Canadian Securities Law, Exchange Income 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.sedarplus.ca](http://www.sedarplus.ca).*

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