Exchange Income Corporation

NEWS RELEASE

Exchange Income Corporation Posts Best Quarterly Results in Company's History

Net Earnings Per Share More than Doubles Over Prior Year

WINNIPEG, Manitoba – November 9, 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 nine month periods ended September 30, 2022. All amounts are in Canadian currency.

Q3 Financial Highlights

- Generated record quarterly high Revenue of $587 million, an increase of $187 million or 47%
- Earned Adjusted EBITDA[1] of $150 million, representing growth of $55 million or 58% and setting another quarterly benchmark
- Free Cash Flow less Maintenance Capital Expenditures[1] was $69 million, $21 million or 43% higher. On a per share basis, it rose to $1.70 from $1.27. Both of these are quarterly records.
- Achieved record high quarterly Net Earnings of $49 million, an increase of $27 million or 123%. Net Earnings per share (basic) increased to $1.20 from $0.58.
- Produced Adjusted Net Earnings[1] of $55 million or $1.34 per share, both quarterly records and an improvement of 97% and 84% respectively.
- Trailing Twelve Month Free Cash Flow less Maintenance Capital Expenditures Payout Ratio improved to 52% from 57%
- Adjusted Net Earnings Payout Ratio improved to 72% from 109%
- Completed a $115 million bought deal financing of common shares, inclusive of the full over-allotment exercised by the underwriters

CEO Commentary

"EIC's commitment to investment and diversification within its family of companies paved the way for the company to record our best quarterly financial performance ever," said Mike Pyle, CEO of EIC. "The continued improvement in our Aerospace & Aviation segment and the expansion of our Manufacturing segment with the acquisition of Northern Mat in the second quarter proved to be the catalyst for the third quarter, surpassing last year's Adjusted EBITDA by a staggering 58%. This is even more impressive when you consider that last year's Adjusted EBITDA included $5 million of government support and no such subsidies were received in the current period. The Aerospace & Aviation segment continues to be our largest business segment, but with last year's acquisitions of Telcon and Ryko in WesTower and Macfab in Ben Machine, along with Northern Mat this year, the Manufacturing segment has increased significantly and, we believe, brings a better overall balance to the company."

Mr. Pyle added, "Within the Aerospace & Aviation segment, our Legacy and Provincial operations continue to rebound from the pandemic. Provincial's passenger volumes have now surpassed pre-pandemic levels as we have increased our routes to fill holes in coverage within our geography that arose during the pandemic. In our Legacy Airlines, passenger volumes have not yet returned to historical levels as backlogs for medical procedures and diagnostics resulting from medical system capacity constraints remain, inhibiting the ability of our northern customers who require these procedures to get them, delaying their medical-related travel. Regional One continues to experience strong demand for parts and aircraft and engine sales. However, the global pilot shortage continues to impact its leasing business, as carriers have opted to meet this challenge

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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.

by flying more large-capacity aircraft and fewer regional jets, which is the bread and butter of our leasing business."

Adam Terwin, EIC's Chief Corporate Development Officer, stated, "Acquisitions made over the past 12 months have been critical to our current success and our recently-completed $115 million bought deal share offering ensures that we will have the capital required to continue to grow. Our pipeline of opportunities is strong and while we are not at the point of being able to announce any additional deals, we are encouraged by the progress we have been making. The temporary road access market remains an area of interest for us for acquisition and organic growth opportunities. In addition, we continue to work on projects in both the Aerospace & Aviation and Manufacturing segments."

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

	Q3 2022	Q3 2021	% Change	YTD 2022	YTD 2021	% Change
Revenue	$586,770	$400,003	47%	$1,516,013	$1,022,819	48%
Adjusted EBITDA	$150,379	$95,276	58%	$332,390	$240,459	38%
Net Earnings	$48,936	$21,899	123%	$82,679	$45,532	82%
per share (basic)	$1.20	$0.58	107%	$2.09	$1.23	70%
Adjusted Net Earnings	$54,530	$27,653	97%	$100,866	$57,985	74%
per share (basic)	$1.34	$0.73	84%	$2.54	$1.57	62%
Trailing Twelve Month Adjusted Net Earnings Payout Ratio (basic)	72%	109%				
Free Cash Flow[1]	$112,832	$72,798	55%	$249,492	$171,725	45%
per share (basic)	$2.77	$1.91	45%	$6.29	$4.65	35%
Free Cash Flow less Maintenance Capital Expenditures	$69,009	$48,151	43%	$135,861	$104,248	30%
per share (basic)	$1.70	$1.27	34%	$3.43	$2.82	22%
Trailing Twelve Month Free Cash Flow less Maintenance Capital Expenditures Payout Ratio (basic)	52%	57%				
Dividends declared	$25,283	$21,696	17%	$70,737	$63,476	11%

Review of Q3 Financial Results
Consolidated revenue for the quarter was $587 million, which was an increase of $187 million or 47% over the prior period. Both the Aerospace & Aviation and Manufacturing segments grew over the prior year, by $89 million and $98 million, respectively. Adjusted EBITDA for the quarter was $150 million, which was an increase of $55 million or 58% compared to the third quarter of last year.

Revenue generated by the Aerospace & Aviation segment increased by $89 million to $363 million and Adjusted EBITDA increased by $12 million to $100 million. The acquisitions of CTI in the latter half of 2021

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and Advanced Paramedics in the second quarter of 2022 contributed to the increase. Improved demand for passenger services resulting from reduced travel restrictions, increased charter and rotary wing activity, and continued strong demand for the Corporation's medevac 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, inflationary pressures and a shortage of pilots and aircraft maintenance engineers. 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 $21 million or 28%, with all the increase occurring in sales and service revenue. Lease revenue was essentially flat compared to the third quarter of 2021 as the return to normal in the regional jet marketplace is being delayed by the shortage of experienced pilots, which has caused airlines to curtail flights traditionally serviced by regional jets.

Manufacturing segment revenue increased 78% to $223 million for the quarter and Adjusted EBITDA increased by $44 million to $60 million. The acquisitions of Northern Mat during the second quarter of this year and the smaller, tuck-in acquisitions completed in the latter half of 2021 were catalysts for this growth and were supported by generally strong performance across the portfolio. Northern Mat, driven by several long linear projects, is experiencing well above historical demand for its leased mats and bridges and the utilization of these leased assets was nearing practical capacity during most of the quarter. Northern Mat's performance was in line with the high end of our expectations based on diligence performed. Northern Mat's business is subject to seasonal swings, with the third quarter being the strongest and the first quarter being the softest so while we do not see a change in the underlying demand for its products and services, the normal seasonal trends will be present in the future. Quest's results were lower than the prior quarter as gaps in the production caused by shifts in project timing based on short-term decisions made by developers as part of the uncertainty surrounding the pandemic. From a demand perspective, Quest's order book has continued to grow and is at a historically high level.

In the third quarter, EIC recorded Adjusted Net Earnings of $55 million, or $1.34 per share, compared to $28 million, or $0.73 per share, in the third quarter of last year.

Carmele Peter, President of EIC said, "Although there have been, and will continue to be, challenges in our businesses and in the economy as a whole, the resiliency of our operations to address these challenges cannot be understated. Our airline businesses effectively provide an essential service with most of our customers either being governments or government funded. Our aerospace business is backed by several long-term government contracts, and our Manufacturing segment produces specialized industrial products, not retail goods which are much more impacted in a recession. In addition, we are going into 2023 with strong order books at all our manufacturing companies, Northern Mat will contribute for a full year after being acquired part way through 2022, improved margins and volumes at Quest, a full year of surveillance work in the Netherlands, and expected improvements in Regional One's leasing business."

"In addition to our focus on operational performance, we are very cognizant that we have a responsibility to our Indigenous communities," continued Ms. Peter. "We have listened to our partners to attempt to understand some of the unique obstacles people in Indigenous communities face. This led us to create the Tik Mason Indigenous Pilot Pathway, named after our first Indigenous graduate from MFC Training to work at an EIC airline. This summer we opened a seasonal flight school in Thompson, Manitoba, selected 11 candidates from northern Indigenous communities and provided them with room, board and training, including additional support and mentoring from community elders and leaders. By the end of the summer 10 students completed their flight tests and intend to continue their paths in aviation. We also once again hosted 1,000 Indigenous community members at a Winnipeg Blue Bomber game on National Truth and Reconciliation Day. Hundreds of our employees from all of our local subsidiaries volunteered their time and worked with local Indigenous leaders and groups to bring people to Winnipeg, provide accommodations at hotels throughout the city and coordinate local transportation logistics to ensure that everyone had a safe and memorable experience."

Richard Wowryk, EIC's CFO also noted, "Underpinning our financial results, as always is a strong balance sheet. Evidence of this comes from the $115 million bought share offering this quarter, which utilized the full overallotment, showing the market's confidence in EIC. This, combined with our strong, liquid balance sheet, having no maturing debt until 2025 and a Trailing Twelve Month Free Cash Flow less Maintenance Capital Expenditures Payout Ratio of 52%, form the foundation from which we can continue to build. Our capital structure also allows us to sustain and even prosper in a time of rising interest rates. Our mix of fixed and floating rate debt tempers the impact of benchmark interest rate increases and the structured nature of our debt maturities allows us to manage our debt as it comes due in the future. In fact, from an acquisitions perspective, many of our competitors are more severely impacted by rising interest rates than we are, as they are not able to utilize as much leverage as before and the leverage used is more expensive."

Outlook

Mr. Pyle concluded by saying, "Our investments in the Manufacturing segment over the past 12-18 months have increased our diversification and helped to provide even greater financial stability and sustainability. We expect that Adjusted EBITDA for 2022 will be at or above the top end our previously announced guidance of $435 to $445 million. Because of this, even with the announcement of two dividend increases in the last two quarters that increased our annual dividend by more than 10%, our payout ratios have fallen to levels that are at or near all-time lows which will enable us to consider further increases in the future. For 2023, despite the concerns of many economists of a potential recession next year, we are increasing our guidance and are forecasting Adjusted EBITDA of $510 to $540 million. Clearly, the consistent implementation of our proven business model over nearly two decades has yielded reliable, growing, and sustainable results and solid returns for all our stakeholders."

EIC's complete interim financial statements and management's discussion and analysis for the three and nine month periods ended September 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 third quarter financial results on Thursday, November 10, 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 November 17, 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 032638#.

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).

Exchange Income Corporation

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.

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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 Ended September 30, 2022	Three Months Ended September 30, 2021	**Nine Months Ended September 30, 2022**	Nine Months Ended September 30, 2021
Adjusted EBITDA	**$ 150,379**	$ 95,276	**$ 332,390**	$ 240,459
Depreciation of capital assets	**44,686**	38,798	**121,053**	104,480
Amortization of intangible assets	**6,164**	3,790	**14,781**	12,109
Finance costs - interest	**21,069**	14,815	**51,132**	37,384
Depreciation of right of use assets	**8,024**	5,980	**21,971**	18,202
Interest expense on right of use	**1,419**	804	**3,106**	2,488
Acquisition costs	**1,313**	1,025	**6,217**	1,508
Earnings before taxes	**$ 67,704**	$ 30,064	**$ 114,130**	$ 64,288

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 September 30,	**2022**	2021
Net Earnings	**$ 48,936**	$ 21,899
Acquisition costs (net of tax $219 and nil)	**1,094**	1,025
Amortization of intangible assets (net of tax $1,664 and $1,023)	**4,500**	2,767
Interest accretion on acquisition contingent consideration (net of tax of nil and nil)	**-**	71
Accelerated interest accretion on redeemed debentures (net of tax nil and $700)	**-**	1,891
Adjusted Net Earnings	**$ 54,530**	$ 27,653
per share - Basic	**$ 1.34**	$ 0.73
per share - Diluted	**$ 1.20**	$ 0.71

Nine Months Ended September 30,	2022	2021
Net Earnings	**$ 82,679**	$ 45,532
Acquisition costs (net of tax $438 and nil)	**5,779**	1,508
Amortization of intangible assets (net of tax $3,991 and $3,269)	**10,790**	8,840
Interest accretion on acquisition contingent consideration (net of tax of nil and nil)	**-**	214
Accelerated interest accretion on redeemed debentures (net of tax $599 and $700)	**1,618**	1,891
Adjusted Net Earnings	**$ 100,866**	$ 57,985
per share - Basic	**$ 2.54**	$ 1.57
per share - Diluted	**$ 2.41**	$ 1.53

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 September 30,	2022	2021
Cash flows from operations	**$ 104,992**	$ 98,422
Change in non-cash working capital	**14,620**	(20,607)
Acquisition costs (net of tax $219 and nil)	**1,094**	1,025
Principal payments on right of use lease liabilities	**(7,874)**	(6,042)
	$ 112,832	$ 72,798
per share - Basic	**$ 2.77**	$ 1.91
per share - Diluted	**$ 2.38**	$ 1.69

FREE CASH FLOW Nine Months Ended September 30,	2022	2021
Cash flows from operations	**$ 165,327**	$ 206,035
Change in non-cash working capital items	**100,409**	(18,240)
Acquisition costs (net of tax $438 and nil)	**5,779**	1,508
Principal payments on right of use lease liabilities	**(22,023)**	(17,578)
	$ 249,492	$ 171,725
per share - Basic	**$ 6.29**	$ 4.65
per share - Diluted	**$ 5.46**	$ 4.14

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 September 30, 2022			
CAPITAL EXPENDITURES	**Aerospace & Aviation**	**Manufacturing**	**Head Office**	**Total**
Maintenance Capital Expenditures	**$ 35,138**	**$ 8,584**	**$ 101**	**$ 43,823**
Growth Capital Expenditures	**17,395**	**9,660**	**-**	**27,055**
Total Net Capital Additions and Intangible Asset purchases, per Statement of Cash Flows	**$ 52,533**	**$ 18,244**	**$ 101**	**$ 70,878**
	Three Months Ended September 30, 2021			
CAPITAL EXPENDITURES	Aerospace & Aviation	Manufacturing	Head Office	Total
Maintenance Capital Expenditures	$ 23,422	$ 1,225	$ -	$ 24,647
Growth Capital Expenditures	39,859	83	-	39,942
Total Net Capital Additions and Intangible Asset purchases, per Statement of Cash Flows	$ 63,281	$ 1,308	$ -	$ 64,589

	Nine Months Ended September 30, 2022			
CAPITAL EXPENDITURES	**Aerospace & Aviation**	**Manufacturing**	**Head Office**	**Total**
Maintenance Capital Expenditures	**$ 99,231**	**$ 14,165**	**$ 236**	**$ 113,632**
Growth Capital Expenditures	**59,914**	**15,818**	**798**	**76,530**
Total Net Capital Additions and Intangible Asset purchases, per Statement of Cash Flows	**$ 159,145**	**$ 29,983**	**$ 1,034**	**$ 190,162**
	Nine Months Ended September 30, 2021			
CAPITAL EXPENDITURES	Aerospace & Aviation	Manufacturing	Head Office	Total
Maintenance Capital Expenditures	$ 64,269	$ 3,156	$ 52	$ 67,477
Growth Capital Expenditures	95,187	1,283	-	96,470
Total Net Capital Additions and Intangible Asset purchases, per Statement of Cash Flows	$ 159,456	$ 4,439	$ 52	$ 163,947

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.