NEWS RELEASE

Exchange Income Corporation Posts Record Second Quarter Results and Sets Foundation for Future Growth

The Corporation Posts Quarterly Record Revenue of $627 Million and New Second Quarter Benchmarks for Adjusted EBITDA[1] of $147 Million, Net Earnings of $37 Million and Free Cash Flow and Free Cash Flow less Maintenance Capital Expenditures.

WINNIPEG, Manitoba – August 10, 2023 – Exchange Income Corporation (TSX: EIF) ("EIC" or the "Corporation") a diversified, acquisition-oriented company focused on opportunities in the aviation and aerospace and manufacturing segments, reported its financial results for the three and six-months ending June 30, 2023. All amounts are in Canadian currency.

Q2 Financial Highlights

- Generated record quarterly Revenue of $627 million, an increase of $98 million or 19%.
- Earned Adjusted EBITDA[1] of $147 million, representing growth of $32 million over the prior period or 28% and setting a new second quarter benchmark for the Corporation.
- Free Cash Flow[1] second quarter record of $98 million compared to the prior period of $89 million.
- Second quarter record Net Earnings of $37 million, an increase of $7 million or 23%, in spite of an increase in interest expense of $13 million. Net Earnings per share of $0.85 was also a second quarter high as it increased 12% from $0.76.
- Second quarter Adjusted Net Earnings[1] of $43 million or $1.00 per share both of which are second quarter highs.
- Trailing Twelve Month Free Cash Flow less Maintenance Capital Expenditures Payout Ratio of 57% stayed consistent with the prior period.
- Announced the awarding of two competitive process fixed wing medevac contracts for the provinces of British Columbia and Manitoba along with an aerospace contract with the United Kingdom Home Office.
- Finalized the agreement with Air Canada to provide regional air services in Eastern Canada and began to utilize existing aircraft to start flying under the contract effective July 1, 2023.
- Completed the previously announced acquisitions of Hansen Industries and BVGlazing on April 1, 2023 and May 1, 2023, respectively.
- Completed a $173 million bought deal offering of common shares which was increased from the initial announcement of $100 million based on the strong demand for its shares.

CEO Commentary

"The increase in the size of our bought deal offering demonstrates the success of our diversified business model and our stakeholders trust in our collective businesses. Many investors think that our growth comes only from acquisitions, however when peeling back the onion one sees that we invest significant capital in our existing businesses through organic growth opportunities. This was demonstrated in the current quarter with the announcement that EIC and its subsidiaries were successful in competitive bid processes for the fixed wing medevac contracts in both British Columbia and Manitoba. The large contracts will require aggregate capital of approximately $275 million." said Mike Pyle, CEO of EIC. "We continue to see strengthening in certain businesses within our Aerospace & Aviation and Manufacturing segments which bodes well for our future. Our Environmental Access Solutions and Aircraft Sales & Leasing business lines experienced industry headwinds during the quarter, however we are extremely proud of our record quarterly results which demonstrates the resiliency and strength of our diversified model. The overall record corporate performance

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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.

was achieved whilst the broader economy was experiencing difficulties and uncertainty from continued and persistent inflation, tightening monetary policy and corresponding increases in benchmark interest rates. Our businesses remain poised to grow organically and Adam and his team have also been busy on the acquisition front as such economic uncertainty can lead to opportunity for ourselves due to our strong balance sheet. We continued to strengthen our available capital through the successful execution of the upsize and extension in our credit facility and were excited to see the institutional interest in our bought deal offering that was increased in size and completed during the quarter."

"The acquisitions of Hansen and BVGlazing, completed on April 1, 2023 and May 1, 2023, respectively, were highly strategic to our pre-existing businesses and met management expectations during the quarter. BVGlazing will add complementary product offerings of curtain wall and railing capabilities along with a strong backlog of projects. The combined backlog of our window businesses at the end of the second quarter was approximately $1 billion. Both acquisitions were immediately accretive to our business model and both provide future synergies and growth opportunities to our pre-existing businesses," stated Adam Terwin, EIC's Chief Corporate Development Officer. "Our pipeline of opportunities continues to be as strong as it has ever been, however we remain disciplined in ensuring that we acquire companies with strong management teams and with sustainable, strategic business niches. We continue to work on projects in both the Aerospace & Aviation and Manufacturing segments. The EIC story resonates with prospective vendors based on recent feedback received from both owners and their professional advisors. Such vendors see the value that EIC can unlock by continuing to support their management's success and entrepreneurial spirit while providing capital for organic growth as evidenced by our announcements this past quarter."

Q2 Selected Highlights
(All amounts in thousands except % and share data)

	Q2 2023	Q2 2022	% Change	YTD 2023	YTD 2022	% Change
Revenue	$627,222	$529,017	19%	$1,154,066	$929,243	24%
Adjusted EBITDA	$147,036	$115,055	28%	$244,153	$182,011	34%
Net Earnings	$36,896	$29,990	23%	$43,757	$33,743	30%
per share (basic)	$0.85	$0.76	12%	$1.02	$0.86	19%
Adjusted Net Earnings	$43,480	$38,501	13%	$55,020	$46,336	19%
per share (basic)	$1.00	$0.98	2%	$1.28	$1.18	8%
Trailing Twelve Month Adjusted Net Earnings Payout Ratio (basic)	75%	87%		75%	87%	
Free Cash Flow	$98,002	$89,251	10%	$157,710	$136,660	15%
per share (basic)	$2.25	$2.26	-%	$3.66	$3.49	5%
Free Cash Flow less Maintenance Capital Expenditures[1]	$58,592	$47,356	24%	$77,515	$66,852	16%
per share (basic)	$1.34	$1.20	12%	$1.80	$1.71	5%
Trailing Twelve Month Free Cash Flow less Maintenance Capital Expenditures Payout Ratio (basic)	57%	56%		57%	56%	
Dividends declared	$27,809	$23,334	19%	$54,614	$45,454	20%

[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.

Review of Q2 Financial Results

Consolidated revenue for the quarter was $627 million, which was an increase of $98 million or 19% over the prior period. Revenue in the Aerospace & Aviation and Manufacturing segments grew over the prior year, by $20 million and $78 million, respectively. Adjusted EBITDA for the quarter was $147 million, which was an increase of $32 million or 28% compared to the second quarter of last year. The prior year also included $11 million of pandemic related government support with no similar amounts received in the current period. The increase in the results were driven by continued improvement and growth in the operations in the Aerospace & Aviation and Manufacturing segments, the acquisitions of BVGlazing and Hansen, and the acquisition of Northern Mat & Bridge, which was acquired on May 10, 2022 and therefore not included for the period from April 1, 2022 to May 10, 2022 in the prior period.

Revenue generated by the Aerospace & Aviation segment increased by $20 million or 6% to $372 million and Adjusted EBITDA increased by $22 million or 26% to $108 million over the prior period, which also included $11 million of pandemic related government support in the prior period. The most material increases related to passenger traffic due to previous growth capital investments and improved passenger load factors as the prior period was impacted by the emergence of the Omicron variant. Revenues and profitability were also positively impacted by the Netherlands Coast Guard contract that was previously awarded and began late in 2022 along with the recently announced contract with the United Kingdom Home Office. The increases in the segment revenues, noted above, were partially offset by reduced large aircraft sales within our Aircraft Sales & Leasing business as the previous period was characterized by record aircraft and engine sales. Such large aircraft and engine sales are generally higher dollar values and lower margins, resulting in a disproportionate impact to revenue as compared to Adjusted EBITDA.

Manufacturing segment revenue increased 44% to $255 million for the quarter and Adjusted EBITDA increased by $10 million or 26% to $49 million. The acquisitions of BVGlazing and Hansen during the second quarter of 2023 along with the acquisition of Northern Mat & Bridge in May 2022 were significant contributors to the increase. Our Environmental Access Solutions business continues to exceed the financial metrics on which it was acquired and the second quarter was no exception. The prior year comparative represented record results from the unique alignment of price, supply, demand and weather. Demand and pricing has moderated towards historical norms as compared to the unique market conditions experienced in the prior year. The vast majority of the Manufacturing segment's remaining operations continued to improve, resulting in increases in both revenue and Adjusted EBITDA over the prior period.

EIC recorded Adjusted Net Earnings of $43 million, or $1.00 per share, compared to $39 million, or $0.98 per share, in the second quarter of last year.

Carmele Peter, President of EIC said, "The Canadian and US economies are experiencing uncertainty, however our businesses continue to be resilient. Whilst certain of our businesses are continuing to recover, our remaining portfolio of businesses are experiencing record or near record results. Our Essential Air Services, which provide essential service to Canada's Northern and remote communities and medevac services across Canada, continued their strong performance from the first quarter as previous growth investments and improved load factors are positively impacting profitability as highlighted in our results. Further, our recently signed regional air service agreement with Air Canada will expand our airline operations in the Maritimes later this year. The announcement of the contract with the United Kingdom Home Office by our Aerospace business demonstrates our international credentials and expertise. Furthermore, the announcement of the fixed wing medevac contracts in British Columbia and Manitoba show our strength and experience in the medevac sector and is just one of the most recent examples of organic growth opportunities at our subsidiaries. The Manufacturing segment continues to grow in both revenue and profitability as well. We are very proud of our management teams and their successes.

“We are not resting on our laurels. Each of our management teams are focused on longer-term trends and macroeconomic factors within each of our business lines. We are actively attracting, training, and retaining employees throughout our subsidiaries to fuel those growth strategies. For example, we are starting to see successes and wins in our attraction and retention of pilots and aircraft mechanics. Our companies collectively employ over 7,000 team members and we are extremely proud of our collective accomplishments to date, however, we are even more excited about our prospects.”

Richard Wowryk, EIC’s CFO also noted, “Broadly speaking, Canadian and US interest rates reached twenty plus year highs in the most recent quarter. Fixing our interest rates on approximately 67% of our debt has proven to be a very timely decision in retrospect. The execution of our bought deal of common shares during the quarter demonstrates the market’s confidence in our business and our business model. The bought deal, in combination with the refinancing of our credit facility, provides the Company with significant capital to deploy for organic growth and to fund future acquisitions. Our balance sheet and our modest leverage will allow the Company to continue to grow into the future.”

Outlook

Mr. Pyle concluded by saying, “Upon reflecting on our second quarter results, we can see the power of our diversification and our business model. Our acquisitions coupled with continued investment in growth opportunities in our existing businesses has set us on a path to reaffirming our previous guidance of Adjusted EBITDA of $540 million to $570 million for fiscal 2023. Our management teams will be busy over the next number of quarters maximizing the efficiencies between the businesses we acquired and readying our Essential Air Services business lines for the acquisition of medevac and passenger aircraft to fulfill our contractual wins. The consistent execution of our strategy, including making investment decisions for the long-term, continues to show in our results.”

EIC’s complete interim financial statements and management’s discussion and analysis for the three and six months ending June 30, 2023 can be found at www.ExchangeIncomeCorp.ca or at www.sedar.com.

Conference Call Notice

Management will hold a conference call to discuss its 2023 second quarter financial results on Friday, August 11, 2023, at 8:30am ET. All interested parties can join the conference call by dialing 1-888-396-8049 or 1-416-764-8646 (International). Please dial in 15 minutes prior to the call to secure a line. The conference call will be archived for replay until August 18, 2023 at midnight. To access the archived conference call, please dial 1-877-674-7070 or 1-416-764-8692 (International) and enter the encore code 510372#.

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 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, risks related to the remaining effects from the COVID-19 pandemic, 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, availability of government funding for First Nations health care, access to capital, general market trends and innovation, risks associated with uninsured losses, climate and climate related risks, acts of terrorism, pandemic, level and timing of defence spending and security programs and risks associated with environment, social and governance policies and criteria. Operational risks include, but are not limited to, significant contracts and customers, operational performance and growth, laws, regulations and standards, acquisitions, concentration and diversification, access to parts and relationships with key suppliers, casualty losses, environmental liability, dependence on information systems and technology, international operations, fluctuations in sales and purchase prices of aviation related assets, warranties and performance guarantees, global offset and intellectual property risks. Financial risks include, but are not limited to, availability of future financing, income tax matters, commodity and other inputs, foreign exchange, interest rates, compliance with credit facility and other trust indentures, ability to declare dividends, unpredictability and volatility of security pricing, shareholder dilution and other credit risk. Human capital risks include, but are not limited to, reliance on key personnel, retaining employees and maintenance of appropriate labour relations and potential 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.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.

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, 2023	Three Months June 30, 2022	Six Months June 30, 2023	Six Months June 30, 2022
Adjusted EBITDA	$ 147,036	$ 115,055	$ 244,153	$ 182,011
Depreciation of capital assets	50,032	39,476	97,540	76,367
Amortization of intangible assets	5,432	5,776	10,229	8,617
Finance costs - interest	28,158	15,211	53,877	30,063
Depreciation of right of use assets	8,579	7,411	16,706	13,947
Interest expense on right of use liabilities	1,738	935	3,329	1,687
Acquisition costs	2,603	4,449	3,968	4,904
Other	-	-	(951)	-
Earnings before taxes	$ 50,494	$ 41,797	$ 59,455	$ 46,426

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,	2023	2022
Net Earnings	$ 36,896	$ 29,990
Acquisition costs (net of tax $35 and $154)	2,568	4,295
Amortization of intangible assets (net of tax $1,416 and $1,560)	4,016	4,216
Adjusted Net Earnings	$ 43,480	$ 38,501
per share - Basic	$ 1.00	$ 0.98
per share - Diluted	$ 0.93	$ 0.90

Six Months Ended June 30,	2023	2022
Net Earnings	**$ 43,757**	$ 33,743
Acquisition costs (net of tax $223 and $219)	**3,745**	4,685
Amortization of intangible assets (net of tax $2,711 and $2,327)	**7,518**	6,290
Accelerated interest accretion on redeemed debentures (net of tax of nil and $599)	**-**	1,618
Adjusted Net Earnings	**$ 55,020**	$ 46,336
per share - Basic	**$ 1.28**	$ 1.18
per share - Diluted	**$ 1.25**	$ 1.16

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.

Three Months Ended June 30,	2023	2022
Cash flows from operations	**$ 76,986**	$ 35,281
Change in non-cash working capital	**27,559**	57,290
Acquisition costs (net of tax $35 and $154)	**2,568**	4,295
Principal payments on right of use lease liabilities	**(9,111)**	(7,615)
	$ 98,002	$ 89,251
per share - Basic	**$ 2.25**	$ 2.26
per share - Diluted	**$ 1.96**	$ 1.95

Six Months Ended June 30,	2023	2022
Cash flows from operations	**$ 66,212**	$ 60,335
Change in non-cash working capital	**105,138**	85,789
Acquisition costs (net of tax $223 and $219)	**3,745**	4,685
Principal payments on right of use lease liabilities	**(17,385)**	(14,149)
	$ 157,710	$ 136,660
per share - Basic	**$ 3.66**	$ 3.49
per share - Diluted	**$ 3.23**	$ 3.05

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, and, prior to the onset of COVID-19, depreciation recorded on assets in the Corporation's aircraft 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.

CAPITAL EXPENDITURES	Three Months Ended June 30, 2023			
	Aerospace & Aviation	**Manufacturing**	**Head Office**	**Total**
Maintenance Capital Expenditures	**$ 33,081**	**$ 6,034**	**$ 295**	**$ 39,410**
Growth Capital Expenditures	**69,985**	**15,967**	**-**	**85,952**
Total Net Capital Additions and Intangible Asset purchases, per Statement of Cash Flows	**$ 103,066**	**$ 22,001**	**$ 295**	**$ 125,362**
CAPITAL EXPENDITURES	Three Months Ended June 30, 2022			
	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 Additions and Intangible Asset purchases, per Statement of Cash Flows	$ 71,214	$ 11,091	$ 898	$ 83,203

CAPITAL EXPENDITURES	Six Months Ended June 30, 2023			
	Aerospace & Aviation	**Manufacturing**	**Head Office**	**Total**
Maintenance Capital Expenditures	**$ 68,625**	**$ 11,208**	**$ 362**	**$ 80,195**
Growth Capital Expenditures	**106,592**	**13,771**	**-**	**120,363**
Total Net Capital Additions and Intangible Asset purchases, per Statement of Cash Flows	**$ 175,217**	**$ 24,979**	**$ 362**	**$ 200,558**
CAPITAL EXPENDITURES	Six Months Ended June 30, 2022			
	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 Additions and Intangible Asset purchases, per Statement of Cash Flows	$ 106,613	$ 11,738	$ 933	$ 119,284

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 – Dividends and Payout Ratios and Section – Non-IFRS Financial Measures and Glossary of the Corporation's MD&A, which is available on SEDAR at www.sedar.com.