NEWS RELEASE

Exchange Income Corporation Generates Record First Quarter Results and Celebrates 20 Years of Continued Success

The Corporation Posts First Quarter Record Revenue of $602 Million, Adjusted EBITDA[1] of $111 Million, Free Cash Flow[1] and Free Cash Flow Less Maintenance Capital Expenditures[1] of $62 Million and $23 Million, respectively

WINNIPEG, Manitoba – May 7, 2024 – Exchange Income Corporation (TSX: EIF) ("EIC" or the "Corporation") a diversified, acquisition-oriented company focused on opportunities in the Aerospace & Aviation and Manufacturing segments, reported its financial results for the three-months ending March 31, 2024. All amounts are in Canadian currency.

Q1 Financial Highlights

- Generated record first quarter Revenue of $602 million, an increase of $75 million or 14%.
- Earned Adjusted EBITDA of $111 million, representing growth of $14 million over the prior period or 14% and setting another first quarter benchmark for the Corporation.
- Free Cash Flow first quarter record of $62 million compared to the prior period of $60 million.
- Net Earnings of $5 million compared to the prior period of $7 million and Net Earnings per share of $0.10 compared to the prior period of $0.16.
- Adjusted Net Earnings[1] of $10 million compared to the prior period of $12 million and Adjusted Net Earnings per share of $0.20 compared to the prior year of $0.27.
- Increase in Free Cash flow less Maintenance Capital Expenditures of $4 million to $23 million, another first quarter record.
- Trailing Twelve Month Free Cash Flow less Maintenance Capital Expenditures Payout Ratio[1] remained consistent with the comparative period at 58%.
- Completed an extension and upsize to the Corporation's credit facility, including the addition of a new Social Loan tranche, containing consistent pricing and terms with our prior credit facility.

CEO Commentary

"Fiscal 2024 is the 20-year anniversary of both our initial public offering and our first acquisition being Perimeter Aviation Ltd. on May 6, 2004. It represented the start of our purpose-built strategy. Our purpose was to provide our shareholders with stable and growing cash distributions, maximize the share value associated with our portfolio of subsidiaries and employ a disciplined acquisition strategy. The success of EIC over the past 20 years is due in large part to identifying the correct acquisition targets, empowering the management teams at each subsidiary, and providing Growth Capital Expenditures[1] to fuel expansion. In retrospect, we built a diversified business through both acquisition and organic investment in our family of businesses. As we look forward, we continue to see growth and success for our shareholders, employees, and communities we serve. Our annual report theme for 2023 was "Built to Last" and I am confident in our business and management teams continuing to execute upon our original purpose. Our businesses excelled over the past 20 years and our diversity continues to weather the current environment of geopolitical and economic uncertainty. We remain poised to execute on our strategic vision and generate record-breaking results into the future," said Mike Pyle, CEO of EIC.

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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 are very proud to report first quarter records in a number of our key metrics including Revenue, Adjusted EBITDA, Free Cash Flow and Free Cash Flow less Maintenance Capital Expenditures. Our management teams are executing on the many contractual wins announced throughout fiscal 2023. Our strong performance was achieved whilst the broader economy was experiencing headwinds from persistent inflation in the United States, a weakening Canadian economy and geopolitical uncertainty around the globe. The financial results continue to show the diversification of our business lines and the critical services that our businesses provide. We remain poised to grow organically and our management teams have been proactively identifying opportunities for growth, while Adam and his team have been evaluating a number of potential acquisitions."

"Our pipeline of opportunities continues to be strong however we remain disciplined in ensuring that we acquire companies with strong management teams, coupled with sustainable cash flows, while ensuring that acquisition metrics are accretive to our shareholders. We are currently assessing a number of high-quality opportunities and we continue to work on projects in both the Aerospace & Aviation and Manufacturing segments, and in discussion with prospective vendors the EIC story and our 20 year history continues to resonate," stated Adam Terwin, EIC's Chief Corporate Development Officer.

Q1 Selected Financial Highlights
(All amounts in thousands except % and share data)

	Q1 2024	**Q1 2023**	**% Change**
Revenue	$601,769	$526,844	14%
Adjusted EBITDA	$111,051	$97,117	14%
Net Earnings	$4,528	$6,861	(34%)
per share (basic)	$0.10	$0.16	(38%)
Adjusted Net Earnings	$9,574	$11,540	(17%)
per share (basic)	$0.20	$0.27	(26%)
Trailing Twelve Month Adjusted Net Earnings Payout Ratio (basic)	84%	75%	
Free Cash Flow	$61,931	$59,708	4%
per share (basic)	$1.31	$1.40	(6%)
Free Cash Flow less Maintenance Capital Expenditures	$22,593	$18,923	19%
per share (basic)	$0.48	$0.44	9%
Trailing Twelve Month Free Cash Flow less Maintenance Capital Expenditures Payout Ratio (basic)	58%	58%	
Dividends declared	$31,171	$26,805	16%

Review of Q1 Financial Results
Consolidated revenue for the quarter was $602 million, which was an increase of $75 million or 14% over the prior period. Revenue in the Aerospace & Aviation and Manufacturing segments grew over the prior year, by $43 million and $32 million, respectively. Adjusted EBITDA for the quarter was $111 million, which was an increase of $14 million or 14% compared to the first quarter of last year. The record financial metrics were achieved by continued growth in the operations in the Aerospace & Aviation segment offset by a decline in the Manufacturing segment profitability primarily due to the expected reduction in our Environmental Access Solutions business line results. The prior year comparative for the Environmental Access Solutions was characterized by the continuation of the perfect alignment of price, demand, supply and weather coupled with a seasonal anomaly of having a number of rental mats deployed on a long, linear project in Western Canada throughout the first quarter and into the second quarter of 2023.

Revenue generated by the Aerospace & Aviation segment increased by $43 million or 13% to $369 million and Adjusted EBITDA increased by $20 million or 27% to $94 million over the comparative period. The significant drivers of the increased revenue and profitability relate to higher passenger load factors and expanded routes, within the Essential Air Serviced business line, driven by organic growth and investments in Growth Capital Expenditures during the past number of years. Furthermore, leasing activity with the Aircraft Sales & Leasing business line has continued to experience step-based improvements and is anticipated to reach pre-pandemic run rates by the end of 2024. Lastly, the Aerospace business line continued to expand with additional ISR operations utilizing owned aircraft resulting in an improved margin profile and sales mix for the business line.

Manufacturing segment revenue increased by $32 million to $233 million for the quarter and Adjusted EBITDA decreased by $5 million to $27 million. The increases in revenues were primarily driven by the acquisitions made in 2023 while the decline in segment profitability was expected and primarily due to the Environmental Access Solutions business line. The prior year comparative for the Environmental Access Solutions was characterized by the continuation of the perfect alignment of price, demand, supply and weather coupled with the seasonal anomaly of having a number of rental mats deployed on a long, linear project in Western Canada throughout the first quarter and into the second quarter of 2023. The Manufacturing segment continues to see a number of inquiries and interest from existing and new customers; however such inquiries are not being converted into orders as quickly as in the past due to the macroeconomic and geopolitical uncertainty that exists. The subsidiaries are confident that once the uncertainties subside there are significant future opportunities for growth and expansion based on the level of interest across the family of subsidiaries.

EIC recorded Adjusted Net Earnings of $10 million, or $0.20 per share, compared to $12 million, or $0.27 per share, in the prior year's first quarter. The record Adjusted EBITDA was offset by increased interest costs due to increased benchmark borrowing rates coupled with higher amounts of debt outstanding due to the Growth Capital Expenditures in the latter part of 2023 and into 2024. Additionally, the Corporation experienced higher depreciation and amortization due to acquisitions and organic growth. Lastly, the prior year's comparative also included a gain on contingent consideration of approximately $1 million.

Carmele Peter, President of EIC said, "The nature and diversity of the businesses we own enables us to produce resilient financial results in the face of uncertainty in the broader economy and geopolitical uncertainty around the world. So, while our manufacturing segment was impacted by these uncertainties in the quarter our Aerospace & Aviation segment achieved record results. The essential nature of our aviation companies continues to shine through with higher load factors, new routes and execution on the new medevac contracts won last year. Our Aerospace business has the foundational support of long-term government contracts and the geopolitical tensions have led to opportunities like the UK Home Office surveillance work and increased flying under other surveillance contracts. We are able to weather all storms and not only survive but succeed. We are truly built to last."

Richard Wowryk, EIC's CFO also noted, "We have increased our credit facility to approximately $2.2 billion and extended its maturity to May 2028 subsequent to the end of the quarter. We were excited to announce that as part of this increase and extension, our credit facility includes a Social Loan of $200 million related to the financing of the new King Air aircraft being purchased for the British Columbia fixed wing medevac contract. Such aircraft have enhanced performance, improved fuel efficiency, state of the art medical cabins and provide an essential service across British Columbia including for remote, rural and Indigenous communities. The upsize and extension was executed with terms and conditions consistent with our previous facility, including leaving pricing the same. The extension and upsizing of our credit facility provides us with significant capacity to further invest in our existing businesses through Growth Capital Expenditures and accretive acquisitions. We continue to have a strong, liquid balance sheet."

Outlook

Mr. Pyle concluded by saying, "Our performance in the first quarter met our expectations and was a perfect illustration of the EIC business model. We have a diversified business model and through our empowerment of subsidiary leadership teams along with investments in Growth Capital Expenditures, we are primed for growth not just in 2024 but well into the future. Success begets success and our 20-year track record provides insight into how we will continue to grow and evolve into the future. Our consistent execution of the 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 months ending March 31, 2024 can be found at www.ExchangeIncomeCorp.ca or at www.sedarplus.ca.

Conference Call Notice

Management will hold a conference call to discuss its 2024 first quarter financial results on Wednesday, May 8, 2024, at 8:30am ET. All interested parties can join the conference call by dialing 1-888-886-7786 or 1-416-764-8658 (International). Please dial in 15 minutes prior to the call to secure a line. The conference call will be archived for replay until May 15, 2024 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 365708#.

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.sedarplus.ca).

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, 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 Indigenous health care, access to capital, market trends and innovation, risks associated with uninsured losses, climate risks, acts of terrorism, armed conflict, labour or social unrest, risks of a pandemic, the level and timing of defence spending, government-funded defence and security program risks and risks associated with 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, 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 prices 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 risk, risks related to 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, risks related to 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.

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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 Ended March 31,	2024	2023
Adjusted EBITDA	**$ 111,051**	$ 97,117
Depreciation of capital assets	**55,314**	47,508
Amortization of intangible assets	**5,578**	4,797
Finance costs - interest	**29,815**	25,719
Depreciation of right of use assets	**9,682**	8,127
Interest expense on right of use lease liabilities	**1,984**	1,591
Acquisition costs	**1,305**	1,365
Other	**-**	(951)
Earnings before income taxes	**$ 7,373**	$ 8,961

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 March 31,	2024	2023
Net Earnings	**$ 4,528**	$ 6,861
Acquisition costs (net of tax $359 and $188)	**946**	1,177
Amortization of intangible assets (net of tax $1,478 and $1,295)	**4,100**	3,502
Adjusted Net Earnings	**$ 9,574**	$ 11,540
per share - Basic	**$ 0.20**	$ 0.27
per share - Diluted	**$ 0.20**	$ 0.27

Free Cash Flow: 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 March 31,		2024		2023
Cash flows from operations	**$**	**50,977**	$	(10,774)
Changes in non-cash working capital		**19,085**		77,579
Acquisition costs (net of tax $359 and $188)		**946**		1,177
Principal payments on right of use lease liabilities		**(9,077)**		(8,274)
	$	**61,931**	$	59,708
per share - Basic	**$**	**1.31**	$	1.40
per share - Diluted	**$**	**1.19**	$	1.26

Free Cash Flow less Maintenance Capital Expenditures: 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.

Exchange Income Corporation

<u>Maintenance and Growth Capital Expenditures:</u> 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 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 March 31, 2024			
CAPITAL EXPENDITURES	**Aerospace & Aviation**	**Manufacturing**	**Head Office**	**Total**
Maintenance Capital Expenditures	**$ 34,590**	**$ 4,565**	**$ 183**	**$ 39,338**
Growth Capital Expenditures	**45,145**	**(5,819)**	**-**	**39,326**
Total Net Capital Additions and Intangible Asset purchases, per Statement of Cash Flows	**$ 79,735**	**$ (1,254)**	**$ 183**	**$ 78,664**

	Three Months Ended March 31, 2023			
CAPITAL EXPENDITURES	Aerospace & Aviation	Manufacturing	Head Office	Total
Maintenance Capital Expenditures	$ 35,544	$ 5,174	$ 67	$ 40,785
Growth Capital Expenditures	36,607	(2,196)	-	34,411
Total Net Capital Additions and Intangible Asset purchases, per Statement of Cash Flows	$ 72,151	$ 2,978	$ 67	$ 75,196

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 flow 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 13 – Non-IFRS Financial Measures and Glossary of the Corporation's MD&A, which is available on SEDAR+ at www.sedarplus.ca.