NEWS RELEASE

Exchange Income Corporation Generates Record First Quarter Results and Reiterates Fiscal 2025 Guidance

The Corporation Posts First Quarter Records for Revenue of $668 Million, Adjusted EBITDA[1] of $130 Million, Free Cash Flow[1] and Free Cash Flow Less Maintenance Capital Expenditures[1] of $81 Million and $26 Million, respectively and Record Adjusted Net Earnings[1] of $14 Million

WINNIPEG, Manitoba – May 12, 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, reported its financial results for the three-months ending March 31, 2025. All amounts are in Canadian currency.

Q1 Financial Highlights

- Record first quarter Revenue of $668 million, an increase of $67 million or 11% compared to the prior period.
- Adjusted EBITDA of $130 million, representing growth of $19 million over the prior period of 17% and setting another first quarter benchmark for the Corporation.
- Free Cash Flow first quarter record of $81 million representing growth of 32% compared to the prior period of $62 million.
- Net Earnings of $7 million compared to the prior period of $5 million and Net Earnings per share of $0.14 compared to the prior period of $0.10.
- Record Adjusted Net Earnings of $14 million compared to the prior period of $10 million and Adjusted Net Earnings per share of $0.28 compared to the prior period of $0.20.
- Free Cash flow less Maintenance Capital Expenditures of $26 million compared to $23 million in the prior period, another first quarter record.
- Trailing Twelve Month Free Cash Flow less Maintenance Capital Expenditures Payout Ratio[1] was 63% compared to in the prior period of 58%.
- Announced a binding purchase agreement to acquire Canadian North. The Corporation is continuing to work through the regulatory approval process.
- Completed the call, conversion and settlement of the 7 year, 5.75% convertible debentures which were due on March 31, 2026.
- Subsequent to quarter end, completed an extension and upsize to the Corporation's credit facility to $3 billion with consistent pricing and terms compared to our prior credit facility.
- Subsequent to quarter end, completed the tuck-in acquisition of Newfoundland Helicopters Ltd for $13.5 million, subject to customary post closing adjustments.

CEO Commentary

Mike Pyle, CEO, commented, "Our first quarter results demonstrate the resiliency, stability and strength of our business model. We posted record first quarter results in a period that was characterized by rapidly changing trade policy, Canadian election uncertainty and continued geopolitical concerns around the globe. Our businesses continue to demonstrate their essential characteristics, and their combined diversification has resulted in once again record financial results and metrics despite the wider economic uncertainty and reduced business sentiment.

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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.

Exchange Income Corporation

Our Aerospace & Aviation segment continued to generate strong operating results and the subsequent quarters will continue to strengthen due to past contract awards and related growth capital investments including a second aircraft being deployed on the UK Home Office contract, and the start of the Government of Newfoundland and Labrador medevac contract, which are both expected to impact profitability in the latter half of the year. These increases will be partially offset by the transition in contracts in our Aerospace business as we experience the wind down of existing training programs to the start of new programs and the change in one support contract to a time and material arrangement from a performance-based logistics contract. Our first quarter illustrated the previous growth investments made by the Corporation, whether it be in investments in engines and aircraft in our Aircraft Sales & Leasing business line or investments in our medevac operations in Manitoba and British Columbia in our Essential Air Services business line. The investments made throughout our operations are driving the increases in revenue and profitability experienced within the Aerospace & Aviation segment.

During the quarter, we also announced the binding purchase agreement for Canadian North, and while we are in the midst of the regulatory approval process, we are excited about the opportunities this presents, and we look forward to welcoming them into the EIC family when the acquisition is approved. We are experts in Northern aviation and believe that the inclusion of Canadian North into our portfolio of companies will result in benefits to the existing communities we serve along with benefits to Canadian North's communities, which represents an expansion of our services as there currently is essentially no overlap in the markets served by EIC and Canadian North.

Our Manufacturing segment's operations continued to strengthen. The segment results are a testament to the diversified businesses that underly the business lines. Our Environmental Access Solutions business line continued to experience growth due to strong revenue and profitability from our most recent acquisition of Spartan and improvements in the number of mats on lease during the quarter in our Canadian operations. With the Canadian election in the rearview mirror and a renewed appetite for critical energy infrastructure projects in Canada, we anticipate seeing continued growth in their full-service model, including further improvements in the number of mats on lease, in the long term. We are experiencing extremely strong demand for Spartan Mat's composite products and accordingly have indefinitely deferred the planned shutdown for modifications to the plant in order to meet present customer demand and we are currently actively investigating building a second plant. Our Multi-Storey Window Solutions business line is experiencing softness in operations, as we expected, due to production gaps and project delays, however we are taking this opportunity to rationalize our manufacturing footprint. These proactive steps will allow us to execute on projects with expanded margins when the construction industry returns to meet the fundamental demand of affordable housing required across North America. Our Precision Manufacturing & Engineering business line continues to see underlying strength in operations as evidenced by their revenue growth and considerable increases in profitability.

There has been significant focus on the impact of tariffs and mitigation efforts for all companies. Our teams have been diligently working through the ever-evolving changes in trade policy, and I can confidently say based on current tariffs our businesses are insulated from direct tariffs. The greater risk to our businesses is caused by reduced business sentiment deferring projects or delaying purchasing decisions in our Manufacturing segment. However, due to the diversification of businesses within the segment, we do not anticipate any significant impact. We are in continuous discussions with each subsidiary, and I am confident that our teams are able to navigate these uncertain times just like we were able to manage and excel in other periods of uncertainty such as the pandemic or the financial crisis of 2008 and 2009.

We are very proud to report first quarter records in virtually all of our key metrics. The financial results continue to show the diversification and resiliency 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 very strong," commented Adam Terwin, EIC's Chief Corporate Development Officer. "We are presently pursuing opportunities that would strategically fit within each of our operating segments. Each of the potential opportunities has strong management teams, sustainable cash flows and would be accretive to our shareholders. Our EIC story, track record and management philosophy continue to resonate with potential vendors and we continue to perform our disciplined acquisition due diligence to ensure that any transactions will be mutually beneficial to our shareholders, and the vendor, management and employees of the potential acquiree."

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

	Q1 2025	Q1 2024	% Change
Revenue	$668,276	$601,769	11%
Adjusted EBITDA	$130,136	$111,051	17%
Net Earnings	$7,207	$4,528	59%
per share (basic)	$0.14	$0.10	40%
Adjusted Net Earnings	$14,295	$9,574	49%
per share (basic)	$0.28	$0.20	40%
Trailing Twelve Month Adjusted Net Earnings Payout Ratio (basic)	84%	84%	
Free Cash Flow	$81,484	$61,931	32%
per share (basic)	$1.61	$1.31	23%
Free Cash Flow less Maintenance Capital Expenditures	$25,500	$22,593	13%
per share (basic)	$0.50	$0.48	4%
Trailing Twelve Month Free Cash Flow less Maintenance Capital Expenditures Payout Ratio (basic)	63%	58%	
Dividends declared	$33,550	$31,171	8%

Review of Q1 Financial Results
Consolidated revenue for the quarter was $668 million, which was an increase of $67 million or 11% over the prior period. Revenue in the Aerospace & Aviation and Manufacturing segments grew over the prior year, by $14 million and $53 million, respectively. Adjusted EBITDA for the quarter was $130 million, which was an increase of $19 million or 17% compared to the first quarter of last year. The record financial metrics were achieved by continued growth in the operations of the Aerospace & Aviation segment coupled by strong growth in the Manufacturing segment. The tariffs announced during the quarter and subsequent announcements post quarter end did not have a direct significant impact on either the Aerospace & Aviation or Manufacturing operating segments.

Revenue generated by the Aerospace & Aviation segment increased by $14 million or 4% to $382 million and Adjusted EBITDA increased by $8 million or 8% to $102 million over the comparative period. The significant drivers of the increased revenue and profitability relate to higher passenger load factors, expanded routes and increased medevac activity within the Essential Air Services business line, driven by organic growth and investments in Growth Capital Expenditures related to contract awards during the past number of years. Furthermore, leasing activity with the Aircraft Sales & Leasing business line has continued to experience improvements along with robust increases in parts demand. Such increases were offset by decreases in revenue and profitability in the Aerospace business line due to the wind down of high revenue, lower margin training programs prior to the start of new programs and the change in scope of a support contract from a performance-based contract to a time and materials arrangement.

Manufacturing segment revenue increased by $53 million or 23% to $286 million for the quarter and Adjusted EBITDA increased by $14 million to $41 million or an increase of 50%. The increases in revenues and expansion in profitability were primarily driven by the acquisition of Spartan for which there was no comparative in the prior period coupled with strengthening mat rental activity in the Environmental Access Solutions business line. The Multi-Storey Window Solutions business line experienced a decrease in revenues and profitability, as expected, due to project deferrals and manufacturing gaps because of macroeconomic trends in prior years which deferred potential projects. We have taken the opportunity, during a time of reduced activity, to integrate the manufacturing footprint of the business in Canada which will result in more efficient and profitable future operations. The Precision Manufacturing & Engineering business line had strong growth in revenue and profitability due to changes in product mix coupled with increases in volumes across many of the businesses. All of our businesses continue to see a significant number of inquiries and we see the conversion of bookings to firm orders continue although the pace of inquiries and booking softened slightly towards the end of the quarter due to a reduction in business confidence from changes in foreign trade policy and the risk of tariffs. However, none of the companies were directly impacted by tariffs or the impact could be significantly mitigated.

EIC recorded Adjusted Net Earnings of $14 million, or $0.28 per share, compared to $10 million, or $0.20 per share, in the prior year's first quarter. The record Adjusted EBITDA was partially offset by higher depreciation and increased interest costs due to acquisitions in fiscal 2024 and Growth Capital Expenditures made throughout fiscal 2024 and the first quarter of fiscal 2025.

Richard Wowryk, EIC's CFO noted, "We announced the upsize of our syndicated credit facility to $3.0 billion and extended its maturity to April 2029 with consistent pricing and terms along with the introduction of a new lender to the syndicate. This accomplishment is a testament to the stability and resiliency of EIC and our business model as the agreement was completed in the midst of uncertainty in the broader economy due to the tariff risk and the Canadian election. We have very strong relationships with our banking partners, and this upsize and extension provides us with over one billion dollars in liquidity to execute on growth capital investments and provides our acquisition team with the ability to execute on strategic acquisitions that are accretive to our shareholders. Furthermore, with the calling of the Series J and K unsecured convertible debentures, we have reduced our debt and increased our equity by approximately $150 million and we have no debt maturities until fiscal 2028. We have been actively working to simplify our financing structure as we continue our rapid growth. The transactions undertaken do not change our conservative attitude on debt and leverage that has serviced us well since the inception of EIC. They provide us with significant runway to continue to expand our business and profitability through growth capital investments and acquisitions without the need to raise additional debt or equity in the short term."

Outlook

Mr. Pyle concluded by saying, "We are reconfirming our guidance for 2025 with an Adjusted EBITDA range of $690 million to $730 million, which excludes our previously announced binding agreement to acquire Canadian North as the regulatory approval process is ongoing. We remain confident that the acquisition will be approved by the regulatory authorities, however we cannot definitively state a final date for approval. The 2025 guidance currently represents an increase of between 10% and 16% from our 2024 annual results.

Our first quarter is a testament to our resilient and diversified business model which generated record results during a period of uncertainty around the globe. Our consistent execution of the strategy, including making investment decisions for the long-term, continues to drive our results."

EIC's complete interim financial statements and management's discussion and analysis for the three months ending March 31, 2025 can be found at www.ExchangeIncomeCorp.ca or at www.sedarplus.ca.

Conference Call Notice
Management will hold a conference call to discuss its 2025 first quarter financial results on Tuesday, May 13, 2025 at 8:30am ET. To join the conference call, dial 1-800-717-1738 or 1-289-514-5100 (International). Please dial in 15 minutes prior to the call to secure a line. The conference call will be archived for replay until May 20, 2025 at midnight. To access the archived conference call, please dial 1-888-660-6264 or 1-289-819-1325 (International) and enter the encore code 91527#.

A live audio webcast of the conference call will be available at www.ExchangeIncomeCorp.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 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. 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. 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.

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Exchange Income Corporation

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, Taxes and Other.

Three Months Ended March 31,	2025	2024
Adjusted EBITDA	$ 130,136	$ 111,051
Depreciation of capital assets	66,720	55,314
Amortization of intangible assets	6,191	5,578
Finance costs - interest	30,636	29,815
Depreciation of right of use assets	10,409	9,682
Interest expense on right of use liabilities	2,063	1,984
Acquisition costs	2,674	1,305
Earnings before taxes	11,443	$ 7,373

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 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.

Adjusted Net Earnings Three Months Ended March 31,	2025	2024
Net Earnings	$ 7,207	$ 4,528
Acquisition costs (net of tax $226 and $359)[1]	2,448	946
Amortization of intangible assets (net of tax $1,641 and $1,478)	4,550	4,100
Accelerated interest accretion on redeemed debentures (net of tax of $33 and $nil)	90	-
	$ 14,295	$ 9,574

Note 1) The tax deductibility of Acquisition Costs is dependent on the nature of the expense and the jurisdiction in which they are incurred.

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 non-recurring items, such as restructuring costs. 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 March 31,	2025	2024
Cash flows from operations		$ 89,383	$ 50,977
Changes in non-cash working capital		(115)	19,085
Acquisition costs (net of tax $226 and $359)[1]		2,448	946
Principal payments on right of use lease liabilities		(10,232)	(9,077)
		$ 81,484	$ 61,931

Note 1) The tax deductibility of Acquisition Costs is dependent on the nature of the expense and the jurisdiction in which they are incurred.

<u>Free Cash Flow less Maintenance Capital Expenditures:</u> 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.

<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. For fiscal 2025, Maintenance Capital Expenditures within the Corporation's Aircraft Sales & Leasing business line reflects a more conservative charge based on the utilization of the assets within the aircraft and engine lease portfolio which will result in much less volatility then the prior determination of Maintenance Capital Expenditures which was based on incurred cash outlays to maintain the aircraft and engine lease portfolio. Maintenance Capital Expenditures within the Environmental Access Solutions business line reflects the depreciation of the mats and bridges as well as the maintenance or replacement of equipment. 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, 2025			
CAPITAL EXPENDITURES	Aerospace & Aviation	Manufacturing	Head Office	Total
Maintenance Capital Expenditures	$ 48,877	$ 6,925	$ 182	$ 55,984
Growth Capital Expenditures	54,518	1,600	-	56,118
Total Net Capital Asset and Intangible Purchases, per Statement of Cash Flows	$ 103,395	$ 8,525	$ 182	$ 112,102

	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 Asset and Intangible Purchases, per Statement of Cash Flows	$ 79,735	$ (1,254)	$ 183	$ 78,664

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.sedarplus.ca.