

Second Quarter Report

For the six months ended

June 30, 2025

CEO's Message

The second quarter continued to demonstrate the resiliency, stability and strength of our business model. Our goods and services across our segments are needed now more than ever and the continued demand for those goods and services will only increase in the future. We have made significant organic investments over the past number of years to meet the anticipated demand, and we are seeing the realization of those investments in the historical results reported today. Our diversified portfolio of businesses allows EIC to focus on the long-term trends to ensure that our businesses are ready to meet the future needs and demands of our customers.

During the quarter, the news headlines were dominated by the constantly changing tariff landscape and resulting geopolitical risk, however, throughout all of this noise and chaos, our businesses continued to perform and generated record financial metrics because they are essential to our customers. The niche operations of our subsidiaries coupled with the diversity of our business model provide stability during times of short-term turmoil, while our organic growth, operating philosophy, strong balance sheet and disciplined acquisition strategy position EIC to be the beneficiary of long-term sectoral trends. The fundamentals underlying our business lines have significant tailwinds and the completion of the Canadian North acquisition is just another example of the consistent execution of our strategy. Canadian North, like our existing businesses within our Essential Air Services business line, provides critical services to the communities that it serves. The House of Commons INAN Committee Report noted that the North is connected via airports due to the limited rail and road infrastructure, especially in the Eastern portion of the Northwest Territories and throughout Nunavut. The airlines serving the North parallel the road and rail infrastructure connecting the southern communities in Canada. Our airlines are truly an essential service for the people of Nunavut.

Shortly after the acquisition, we announced a long-term Air Services Agreement (the "Agreement") with the Government of Nunavut to service the entire territory. This is a testament to our relationship with the Government of Nunavut and the communities we serve. The Agreement provides security for both our Essential Air Services businesses and the people of Nunavut for the long-term. It extends the provision of medical, family services, duty and less-than-load air freight that is currently being provided by Calm Air in the Kivalliq region and Canadian North in the Kitikmeot and Qikiqtaaluk regions for ten years with an option for the parties to extend the Agreement for an additional five years. The acquisition, coupled with the new Agreement, is highly strategic as Canadian North is a niche operator with sustainable cash flows that will provide certainty for both EIC and the Government of Nunavut, which is a win-win for both parties. Our operating teams have started to work together and the preliminary integration activities have been very positive over the first month of ownership.

Closer to Winnipeg, we saw firsthand how critical our Aerospace & Aviation businesses are to the broader community. Due to the significant wildfire activity in Manitoba, our subsidiaries were quick to respond with the evacuation of communities, coordination of humanitarian support, and assistance with the ultimate return of community members back to their homes when it was safe to do so. Our rotary wing operations also responded to the dire need in providing fire suppression services to protect Northern communities. The Canadian North transaction, the subsequent Agreement with the Nunavut Government, and our response to the wildfire activity demonstrates the criticality of the services we provide and the demand for those services will only grow into the future as Canada focuses on Northern sovereignty and economic development in the North.

During the quarter, we surpassed another important milestone when we achieved an equity market capitalization in excess of \$3 billion. The appreciation of the share price is representative of the underlying strength in our business model and the results they generate. We are extremely confident in our business model and in the companies that we have purchased over our 20-year history. The diversity of our business lines means that our shareholders and prospective investors can have confidence in our ability to generate the free cash flows that underly our dividend whilst providing share appreciation. In meeting with current and prospective investors, I continue to highlight our historical track record over the past 20-years and how the Company navigated various times of market uncertainty. EIC has been, and will continue to be, a beacon of resiliency and stability in these times.

Highlights from EIC's 2025 Second Quarter Financial Performance

- All time quarterly record set with Revenue of \$720 million, an increase of \$59 million or 9%.
- Adjusted EBITDA of \$177 million, representing growth of \$20 million over the prior period or 13% and setting another second quarter benchmark for the Corporation.
- Second quarter record Free Cash Flow of \$123 million, an increase of \$23 million or 23%, and second quarter record Free Cash Flow per share of \$2.40 compared to the prior period \$2.13.
- Second quarter record Net Earnings of \$40 million compared to the prior period of \$33 million, an increase of 23%, and Net Earnings per share of \$0.78 compared to the prior period of \$0.69, an increase of 13%.
- Second quarter record Adjusted Net Earnings of \$47 million compared to the prior period of \$38 million or a 25% increase and Adjusted Net Earnings per share of \$0.92 compared to the prior year of \$0.80, an increase of 15%.
- Free Cash Flow less Maintenance Capital Expenditures of \$57 million compared to \$52 million in the prior period.

- Trailing Twelve Month Free Cash Flow less Maintenance Capital Expenditures Payout Ratio was 63% compared to the prior period of 61%.
- Subsequent to quarter end, announced the completion of the acquisition of Canadian North and a new ten-year Air Services Agreement for all of Nunavut, with an option for the parties to extend for a further five years. This represents the largest passenger contract in EIC's history.

Revenue generated by the Aerospace & Aviation segment increased by \$28 million or 7% to \$455 million and Adjusted EBITDA increased by \$13 million or 10% to \$148 million over the comparative period. The significant drivers of the revenue increases and profitability expansions relate to previous Growth Capital Expenditures, strong load factors, fire related activities including evacuations and rotary wing firefighting, medevac contract scope and volumes within our Essential Air Services business line, strong tempo of flying on owned ISR aircraft, and continued step-based improvements in our Aircraft Sales & Leasing business line as aircraft and engine leasing and parts sales continued to strengthen. These impacts were partially offset by changes in sales mix within the Aerospace business line due to changes in project scope and the wind down of existing training programs prior to the start of new programs relative to the prior year, as expected and reductions in scheduled passenger and medevac services due to wild fire evacuations.

Manufacturing segment revenue increased by \$31 million or 13% to \$265 million for the quarter and Adjusted EBITDA increased by \$9 million or 26% to \$44 million. The significant drivers in the strong revenue and profitability results primarily relate to the acquisition of Spartan made in November 2024, strong Environmental Access Solutions wood and composite mat sales, and volume increases driven by customer demand in our Precision Manufacturing & Engineering business line. Partially offsetting these factors were anticipated decreases in revenue and profitability due to project delays, aluminum tariffs, integration costs and gaps in project manufacturing and installation in our Multi-Storey Window Solutions business line.

While we have reported record results for the second quarter, we are continuing to actively manage our businesses through this uncertain operating environment. Our management teams are actively monitoring changes in trade policy, and we are mitigating, to the extent possible, any potential risks whilst also uncovering various opportunities for profitability expansion and growth. We do not anticipate any significant direct negative effects from the announced tariffs, except as noted above, as we are able to shift and adjust operations to reflect the current and future environments.

The second quarter results were the continuation of our strong start, from an overall financial performance perspective, for the year. It continues to highlight the strength and resiliency of our business model. Looking forward we are seeing an accelerating demand profile across many business lines which makes me even more excited for our business prospects in the short, medium and long-term.

During the third quarter, we anticipate receiving UK regulatory approval, allowing our second aircraft under the UK Home Office contract to commence operations. We are continuing to see inquiries from governments around the world regarding our world-class ISR capabilities and are hopeful that inquiries will be converted into firm sales or contracted operations. We also anticipate receiving an update on the Australia Department of Home Affairs Aerial Surveillance Services contract during the third quarter. While we had hoped for resolution during the second quarter reporting period, the recently completed Australia election has delayed the bid evaluation process, however we believe we have a compelling solution to the request for proposal. The Australia contract, which has an initial term of 12 years and would commence in fiscal 2028, would be one of the largest surveillance contracts in the world. We are also continuing to negotiate the scope of our services within the Future Air Crew Training contract with the contract prime, SkyAlyne. Demand remains strong for our Essential Air Services business line's scheduled, charter, cargo and medevac services in the geographies it serves. We were very excited to welcome the Canadian North employees to the EIC family and the initial discussions and integration plans have gone extremely well. We anticipate operations commencing under the Newfoundland & Labrador fixed wing medevac contract later this year and have already started the interim rotary wing medevac operations to support the government in the second quarter. Our Aircraft Sales & Leasing business line continues to experience improvements in the deployment of its aircraft and engines to operators around the globe. The aircraft, engine and parts demand continue to be robust and management is continuing to identify aircraft acquisition opportunities to both grow our lease fleet and provide future part-out opportunities to serve the market demand.

We are also experiencing significant number of inquiries for projects that are expected to commence in the latter part of 2025 and into 2026 in our Environmental Access Solutions business line with our full service offering as we reap the benefits of Canada's further investment in transmission and distribution, pipeline and oil and gas sectors. Our recent acquisition of Spartan has exceeded our initial acquisition expectations, and we see strong growth prospects for the business based on customer feedback on its new System7-XT composite mat coupled with expanded market share for composite matting solutions throughout the United States. Due to the strong demand for the System7-XT and FODS mats coupled with increased adoption of composite matting solutions compared to traditional wooden mats in various industries and geographies, we are actively investigating building a second plant based on long-term fundamentals, to meet our customers' demand. Progress has been made during the quarter and we are evaluating several existing locations to house our second plant. Our Precision Manufacturing & Engineering business line continued to experience strong growth based on the diversified businesses included therein coupled with robust demand from the defence, technology, communications and data center infrastructure sectors. Our Multi-Storey Window Solutions business line continues to experience significant inquiries and the medium-term and longer-term demand fundamentals based on affordable housing shortages are expected to continue to drive demand across North America as exhibited by bookings of approximately \$100 million subsequent to quarter end.

The geopolitical climate has resulted in several opportunities for our various subsidiaries across our segments. Specifically, as the Government of Canada renews its focus on development and sovereignty in the North, our comprehensive portfolio - including advanced aerospace solutions, sovereign arctic aviation, defence-enabling infrastructure, in-country defence manufacturing, and our extensive network of partnerships with Indigenous communities and businesses - uniquely positions us to lead and support these critical initiatives.

The demand for our services and products is very robust and I wanted to extend my gratitude to our customers, our shareholders and our employees. Your support has been instrumental to our record achievements. Our customers depend on EIC to provide the essential services and products they need and their continued trust and support inspires our businesses to strive for excellence and continuous improvement. Our shareholders have provided confidence in our business model and enabled us to grow to a market capitalization well in excess of \$3 billion and we are committed to delivering a stable, dependable dividend along with continued share appreciation. Our employees' hard work and commitment underly the collective success and for that THANK YOU. Together, we have achieved remarkable milestones, and I am excited about the future we are building.

Mike Pyle

Chief Executive Officer

August 11, 2025

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Management Discussion & Analysis

of Operating Results and Financial Position for the three and six months ended June 30, 2025

PREFACE

This Management's Discussion and Analysis ("MD&A") supplements the unaudited interim condensed consolidated financial statements and related notes for the three and six months ended June 30, 2025 ("Consolidated Financial Statements") of Exchange Income Corporation ("EIC" or "the Corporation"). All amounts are stated in thousands of Canadian dollars, except per share information and share data, unless otherwise stated.

This MD&A should be read in conjunction with the unaudited interim condensed consolidated financial statements of the Corporation for the three and six months ended June 30, 2025, and in conjunction with the MD&A and audited consolidated financial statements and related notes for the year ended December 31, 2024. The unaudited interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to interim financial statements.

FORWARD-LOOKING STATEMENTS

This report and the documents incorporated by reference herein contain forward-looking statements. All statements other than statements of historical fact contained in this report and the documents incorporated by reference herein are forward-looking statements, including, without limitation, statements regarding the future financial position, business strategy, completed and potential acquisitions or investments and the potential impact of such completed and/or potential acquisitions or investments on the operations, financial condition, capital resources and business of the Corporation and/or its subsidiaries, the Corporation's policy with respect to the amount and/or frequency of dividends, budgets, litigation, projected costs and plans and objectives of or involving the Corporation or its subsidiaries or any businesses to potentially be acquired by the Corporation. Prospective investors can identify many of these statements by looking for words such as "believes", "expects", "will", "may", "intends", "projects", "anticipates", "plans", "estimates", "continues" and similar words or the negative thereof. Although management believes that the expectations represented in such forward-looking statements are reasonable at the time they are made, there can be no assurance that such expectations will prove to be correct.

Forward-looking statements are necessarily based upon a number of expectations or assumptions that, while considered reasonable by management at the time the statements are made, are inherently subject to significant business, economic and competitive uncertainties and contingencies. There can be no assurance that such expectations or assumptions will prove to be correct. A number of factors could cause actual future results, performance, achievements, and developments of the Corporation and/or its subsidiaries to differ materially from anticipated results, performance, achievements, and developments expressed or implied by such forward-looking statements. Such factors include, but are not limited to: 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; environmental, social and governance; significant contracts and customers; operational performance and growth; laws, regulations and standards; acquisition risk (including receiving any requisite regulatory approvals thereof); concentration and diversification risk; maintenance costs; access to parts and relationships with key suppliers; casualty losses; environmental liability risks; dependence on information systems and technology; cybersecurity; international operations risks; fluctuations in sales prices of aviation related assets; fluctuations in purchase prices of aviation related assets; warranty risk; performance guarantees; global offset risk; intellectual property risk; availability of future financing; income tax matters; commodity risk; foreign exchange; interest rates; credit facility and the trust indentures; dividends; unpredictability and volatility of prices of securities; dilution risk; credit risk; reliance on key personnel; employees and labour relations; and conflicts of interest. A further discussion of these risks is included in *Section 11 – Risk Factors*. For each of the foregoing reasons, readers are cautioned not to place undue reliance on forward-looking statements.

The information contained or incorporated by reference in this report identifies additional factors that could affect the operating results and performance of the Corporation and its subsidiaries. Assumptions about the performance of the businesses of the Corporation and its subsidiaries are considered in setting the business plan for the Corporation and its subsidiaries and in setting financial targets. Should one or more of the risks materialize or the assumptions prove incorrect, actual results, performance, or achievements of the Corporation and its subsidiaries may vary materially from those described in forward-looking statements.

The forward-looking statements contained herein or contained in a document incorporated by reference herein are expressly qualified in their entirety by this cautionary statement. The forward-looking statements included or incorporated by reference in this report are made as of the date of this report or such other date specified in such statement. Except as required by law, the Corporation disclaims any obligation to update any forward-looking information, estimates or opinions, future events or results, or otherwise.

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EXCHANGE INCOME CORPORATION

The Corporation is a diversified, acquisition-oriented corporation focused on opportunities in the Aerospace & Aviation and Manufacturing segments. The business plan of the Corporation is to invest in profitable, well-established companies with strong cash flows operating in niche markets. The objectives of the Corporation are:

- (i) to provide shareholders with stable and growing dividends;
- (ii) to maximize shareholder value through ongoing active monitoring of and investment in its operating subsidiaries; and
- (iii) to continue to acquire additional businesses or interests therein to expand and diversify the Corporation's investments.

Segment Summary

The Corporation's operating segments are strategic business units that offer different products and services. The Corporation has two operating segments: Aerospace & Aviation and Manufacturing.

All consolidated revenue percentages noted below have been calculated by adjusting revenues for business acquisitions that were completed in fiscal 2024 to reflect a full year contribution.

Aerospace & Aviation Segment

The Aerospace & Aviation segment is comprised of three lines of business: Essential Air Services, Aerospace, and Aircraft Sales & Leasing.

Essential Air Services includes both fixed wing and rotary wing operations. Under various brand names across Canada, our subsidiaries provide essential services to Canada's northern and remote communities, including medevac, passenger, charter, freight services, and auxiliary services. The majority of the communities we serve are not accessible year-round by ground transportation, meaning our airlines provide a vital link into these communities. Our operations span across Canada, and more specifically include operations in Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland and Labrador, Nova Scotia, Nunavut, Ontario, and Quebec. The Corporation also operates two flight schools, training pilots both for our own airlines and for airlines around the world.

Essential Air Services accounted for approximately 36% of the Corporation's consolidated revenues in fiscal 2024. Items impacting margins within this business are fuel prices, load factors, weather, and, in the current operating environment, the ability to source a full complement of pilots and aircraft mechanics. Labour costs in these areas have increased well above the rate of inflation and in certain circumstances cannot be immediately flowed through to the customer.

Essential Air Services includes the operations of Calm Air International LP, CANLink Aviation Inc. (MFC Training), Carson Air Ltd., Custom Helicopters Ltd., Keewatin Air LP, PAL Airlines Ltd., and Perimeter Aviation LP (including its operating division, Bearskin Airlines).

Subsequent to the end of the period, the Corporation completed the acquisition of Canadian North. The results of Canadian North will be included in this business line going forward.

Aerospace includes our vertically integrated aerospace offerings that provide customized and integrated special mission aircraft solutions primarily to governments across the globe. These services encompass mission systems design and integration, aircraft modifications, intelligence, surveillance, reconnaissance operations ("ISR"), software development, logistics and in-service support. Most of these services are provided pursuant to long term government contracts. In addition, our subsidiaries deliver training solutions across an array of aviation platforms and have in-depth experience in training pilots and sensor operators on both manned and unmanned aircraft for government agencies.

Aerospace accounted for approximately 11% of the Corporation's consolidated revenues in fiscal 2024. Training solutions typically generate lower margins as there are low capital requirements outside of working capital, whereas ISR flying operations typically have higher margins as the upfront investment in the owned assets to perform the ISR flying operations is reflected as an expense through depreciation.

Aerospace includes the operations of Crew Training International, Inc. and PAL Aerospace Ltd.

Aircraft Sales & Leasing includes aftermarket aircraft, engine and parts sales, aircraft and engine leasing and aircraft management services. Our subsidiaries specialize in regional and commuter aircraft and seek to monetize their portfolio over the full life cycle of the

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asset. Our subsidiaries are not typical finance lessors; rather, assets are leased for shorter durations to consume the available green time on those assets. Once the green time has been consumed, the assets can then either be overhauled and leased out again or torn down into piece parts and sold to airlines around the world to generate further cash flows. Revenue streams include selling whole aircraft, engines and components of those assets, leasing of aircraft and engines, and fee income earned through the provision of services for third parties such as asset management or consignment sales. Our expertise in understanding the value of each component of an aircraft and the anticipated demand for those components, including the next major shop visits and next major overhaul event for each platform we specialize in, provides a competitive advantage on what to buy and what to pay.

Aircraft Sales & Leasing accounted for approximately 13% of the Corporation's consolidated revenues in fiscal 2024. The most significant item impacting margins in this line of business is sales mix. Leasing contributes very high margins and therefore variability in leasing revenue has the largest impact on margins. Within this business line, parts revenue is the most predictable and stable from both sales and margin perspectives; whereas the sales of aircraft and engines varies on a period to period basis, both in volume and in price, but are generally higher dollar and lower margin transactions.

Aircraft Sales & Leasing includes the operations of EIC Aircraft Leasing Limited and Regional One, Inc.

Manufacturing Segment

The Manufacturing segment is comprised of three lines of business: Environmental Access Solutions, Multi-Storey Window Solutions, and Precision Manufacturing & Engineering.

Environmental Access Solutions provides matting solutions in both Canada and the United States.

In Canada, Environmental Access Solutions is the largest provider of temporary access solutions, providing a turnkey service which includes planning, consultation, delivery and installation, logistical support, and removal and washing solutions. Our access solutions and related services provide temporary ground protection that allow customers to access job sites or use heavy machinery and equipment on wet, loose, or otherwise unstable or environmentally sensitive ground. Access mats and bridges provide access to remote areas in a much more environmentally friendly manner than the construction of temporary gravel roads and installation of culverts and water-diversion devices, which are difficult to remove and remediate and can cause cross-contamination of soil. As the largest operator in this industry, we provide a one-stop solution for our clients with a vertically integrated platform including in-house mat manufacturing capabilities, a sizable fleet of trucks and equipment, and a portable, patented closed-loop mat washing system.

In the United States, Environmental Access Solutions is one of three manufacturers of composite access mats. While these composite mats are used for the same purposes as the wood mats in Canada, the composite mats are fully recyclable at the end of their useful lives, offering customers a lighter weight, sustainable alternative to traditional wood mats in climates where the composite mats outperform wood mats.

Environmental Access Solutions accounted for approximately 10% of the Corporation's consolidated revenues in fiscal 2024. Rentals generate higher margins than other lines of business within Environmental Access Solutions. Rental activity is influenced by several factors, such as the supply of mats in the marketplace, the availability and pricing of raw materials used in mat production, and weather conditions, including the amount of precipitation and temperature. In addition to rentals, the sale of mats and the overall sales mix in a given period can also have a significant impact on margins. These mat sale transactions are generally higher dollar value and lower margin when compared to rental revenue.

Environmental Access Solutions includes the operations of Northern Mat and Bridge LP, Spartan Mat Inc. and Spartan Composites Inc.

Multi-Storey Window Solutions includes the design, manufacture and installation of the exteriors of residential and mixed-use high rise buildings which integrate residential, retail, and office spaces. Our subsidiaries manufacture an advanced unitized window wall system, curtain wall, and railing solutions. This business line provides solutions for the entire façade, including the windows, operable elements and opaque areas that surround the exterior envelope of a building. Our vertically integrated offering within Multi-Storey Window Solutions includes installation services in both Canada and in the United States. In the United States, we have the capability to install both our internally manufactured window solutions and those manufactured by others.

Multi-Storey Window Solutions accounted for approximately 17% of the Corporation's consolidated revenues in fiscal 2024. The most significant items impacting margins within this line of business are the cost of raw materials and product mix. Since our subsidiaries both manufacture and install exteriors of high-rise buildings, the margins realized in a particular period can vary based on the type of work performed. Installation, particularly on jobs completed with non-Quest/BVG Glazing product, generates lower margins than for supply and install projects.

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Multi-Storey Window Solutions includes the operations of BVGlazing Systems and Quest Window Systems.

Precision Manufacturing & Engineering provides engineering and precision manufacturing services throughout North America in a wide variety of industries. These services include: wireless and wireline construction and maintenance services; the manufacture of precision parts and components for a variety of industries; the manufacture of portable hydronic climate control equipment; the manufacture of specialized stainless steel tanks, vessels, and processing equipment; electrical and control systems integration focused on the agricultural material handling segment; and the manufacture of specialized heavy-duty pressure washing and steam systems, commercial water recycling systems, and custom tanks.

Precision Manufacturing & Engineering accounted for approximately 13% of the Corporation's consolidated revenues in fiscal 2024. Margins in this line of business are typically stable. While there may be margin pressure in times of rapid escalation of prices of raw materials, generally our subsidiaries have the ability to pass on these costs to customers over time due to the specialty nature of the products that are being provided.

Precision Manufacturing & Engineering includes the operations of Ben Machine Products Company Incorporated, DryAir Manufacturing Corp., Hansen Industries Ltd., LV Control Mfg. Ltd., Overlanders Manufacturing LP, Stainless Fabrication, Inc., Water Blast Manufacturing LP, and WesTower Communications Ltd.

Management of the Corporation continuously monitors and provides support to the operating subsidiaries. The operating subsidiaries of the Corporation, however, operate autonomously and maintain their individual business identities.

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1. FINANCIAL HIGHLIGHTS AND SIGNIFICANT EVENTS

The financial highlights for the Corporation for the periods indicated are as follows:

FINANCIAL PERFORMANCE	2025	per share basic	per share diluted	2024	per share basic	per share diluted
<u>For the three months ended June 30</u>						
Revenue	\$ 719,928			\$ 660,575		
Adjusted EBITDA ⁽¹⁾	177,236			157,045		
Net Earnings	40,010	\$ 0.78	\$ 0.75	32,648	\$ 0.69	\$ 0.67
Adjusted Net Earnings ⁽¹⁾	47,156	0.92	0.88	37,662	0.80	0.77
Free Cash Flow ⁽¹⁾	123,424	2.40	2.22	100,502	2.13	1.88
Free Cash Flow less Maintenance Capital Expenditures ⁽¹⁾	57,487	1.12	1.06	52,322	1.11	1.02
Dividends declared	33,933	0.66		31,275	0.66	
<u>For the six months ended June 30</u>						
Revenue	\$ 1,388,204			\$ 1,262,344		
Adjusted EBITDA ⁽¹⁾	307,372			268,096		
Net Earnings	47,217	\$ 0.93	\$ 0.91	37,176	\$ 0.79	\$ 0.77
Adjusted Net Earnings ⁽¹⁾	61,451	1.21	1.18	47,236	1.00	0.98
Free Cash Flow ⁽¹⁾	204,908	4.02	3.71	162,433	3.44	3.07
Free Cash Flow less Maintenance Capital Expenditures ⁽¹⁾	82,987	1.63	1.57	74,915	1.58	1.52
Dividends declared	67,483	1.32		62,446	1.32	
<u>Trailing Twelve months as at June 30</u>						
Adjusted Net Earnings payout ratio ⁽¹⁾		81%			90%	
Free Cash Flow less Maintenance Capital Expenditures payout ratio ⁽¹⁾		63%			61%	
FINANCIAL POSITION	June 30, 2025			December 31, 2024		
Working capital	\$ 810,299			\$ 628,431		
Capital assets	1,860,200			1,824,607		
Total assets	4,772,692			4,598,988		
Long-term debt	2,034,048			1,821,866		
Equity	1,447,671			1,409,669		
SHARE INFORMATION	June 30, 2025			December 31, 2024		
Common shares outstanding	51,460,494			49,602,431		
	June 30, 2025			June 30, 2024		
Weighted average shares outstanding during the period - basic	50,995,250			47,277,581		

Note 1) As defined in Section 12 – Non-IFRS Financial Measures and Glossary.

SIGNIFICANT EVENTS

Early Redemption of Convertible Debentures

On February 13, 2025, the Corporation redeemed its 7 year, 5.75% convertible debentures which were due on March 31, 2026. During the period, \$78 million par value was converted into 1,599,642 common shares at a price of \$49.00 per share. On February 13, 2025, the remaining outstanding principal amount of \$8 million was redeemed by the Corporation. The redemption of the debentures was completed with cash on hand from the Corporation's credit facility.

Interim Rotary Wing Medevac Contract

During the first quarter of 2025, the Corporation was awarded a contract to provide a medevac helicopter to the Government of Newfoundland and Labrador for an interim period of six to twelve months. The contract began during the second quarter of 2025 while the new, full contract is being finalized.

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Acquisition of Canadian North

On February 24, 2025, the Corporation announced it had signed a binding purchase agreement to acquire Bradley Air Services Limited, operating as Canadian North, for a purchase price of \$205 million, subject to adjustments. The purchase price was funded by cash from the Corporation's credit facility and \$10 million of EIC common shares issued to the vendors. Canadian North provides essential passenger and cargo services, using a combination of leased and owned Boeing 737 jets and ATR turboprops, to 24 remote Canadian Arctic communities in Nunavut and the Northwest Territories, from its southern gateways in Ottawa and Edmonton. Canadian North is also the premier provider of air charter services for large resource sector clients requiring dependable, efficient, and economical fly-in, fly-out charter services. Closing of the transaction was subject to obtaining required regulatory approvals and other customary closing conditions. On July 1, 2025, after receiving all required regulatory approvals, the Corporation completed its acquisition of Bradley Air Services, operating as Canadian North. In anticipation of closing, the Corporation drew the cash required from its credit facility prior to the end of the quarter.

Normal Course Issuer Bid ("NCIB")

On March 27, 2025, the Corporation renewed its NCIB for common shares and certain series of convertible debentures. Under the renewed NCIB for common shares, purchases can be made during the period commencing on March 31, 2025, and ending on March 30, 2026. The Corporation can purchase a maximum of 4,811,929 shares and daily purchases will be limited to 26,182 shares, other than block purchase exemptions. The Corporation renewed its NCIB because it believes that from time to time, the market price of the common shares may not fully reflect the value of the common shares. The Corporation believes that in such circumstances, the purchase of common shares represents an accretive use of capital.

Under the NCIB for certain series of convertible debentures, purchases can be made during the period commencing on March 31, 2025, and ending on March 30, 2026. The Corporation can purchase a maximum \$14,373 principal amount of 7 year 5.25% convertible unsecured subordinated debentures of EIC (July 2021), and \$11,500 principal amount of 7 year 5.25% convertible unsecured subordinated debentures of EIC (December 2021), with daily purchases of principal amount, other than block purchase exceptions, limited to \$26, and \$25, respectively. The Corporation sought the NCIB for debentures to permit repurchase and cancellation of these securities during times of market instability where management believes the market price does not reflect the value of the debentures.

Credit Facility Upsize and Extension

On April 28, 2025, the Corporation amended its credit facility. The size of the enhanced credit facility availability increased to \$3.0 billion from approximately \$2.2 billion, and was extended to April 30, 2029, with no change in pricing. The credit facility includes \$2,412 million allocated to the Corporation's Canadian Head Office and US \$420 million allocated to EIIIF Management USA, Inc. The amount allocated to the Corporation's Canadian Head Office includes the continuation of the previously announced \$200 million social loan tranche. The increased size of the credit facility provides the Corporation with the highest level of available capital in its history, providing capacity to continue to execute on its core strategy of pursuing accretive growth through investment in its operating subsidiaries and through acquisition. The upsize of the credit facility does not change our conservative view on leverage. Our total leverage ratio has remained consistent since our inception and even with the increased access to capital, our intention is to maintain our historical leverage profile going forward.

Acquisition of Newfoundland Helicopters Ltd.

On May 12, 2025, the Corporation completed the acquisition of Newfoundland Helicopters Ltd. for a purchase price of \$13.5 million, including purchase price consideration of \$1.4 million in EIC common shares, subject to customary post closing adjustments. Headquartered in Clarenville, Newfoundland and Labrador, Newfoundland Helicopters is a helicopter charter service founded in 2005, serving diverse sectors including healthcare, mining, construction, utilities and leisure. The Corporation's rotary wing business already has a presence in Newfoundland and Labrador, and when combined with PAL Airline's customer relationships, provides a compelling opportunity for growth and increased customer service in the region for our rotary wing business.

SUBSEQUENT EVENTS

Long Term Air Service Agreement

On July 16, 2025, the Corporation announced an agreement with the Government of Nunavut for the provision of medical travel, family services travel, duty travel and less than load air freight for all of Nunavut. The agreement extends the provision of those services by Calm Air and Canadian North for 10 years with an option for the parties to extend the agreement for an additional 5 years. The Corporation has also granted the Government of Nunavut an option to purchase a significant minority of Canadian North. The option is exercisable for one year from the date of the agreement, and would automatically extend the Long Term Air Service Agreement to 15 years.

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2. RESULTS OF OPERATIONS

Three Month Results

The following section analyzes the financial results of the Corporation for the three months ended June 30, 2025, and the comparative 2024 period.

	Three Months Ended June 30, 2025			
	Aerospace & Aviation	Manufacturing	Head Office ⁽²⁾	Consolidated
Revenue	\$ 454,990	\$ 264,938	\$ -	\$ 719,928
Expenses ⁽¹⁾	307,355	220,948	14,389	542,692
Adjusted EBITDA	147,635	43,990	(14,389)	177,236
Depreciation of capital assets				70,604
Amortization of intangible assets				6,069
Finance costs – interest				30,012
Depreciation of right of use assets				11,053
Interest expense on right of use lease liabilities				2,124
Acquisition costs				2,730
Earnings before income taxes				54,644
Current income tax expense				10,470
Deferred income tax expense				4,164
Net Earnings				\$ 40,010
Net Earnings per share (basic)				\$ 0.78
Adjusted Net Earnings				\$ 47,156
Adjusted Net Earnings per share (basic)				\$ 0.92

	Three Months Ended June 30, 2024			
	Aerospace & Aviation	Manufacturing	Head Office ⁽²⁾	Consolidated
Revenue	\$ 426,922	\$ 233,653	\$ -	\$ 660,575
Expenses ⁽¹⁾	292,525	198,627	12,378	503,530
Adjusted EBITDA	134,397	35,026	(12,378)	157,045
Depreciation of capital assets				61,785
Amortization of intangible assets				5,593
Finance costs – interest				31,703
Depreciation of right of use assets				9,711
Interest expense on right of use lease liabilities				2,048
Acquisition costs				1,244
Earnings before income taxes				44,961
Current income tax expense				13,899
Deferred income tax recovery				(1,586)
Net Earnings				\$ 32,648
Net Earnings per share (basic)				\$ 0.69
Adjusted Net Earnings				\$ 37,662
Adjusted Net Earnings per share (basic)				\$ 0.80

Note 1) Expenses include aerospace & aviation expenses (excluding depreciation and amortization), manufacturing expenses (excluding depreciation and amortization), and general and administrative expenses.

Note 2) Head Office is not a separate reportable segment. It includes expenses incurred at the head office of the Corporation and is presented for reconciliation purposes.

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REVENUE AND ADJUSTED EBITDA *(Section 12 – Non-IFRS Financial Measures and Glossary)*

On a consolidated basis, the Corporation generated revenue of \$720 million, an increase of \$59 million, or 9% over the prior period. The increase was driven by both the Aerospace & Aviation and Manufacturing segments, which increased by \$28 million and \$31 million respectively.

Adjusted EBITDA of \$177 million was generated by the Corporation during the period, an increase of \$20 million or 13% over the prior period. The increase was attributable to both segments with the Aerospace & Aviation segment increasing by \$13 million and the Manufacturing segment increasing \$9 million over the prior period, partially offset by an increase in Head Office costs. Head office costs increased primarily due to investments in information technology and cybersecurity, increased compensation expense, and the expansion of the Atik Mason Indigenous Pilot Pathway.

Aerospace & Aviation Segment

Revenue generated by the Aerospace & Aviation segment increased by \$28 million or 7% to \$455 million.

Revenue within Essential Air Services increased over the prior period. The increase is driven primarily by several factors. First, medevac operations experienced improved yields and enhanced scope in multiple markets, contributing to the revenue increase. Second, within our rotary wing operations, firefighting activity increased during the quarter as there were a number of active fires across Canada. Investment in prior periods into additional larger gauge helicopters permitted expanded firefighting activity during the period. The impact of active forest fires in the Northern communities we serve also resulted in increased passenger volumes as these areas were evacuated, contributing to the revenue increase during the period. Subsequent to the initial increase in volumes as a result of evacuation flights, scheduled service and medevac volumes experienced a decrease as a result of Northern communities being displaced and temporarily not requiring these services. Finally, Newfoundland Helicopters was acquired on May 12, 2025, for which there was no comparative revenue in the prior period.

Revenue within Aircraft Sales & Leasing increased over the prior period. The increase is primarily attributable to both a continued improvement in leasing activity during the period and an increase in parts demand. Large asset sales, which are generally higher dollar transactions and can fluctuate quarter to quarter, decreased from the prior period.

Revenue within Aerospace decreased from the prior period. The decrease is attributed to a reduction in revenue in our training business as the planned wind down of existing programs occurred prior to the start of new programs, and the impact of a change in scope in one of its aerospace support contracts. The aerospace support contract has changed from a performance-based logistics agreement, which typically produces steady revenues, to a time and materials arrangement, which produces revenues that can vary quarter to quarter.

Adjusted EBITDA generated by the Aerospace & Aviation segment increased by \$13 million or 10% to \$148 million.

Adjusted EBITDA within Essential Air Services increased over the prior period. The increases in revenue discussed above drove increases in Adjusted EBITDA. Investments previously made in our fleets are now starting to produce the returns that were expected when the capital was deployed.

Adjusted EBITDA within Aircraft Sales & Leasing increased over the prior period, primarily attributed to an increase in leasing activity during the period. Margins within this revenue stream are higher than other revenue streams as the capital cost associated with leasing is represented through depreciation, having an outsized impact on Adjusted EBITDA compared to revenue.

Adjusted EBITDA within Aerospace decreased from the prior period. The decrease is attributable to the factors discussed in the revenue section above.

Manufacturing Segment

The Manufacturing segment revenue increased by \$31 million or 13% over the prior period to \$265 million.

Revenue within the Environmental Access Solutions business line increased over the prior period. The Corporation acquired Duhamel on June 21, 2024 and Spartan on November 13, 2024, both of which contributed to the increase in revenue with a partial and no comparative in the prior period, respectively. The Corporation experienced significant demand for composite matting solutions within the US market during the period, contributing to an increase in revenue that exceeded expectations. Within the Canadian market, softer demand for rental mats due to project delays, drought conditions in some markets, and increased instances of forest fires was partially offset by increased demand for mat sales compared to the prior period.

Revenue within Multi-Storey Window Solutions decreased from the prior period. This business line continues to manage through project delays and the inefficiencies caused by those delays. Customer deferrals of certain projects created production gaps in the current period. In addition, reduced project activity in the current period because of the delays in booking projects in 2023 and early 2024 reduced revenue

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in the current period. The long lead time between order and build means recent positive developments have not yet begun to impact our financial results. Bookings in our orderbook typically take between 18 and 24 months before revenue is recorded.

Revenue within Precision Manufacturing & Engineering increased over the prior period. The increase is driven primarily by volume increases as large customer capital projects that were previously delayed from the latter part of 2024 continued to resume in the current period, in particular, for wireless and wireline construction services. Further, several core customers across multiple subsidiaries experienced volume increases during the period which further contributed to the increase in revenue.

Adjusted EBITDA in the Manufacturing segment increased by \$9 million or 26% from the prior period to \$44 million.

Adjusted EBITDA within Environmental Access Solutions increased over the prior period. The acquisition of Spartan and its addition of composite mats to the segment positively impacted Adjusted EBITDA and margins during the period. Spartan's results have been better than initially expected due to higher throughput in the facility, and lower than expected input costs. This increase was partially offset by a decrease in Adjusted EBITDA within the Canadian market as a result of the change in product mix that impacted the current period. Lower demand for rental mats, which generate higher Adjusted EBITDA margins, was partially offset by mat sales, which generate lower Adjusted EBITDA margins. The acquisition of Duhamel, for which there is only a partial comparative in the prior period, also contributed to the increase in Adjusted EBITDA.

Adjusted EBITDA within Multi-Storey Window Solutions decreased from the prior period. The decrease is attributed the impact of tariffs during the period. US tariffs on aluminium are impacting results, and while the Corporation has taken steps to mitigate the impact of tariffs, making changes within its supply chain, where possible, will occur over a longer period of time. Project delays discussed above, along with the strategic decision to retain experienced staff to allow us to meet increased demand in the future as projects that are currently on hold are awarded, continue to negatively impact results in this business line. As previously communicated, the Corporation's backlog remains strong, however, the long lead time between order and build means the impact to Adjusted EBITDA has not yet been realized.

Adjusted EBITDA within Precision Manufacturing & Engineering increased over the prior period. The increase is attributed to a change in product mix between entities, as well as the volume increases discussed above.

NET EARNINGS

	Three Months Ended June 30,	2025	2024
Net Earnings		\$ 40,010	\$ 32,648
Net Earnings per share		\$ 0.78	\$ 0.69

Net Earnings were \$40 million, an increase of \$7 million or 23% over the prior period. The Corporation generated higher Adjusted EBITDA compared to the prior period as discussed above, contributing to the increase in Net Earnings. In addition, interest expense decreased by \$2 million from the prior period due to lower principal value of convertible debentures outstanding as two series have recently been redeemed and substantially converted to equity, offsetting higher senior credit facility debt outstanding compared to the prior period. The increases to Net Earnings were partially offset by two factors. First, depreciation on capital assets increased \$8 million over the prior period due to the acquisition activity and investment in Growth Capital Expenditures. Second, acquisition costs increased \$2 million over the prior period, driven by the acquisition of Canadian North and to a lesser extent, the acquisition of Newfoundland Helicopters. The complexity of the Canadian North transaction, including required regulatory approvals, resulted in higher than normal costs for an acquisition of this size.

Income tax expense increased over the prior period and the Corporation's effective rate of tax remained consistent at 27%. The increase in tax expense corresponds with the increase in pre-tax earnings during the period.

Net Earnings per share increased by 13% over the prior period to \$0.78. The weighted average number of shares increased by 9% which partially offset the increase in Net Earnings. Further details around the change in shares outstanding can be found in *Section 6 – Liquidity and Capital Resources*.

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ADJUSTED NET EARNINGS (Section 12 – Non-IFRS Financial Measures and Glossary)

	Three Months Ended June 30,	2025	2024
Net Earnings		\$ 40,010	\$ 32,648
Acquisition costs (net of tax \$115 and \$341)		2,615	903
Amortization of intangible assets (net of tax \$1,608 and \$1,482)		4,461	4,111
Interest accretion on acquisition contingent consideration (net of tax \$25 and nil)		70	-
Adjusted Net Earnings		\$ 47,156	\$ 37,662
per share – Basic		\$ 0.92	\$ 0.80
per share – Diluted		\$ 0.88	\$ 0.77

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

Adjusted Net Earnings was \$47 million, an increase of \$9 million or 25% over the prior period. Adjusted Net Earnings includes the add-back of acquisition-related costs, which are comprised of \$4 million in intangible asset amortization and \$3 million in acquisition costs, and interest accretion on acquisition contingent consideration of less than \$1 million, all net of tax. Details around the calculation of Adjusted Net Earnings can be found in *Section 12 – Non-IFRS Financial Measures and Glossary*.

Adjusted Net Earnings per share increased 15% over the prior period to \$0.92. The weighted average number of shares increased by 9%, which partially offset the increase in Adjusted Net Earnings. Further details around the change in shares outstanding can be found in *Section 6 – Liquidity and Capital Resources*.

FREE CASH FLOW (Section 12 – Non-IFRS Financial Measures and Glossary)

	Three Months Ended June 30,	2025	2024
FREE CASH FLOW			
Cash flows from operations		\$ 92,747	\$ 40,529
Change in non-cash working capital		39,688	68,491
Acquisition costs (net of tax \$115 and \$341)		2,615	903
Principal payments on right of use lease liabilities		(11,626)	(9,421)
		\$ 123,424	\$ 100,502
per share – Basic		\$ 2.40	\$ 2.13
per share – Diluted		\$ 2.22	\$ 1.88

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

The Free Cash Flow generated by the Corporation during the period was \$123 million, an increase of \$23 million or 23% over the prior period. The increase is attributable to the increase in Adjusted EBITDA and a decrease in current taxes and interest, partially offset by an increase in principal payments on right of use assets. Free Cash Flow is discussed further in *Section 12 – Non-IFRS Financial Measures and Glossary*.

Free Cash Flow on a basic per share basis increased 13% over the prior period to \$2.40. The weighted average number of shares increased by 9%, which partially offset the increase in Free Cash Flow. Further details of the increase in shares outstanding can be found in *Section 6 – Liquidity and Capital Resources*.

Changes in non-cash working capital are included in cash flow from operations per the Statement of Cash Flow and are removed in the reconciliation to Free Cash Flow. As a result, it has no impact on the calculation of Free Cash Flow. A detailed discussion of changes in working capital is included in *Section 3 – Investing Activities*.

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Six Month Results

The following section analyzes the financial results of the Corporation for the six months ended June 30, 2025, and the comparative 2024 period.

	Six Months Ended June 30, 2025			
	Aerospace & Aviation	Manufacturing	Head Office ⁽²⁾	Consolidated
Revenue	\$ 836,947	\$ 551,257	\$ -	\$ 1,388,204
Expenses ⁽¹⁾	587,465	466,707	26,660	1,080,832
Adjusted EBITDA	249,482	84,550	(26,660)	307,372
Depreciation of capital assets				137,324
Amortization of intangible assets				12,260
Finance costs – interest				60,648
Depreciation of right of use assets				21,462
Interest expense on right of use liabilities				4,187
Acquisition costs				5,404
Earnings before taxes				66,087
Current income tax expense				17,830
Deferred income tax expense				1,040
Net Earnings				\$ 47,217
Net Earnings per share (basic)				\$ 0.93
Adjusted Net Earnings				\$ 61,451
Adjusted Net Earnings per share (basic)				\$ 1.21

	Six Months Ended June 30, 2024			
	Aerospace & Aviation	Manufacturing	Head Office ⁽²⁾	Consolidated
Revenue	\$ 795,436	\$ 466,908	\$ -	\$ 1,262,344
Expenses ⁽¹⁾	567,001	404,831	22,416	994,248
Adjusted EBITDA	228,435	62,077	(22,416)	268,096
Depreciation of capital assets				117,099
Amortization of intangible assets				11,171
Finance costs – interest				61,518
Depreciation of right of use assets				19,393
Interest expense on right of use lease liabilities				4,032
Acquisition costs				2,549
Earnings before taxes				52,334
Current income tax expense				21,733
Deferred income tax recovery				(6,575)
Net Earnings				\$ 37,176
Net Earnings per share (basic)				\$ 0.79
Adjusted Net Earnings				\$ 47,236
Adjusted Net Earnings per share (basic)				\$ 1.00

Note 1) Expenses include aerospace & aviation expenses (excluding depreciation and amortization), manufacturing expenses (excluding depreciation and amortization), and general and administrative expenses.

Note 2) Head Office is not a separate reportable segment. It includes expenses incurred at the head office of the Corporation and is presented for reconciliation purposes.

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REVENUE AND ADJUSTED EBITDA *(Section 12 – Non-IFRS Financial Measures and Glossary)*

On a consolidated basis, the Corporation generated revenue of \$1,388 million, an increase of \$126 million, or 10% over the prior period. The increase was driven by both of the Corporation's segments, with the Aerospace & Aviation segment increasing by \$42 million over the prior period and the Manufacturing segment increasing by \$84 million over the prior period.

Adjusted EBITDA of \$307 million was generated by the Corporation during the period, an increase of \$39 million or 15% over the prior period. The increase was driven by both segments with the Aerospace & Aviation segment increasing \$21 million and the Manufacturing segment increasing \$22 million over the prior period. These increases were partially offset by an increase in Head Office costs which was attributed to increased expenditures in information technology and cybersecurity, increased compensation expense, and the expansion of the Atik Mason Indigenous Pilot Pathway.

Aerospace & Aviation Segment

Revenue generated by the Aerospace & Aviation segment increased by \$42 million or 5% to \$837 million.

Revenue within Essential Air Services increased over the prior period. The increase is primarily attributable to medevac operations which experienced improved yields and enhanced scope in multiple markets. Fire suppression volumes within rotary wing operations also contributed to the increase in revenue due to both the number of fires active throughout the country during the period, as well as an earlier start to fire suppression season in the current period. Subsequent to the initial increase in volumes as a result of evacuation flights, scheduled service and medevac volumes experienced a decrease in volumes as a result of Northern communities being displaced and temporarily not requiring these services. Finally, Newfoundland Helicopters was acquired on May 12, 2025, for which there was no comparative in the prior period.

Revenue within Aircraft Sales & Leasing increased over the prior period. The increase is attributable to continued improvement in leasing activity in the period and an increase in parts demand. These increases more than offset a decrease in large asset sales from the prior period. Large asset sales, which are generally higher dollar transactions, can fluctuate period to period.

Revenue within Aerospace decreased from the prior period. The decrease is attributed to a reduction in revenue in our training business as the planned wind down of existing programs occurred prior to the start of new programs and the impact of a change in scope in one of its aerospace support contracts. The aerospace support contract has changed from a performance-based logistics agreement, which typically produces steady revenues, to a time and materials arrangement, which produces revenues that can vary quarter to quarter.

Adjusted EBITDA generated by the Aerospace & Aviation segment increased \$21 million or 9% to \$249 million for the period.

Adjusted EBITDA within Essential Air Services increased over the prior period. The increases in revenue discussed above contributed to increases in Adjusted EBITDA. Investments previously made in our fleets are now starting to produce the returns that were expected when the capital was deployed.

Adjusted EBITDA within Aircraft Sales & Leasing increased over the prior period, primarily attributed to an increase in leasing activity during the period. Margins within this revenue stream are higher than other revenue streams as the capital cost associated with leasing is represented through depreciation, having an outsized impact on Adjusted EBITDA compared to revenue.

Adjusted EBITDA within Aerospace decreased from the prior period. The decrease is attributable to the factors discussed in the revenue section above.

Manufacturing Segment

The Manufacturing segment revenue increased by \$84 million or 18% over the prior period to \$551 million.

Revenue generated within Environmental Access Solutions increased over the prior period. The Corporation acquired Duhamel on June 21, 2024 and Spartan on November 13, 2024, both of which contributed to the increase in revenue with a partial and no comparative in the prior period, respectively. The Corporation experienced significant demand for composite matting solutions within the US market during the period, contributing to an increase in revenue that exceeded expectations. The Corporation has optimized production schedules where possible to increase throughput to meet customer demand. Within the Canadian market, drought conditions in the current period reduced demand as crews were able to access job sites in certain markets without the use of temporary roads and bridges. Increased instances of forest fires also reduced demand as certain job sites became inaccessible.

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Revenue generated within Multi-Storey Window Solutions decreased from the prior period. The business line continues to manage through project delays and inefficiencies caused by those delays. While the recent declines in benchmark borrowing rates have been positive for our outlook, the long lead time between order and build means those positive developments have not yet begun to impact our financial results. Additions to our orderbook generally take between 18 and 24 months before revenue is recorded.

Revenue generated within Precision Manufacturing & Engineering increased over the prior period. During the current period, the business line experienced increases in volumes, in particular for wireless and wireline construction services, as large capital projects which were previously delayed from the latter part of 2024 started to come to fruition in the current period. Further, while macroeconomic factors such as tariff uncertainty persisted during the period, volumes among several core customers across multiple subsidiaries increased over the prior period, contributing to the increase in revenue. Finally, the prior period experienced a spending pause at certain customers during the US election cycle, which is typical as customers await the outcome of the election.

The Manufacturing segment Adjusted EBITDA increased by \$22 million or 36% from the prior period to \$85 million.

Adjusted EBITDA within Environmental Access Solutions increased over the prior period. The acquisition of Spartan and its addition of composite mats to the segment positively impacted Adjusted EBITDA and margins during the period. Spartan's results have been better than initially expected due to higher throughput in the facility and lower than expected input costs. In response to exceptional customer demand, the anticipated temporary plant shutdown to revamp the manufacturing footprint to improve output was deferred. The acquisition of Duhamel also contributed to the increase in Adjusted EBITDA as there was only a partial comparative in the prior period. This increase in Adjusted EBITDA was partially offset by a change in product mix in the Canadian operations, including a decrease in rental mat volumes, which generate a higher Adjusted EBITDA margins than the sale of mats.

Adjusted EBITDA within Multi-Storey Window Solutions decreased from the prior period. The decrease is attributed to the impact of tariffs and project delays during the period. US tariffs on aluminium are impacting results, and while the Corporation has taken steps to mitigate the impact of tariffs, making changes within its supply chain, where possible, will occur over a longer period of time. The strategic decision to retain experienced staff to allow us to meet increased demand in the future as projects that are currently on hold are awarded continues to negatively impact results. As previously communicated, the Corporation's backlog remains strong, however the long lead time between order and build means the impact to Adjusted EBITDA has not yet been realized.

Adjusted EBITDA within the Precision Manufacturing & Engineering increased over the prior period. The increase is attributed to a change in product mix between entities, as well as the volume increases as discussed above.

NET EARNINGS

	Six Months Ended June 30,	2025	2024
Net Earnings		\$ 47,217	\$ 37,176
Net Earnings per share		\$ 0.93	\$ 0.79

Net Earnings was \$47 million, an increase of \$10 million, or 27% over the prior period. The Corporation generated higher Adjusted EBITDA compared to the prior period as discussed above, contributing to the increase in Net Earnings. In addition, interest expense decreased by \$1 million from the prior period due to lower principal value of convertible debentures outstanding as two series have recently been redeemed and substantially converted to equity, offsetting higher senior credit facility debt outstanding compared to the prior period. These increases to Net Earnings were partially offset by two factors. First, depreciation on capital assets increased \$19 million over the prior period due to the acquisition activity and investment in Growth Capital Expenditures. Second, acquisition costs increased \$3 million over the prior period, driven primarily by the acquisition of Canadian North and to a lesser extent the acquisition of Newfoundland Helicopters. The complexity of the Canadian North transaction, including required regulatory approvals, resulted in higher than normal costs for an acquisition of this size.

Income tax expense increased over the prior period while the Corporation's effective tax rate remained consistent at 29%. The increase in tax expense corresponds with the increase in pre-tax earnings during the period.

Net Earnings per share increased by 18% from the prior period to \$0.93. The weighted average number of shares increased by 8%, which reduced Net Earnings per share. Details around the change in shares outstanding can be found in *Section 6 – Liquidity and Capital Resources*.

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ADJUSTED NET EARNINGS (Section 12 – Non-IFRS Financial Measures and Glossary)

	Six Months Ended June 30,	2025	2024
Net Earnings		\$ 47,217	\$ 37,176
Acquisition costs (net of tax \$341 and \$700)		5,063	1,849
Amortization of intangible assets (net of tax \$3,249 and \$2,960)		9,011	8,211
Interest accretion on acquisition contingent consideration (net of tax of \$25 and nil)		70	-
Accelerated interest accretion on redeemed debentures (net of tax of \$33 and nil)		90	-
Adjusted Net Earnings		\$ 61,451	\$ 47,236
per share – Basic		\$ 1.21	\$ 1.00
per share – Diluted		\$ 1.18	\$ 0.98

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

Adjusted Net Earnings was \$61 million, an increase of \$14 million or 30% from the prior period. Adjusted Net Earnings includes the add-back of acquisition-related costs, which are comprised of \$9 million in intangible asset amortization and \$5 million in acquisition costs, accelerated interest accretion on redeemed debentures of less than \$1 million, and interest accretion on acquisition contingent consideration of less than \$1 million, all net of tax. Details around the calculation of Adjusted Net Earnings can be found in *Section 12 – Non-IFRS Financial Measures and Glossary*.

Adjusted Net Earnings per share increased by 21% to \$1.21 from the prior period. The weighted average number of shares increased by 8%, which reduced Adjusted Net Earnings per share. Details around the change in shares outstanding can be found in *Section 6 – Liquidity and Capital Resources*.

FREE CASH FLOW (Section 12 – Non-IFRS Financial Measures and Glossary)

	Six Months Ended June 30,	2025	2024
FREE CASH FLOW			
Cash flows from operations		\$ 182,130	\$ 91,506
Change in non-cash working capital items		39,573	87,576
Acquisition costs (net of tax \$341 and \$700)		5,063	1,849
Principal payments on right of use lease liabilities		(21,858)	(18,498)
		\$ 204,908	\$ 162,433
per share – Basic		\$ 4.02	\$ 3.44
per share – Diluted		\$ 3.71	\$ 3.07

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

The Free Cash Flow generated by the Corporation during the period was \$205 million, an increase of \$42 million, or 26% over the prior period. The increase is attributable to the increase in Adjusted EBITDA, along with a decrease in current taxes and interest, partially offset by an increase in principal payments on right of use assets. Free Cash Flow is discussed further in *Section 12 – Non-IFRS Financial Measures and Glossary*.

Free Cash Flow on a basic per share basis increased 17% from the prior period to \$4.02. The weighted average number of shares increased by 8%, which reduced Free Cash Flow per share. Details of the increase in shares outstanding can be found in *Section 6 – Liquidity and Capital Resources*.

Changes in non-cash working capital are included in cash flow from operations per the Statement of Cash Flow and are removed in the reconciliation to Free Cash Flow. As a result, it has no impact on the calculation of Free Cash Flow. A detailed discussion of changes in working capital is included in *Section 3 – Investing Activities*.

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3. INVESTING ACTIVITIES

Investment through the acquisition of new businesses, the purchase of capital assets, and investment in working capital to maintain and grow our existing portfolio of subsidiaries is a primary objective of the Corporation.

ACQUISITIONS

Newfoundland Helicopters Ltd. ("Newfoundland Helicopters").

On May 12, 2025, the Corporation acquired the shares of Newfoundland Helicopters. Newfoundland Helicopters, headquartered in Clarenville, Newfoundland and Labrador, is a helicopter charter service founded in 2005. The Company's operations serve diverse sectors including healthcare, mining, construction, utilities and leisure. The Corporation's rotary wing business already has a presence in Newfoundland and Labrador, and when combined with PAL's customer relationships, provides a compelling opportunity for growth and increased customer service in the region for our rotary wing business.

The components of the consideration paid to acquire Newfoundland Helicopters are outlined in the table below.

Consideration given:	
Cash	\$ 12,174
Issuance of 26,230 shares of the Corporation at \$52.61 per share	1,380
Estimated working capital settlement	349
Total purchase consideration	\$ 13,903

Bradley Air Services Ltd. ("Canadian North")

Subsequent to the end of the period, on July 1, 2025, after receiving all required regulatory approvals, the Corporation completed its acquisition of Canadian North, for a purchase price of \$205 million, subject to adjustments. The purchase price was funded by cash from the Corporation's credit facility and \$10 million of EIC common shares issued to the vendors. Canadian North provides essential passenger and cargo services, using a combination of leased and owned Boeing 737 jets and ATR turboprops, to 24 remote Canadian Arctic communities in Nunavut and the Northwest Territories, from its southern gateways in Ottawa and Edmonton. Canadian North is also the premier provider of air charter services for large resource sector clients requiring dependable, efficient, and economical fly-in, fly-out charter services.

CAPITAL EXPENDITURES

CAPITAL EXPENDITURES	Three Months Ended June 30, 2025				
	Aerospace & Aviation	Manufacturing	Head Office	Total	
Maintenance Capital Expenditures	\$ 58,410	\$ 7,383	\$ 144	\$ 65,937	
Growth Capital Expenditures	9,624	(5,081)	-	4,543	
	\$ 68,034	\$ 2,302	\$ 144	\$ 70,480	

CAPITAL EXPENDITURES	Three Months Ended June 30, 2024				
	Aerospace & Aviation	Manufacturing	Head Office	Total	
Maintenance Capital Expenditures	\$ 40,805	\$ 7,276	\$ 99	\$ 48,180	
Growth Capital Expenditures	38,546	6,244	10	44,800	
	\$ 79,351	\$ 13,520	\$ 109	\$ 92,980	

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		Six Months Ended June 30, 2025			
CAPITAL EXPENDITURES		Aerospace & Aviation	Manufacturing	Head Office	Total
Maintenance Capital Expenditures	\$	107,287	\$ 14,308	\$ 326	\$ 121,921
Growth Capital Expenditures		64,143	(3,482)	-	60,661
	\$	171,430	\$ 10,826	\$ 326	\$ 182,582
		Six Months Ended June 30, 2024			
CAPITAL EXPENDITURES		Aerospace & Aviation	Manufacturing	Head Office	Total
Maintenance Capital Expenditures	\$	75,398	\$ 11,840	\$ 281	\$ 87,519
Growth Capital Expenditures		83,690	425	10	84,125
	\$	159,088	\$ 12,265	\$ 291	\$ 171,644

Maintenance Capital Expenditures for the six month period ended June 30, 2025, increased by \$34 million or 39% over the prior period. The increase in the Aerospace & Aviation segment was \$32 million, and the increase in the Manufacturing segment was \$2 million, over the prior period. Maintenance Capital Expenditures for the Corporation's Essential Air Services have historically been weighted more towards the first half of the year as heavy checks, overhauls, and engine maintenance events are scheduled at a time when demand is lowest. However, due to maintenance, repair and operations ("MRO") availability, such seasonality may vary year to year. With a larger fleet, we are more easily able to share aircraft across our organization if maintenance events occur during an operationally busier time of year. As the size of our fleet has increased, maintenance schedules have become more equally distributed throughout the entire year than we would have experienced historically. In the current period, Maintenance Capital Expenditures within Aircraft Sales & Leasing has increased as the Corporation adjusted the calculation methodology to be more conservative, as discussed further below. Maintenance Capital Expenditures for the Manufacturing segment can vary from period to period due to the capital required to maintain production equipment, with the exception of Maintenance Capital Expenditures for the Environmental Access Solutions rental portfolio, which is calculated using depreciation as a proxy.

Aerospace & Aviation Segment

Maintenance Capital Expenditures for Essential Air Services for the three and six months ended June 30, 2025 decreased for the three month period and increased for the six month period. Due to MRO availability in the prior period, the timing of events shifted from the first quarter of 2024 into the second quarter of 2024 contributing to the decrease during the three months ended June 30, 2025. Parts inflation and increased labour rates have contributed to the increase in Maintenance Capital Expenditures for the six months ended June 30, 2025. In addition, our fleet size has increased, necessitating additional Maintenance Capital Expenditures. Growth Capital Expenditures for the three and six months ended June 30, 2025, within Essential Air Services were \$19 million and \$30 million, respectively. This includes continued investment in the construction of the facility to house the Corporation's full motion King Air simulator, investments made in infrastructure to support the Carson Air medevac contract and the expansion of our rotary wing fleet.

Maintenance Capital Expenditures for Aerospace for both the three and six months ended June 30, 2025, increased over the prior period. The increase over the prior period is due to the timing of events that took place as period to period variability is expected. An increased number of heavy checks and overhauls to support increased levels of flying and higher overhaul costs experienced by the business due to inflationary pressures and labour costs both drove the increases. Growth Capital Expenditures for the three and six months ended June 30, 2025 were \$3 million and \$8 million, respectively, which relates to modifications to convert a second aircraft into a surveillance platform to assist with our UK Home Office contract.

Maintenance Capital Expenditures for Aircraft Sales & Leasing for the three and six months ended June 30, 2025, both increased over the prior period. As the Corporation's lease fleet approached pre-pandemic utilization, the Corporation reviewed its Maintenance Capital Expenditures policy for this business line as discussed further below. The change in the calculation methodology, which was implemented prospectively, has contributed to the period over period increase for both the three and six months ended June 30, 2025. Growth Capital Expenditures for the three and six months ended June 30, 2025, were negative \$12 million and positive \$26 million, respectively. During the three months ended June 30, 2025, asset sales outpaced expected purchases resulting in negative Growth Capital Expenditures for the period. As we note below, this is not expected over the longer term. The negative Growth Capital Expenditures during the three months ended June 30, 2025 were offset by purchases made during the first quarter of 2025 and it is expected that Regional One will add to its portfolio in the third quarter of 2025 as well.

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The table below provides a summary of the fleet of assets in Regional One's lease portfolio.

Regional One Lease Portfolio	June 30, 2025		December 31, 2024	
	Aircraft	Engines	Aircraft	Engines
Lease portfolio	73 ⁽¹⁾	125	67 ⁽¹⁾	131

Note 1) The aircraft total above includes 24 airframes that do not have engines (December 31, 2024 – 19 airframes) including 8 (December 31, 2024 - 8 airframes) that will be leased out in conjunction with engines owned by Aero Engines LLC, the joint venture between the Corporation and SkyWest.

The lease portfolio for Aircraft Sales & Leasing is comprised of several different types of aircraft and engines. The predominant platforms are the Bombardier CRJ aircraft, Embraer ERJ aircraft and the Dash – 8 Q400 aircraft. The predominant engine platforms are the General Electric CF 34 engine series along with the Pratt & Whitney engines. Earnings on the leasing of aircraft and engines are not derived solely from a financing spread as in the traditional leasing business but rather cash flows are generated from acquiring assets, leasing them out, and once the available green time on the assets is consumed and the aircraft have been retired from the active fleet, the assets are sold or parted out to generate further cash flows. It is important to note that not all the aircraft and engines in the portfolio will be on lease at any given time.

As the Corporation's lease fleet approached pre-pandemic utilization, the Corporation reviewed its Maintenance Capital Expenditures policy for the Aircraft Sales & Leasing business line and changed the policy for calculation of Maintenance Capital Expenditures starting in the first quarter of 2025 on a go forward basis. Maintenance Capital Expenditures within the Corporation's Aircraft Sales & Leasing business line reflects a charge based on the utilization of the assets within the aircraft and engine lease portfolio. The Maintenance Capital Expenditures represent the expected future capital expenditures required to maintain the cash flow of the lease portfolio at current levels as a result of current period utilization of those aircraft by lessees. Using a cash basis policy can result in large period to period variability in Maintenance Capital Expenditures and is not a good indicator of reinvestment needs when flying tempos are high. In contrast, the new policy will result in Maintenance Capital Expenditures that are more consistent, predictable, and better aligned with reinvestment requirements based on current levels of flying.

Prior to 2025, the fleet of aircraft and engines to be leased was underutilized since the onset of the pandemic and as a result, the available green time on those aircraft was not being consumed at the same rate as in prior periods. Just as the impacts of the pandemic lessened, the lease fleet remained underutilized due to a worldwide flight crew shortage, most notably in experienced pilots. During these periods of underutilization, the actual expenditures on assets already owned were used as the costs of maintaining the fleet and represented Maintenance Capital Expenditures during these historic periods.

Growth Capital Expenditures at Aircraft Sales & Leasing represent the difference between net capital assets acquired (assets purchased less assets sold or transferred to inventory) and the amount of Maintenance Capital Expenditures, as defined above. Because the timing between the removal of assets from the lease portfolio and the replacement of those assets can vary from quarter to quarter, it is possible that negative Growth Capital Expenditures may arise in a particular quarter. However, it is not expected that negative Growth Capital Expenditures would consistently occur over a longer period as it is the Corporation's intention to continue to maintain or grow the lease portfolio.

Manufacturing Segment

Maintenance Capital Expenditures in the Precision Manufacturing & Engineering and Multi-Storey Window Solutions business lines primarily relate to the replacement of production equipment, or components of that equipment, and can vary significantly from year to year. Certain manufacturing assets have long useful lives and, therefore, can last for many years before requiring replacement or significant repair. Maintenance Capital Expenditures for Environmental Access Solutions primarily relate to the depreciation on mats and bridges, as well as maintenance on or replacement of equipment which, similar to Precision Manufacturing & Engineering and Multi-Storey Window Solutions, can vary based on what assets require repair or replacement.

For the three months ended June 30, 2025, Maintenance Capital Expenditures for Environmental Access Solutions decreased from the prior period. The decrease is attributed to the replacement of rolling stock in the prior period which did not occur in the current period. For the six months ended June 30, 2025, Maintenance Capital Expenditures for Environmental Access Solutions increased over the prior period. The increase is attributed to the replacement of rolling stock during the first quarter of 2025 that did not occur in the prior period. For the three and six months ended June 30, 2025, Growth Capital Expenditures were negative \$5 million and negative \$4 million, respectively. During the period, the business line took the opportunity to sell some wooden mats in the fleet in response to customer demand.

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For the three and six months ended June 30, 2025, Multi-Storey Window Solutions Maintenance Capital Expenditures increased over the prior period. Growth Capital Expenditures for both the three and six months ended June 30, 2025, were less than \$1 million, and reflect investment in new equipment to support production efficiencies.

For the three and six months ended June 30, 2025, Precision Manufacturing & Engineering Maintenance Capital Expenditures increased over the prior period. The increase is attributed to investments made to sustain the higher run rates experienced during the period. There were no Growth Capital Expenditures for the three and six months ended June 30, 2025 within this business line.

INVESTMENT IN WORKING CAPITAL

During the six months ended June 30, 2025, the Corporation invested \$40 million into working capital to support several growth initiatives and increased revenues, as discussed further below.

During the period, the Corporation continued to invest in the Aircraft Sales & Leasing business line. This investment was made through approximately \$20 million in deposits for assets that will be purchased in future quarters that will either be sold or added to the lease fleet, and continued investment in inventory. This increase in inventory will support future parts sales, but due to a shortage of available MRO shop time around the world, we expect there may be delays in completing the tear down of these assets into their component parts for resale. In addition, there are several whole aircraft and engines in inventory that are expected to be monetized in the coming quarters.

During the period, the Corporation invested in the Environmental Access Solutions business line, expanding new mat inventory during the period. This is in response to customer demand for new mat sales and this investment is expected to be drawn down over the back half of the year.

Subsequent to the end of the quarter, the Corporation collected a material government receivable. This collection brought the aging of the Corporation's overall government receivable portfolio closer in line to historical norms, reducing working capital by approximately \$19 million.

The Corporation continues to focus on its working capital management and expects working capital to decline over the remainder of the year. It is expected that the third quarter will see normal seasonality with respect to working capital, but by the end of the year an overall reduction to working capital for the year is anticipated. This reduction includes the impact of the expected sales within Aircraft Sales & Leasing and Environmental Access Solutions discussed above.

Further details of the investment in working capital are included in Note 16 and the Statement of Cash Flows in the Corporation's Consolidated Financial Statements.

4. DIVIDENDS AND PAYOUT RATIOS

The payment of stable and growing dividends to shareholders is a cornerstone goal of the Corporation which is achieved through the consistent execution of our core strategy of diversification, disciplined investment in our subsidiaries, and disciplined acquisition of companies with defensible and steady cash flows.

Dividends

Month	Record date	Per Share	2025 Dividends Amount	Record date	Per Share	2024 Dividends Amount
January	January 31, 2025	\$ 0.22	\$ 10,983	January 31, 2024	\$ 0.22	\$ 10,380
February	February 28, 2025	0.22	11,276	February 29, 2024	0.22	10,389
March	March 31, 2025	0.22	11,291	March 29, 2024	0.22	10,402
April	April 30, 2025	0.22	11,299	April 30, 2024	0.22	10,410
May	May 30, 2025	0.22	11,312	May 31, 2024	0.22	10,419
June	June 30, 2025	0.22	11,322	June 28, 2024	0.22	10,446
Total		\$ 1.32	\$ 67,483		\$ 1.32	\$ 62,446

Dividends declared for the six months ended June 30, 2025, increased over the prior period. The issuance of shares as part of the conversion of convertible debentures in the fourth quarter of 2024 and the conversion of convertible debentures during the first quarter of 2025, acquisitions of Spartan in the fourth quarter of 2024, and Newfoundland Helicopters in the current period, increased the number of shares outstanding, contributing to the increase in dividends. Further information on shares outstanding can be found in *Section 6 – Liquidity and Capital Resources*.

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The Corporation uses both an earnings-based payout ratio (Adjusted Net Earnings) and a cash flow-based payout ratio (Free Cash Flow less Maintenance Capital Expenditures) to assess its ability to pay dividends to shareholders. Both methods of calculating the payout ratio provide an indication of the Corporation's ability to generate enough funds from its operations to pay dividends. See *Section 12 – Non-IFRS Financial Measures and Glossary* for more information on Non-IFRS measures.

Adjusted Net Earnings exclude acquisition costs, amortization of intangible assets, and unusual one-time items. Amortization of intangible assets results from intangible assets that are recorded when the Corporation completes an acquisition as part of the purchase price allocation for accounting purposes. There are no future capital expenditures associated with maintaining or replacing these intangible assets, therefore intangible asset amortization is not considered when assessing the ability to pay dividends. Acquisition costs are not required to maintain existing cash flows and therefore these costs are not considered in assessing the payment of dividends and include acquisition costs and pre-revenue ramp-up costs for significant expansions. Adjusted Net Earnings includes depreciation on all capital expenditures and is not impacted by the period to period variability in Maintenance Capital Expenditures.

Free Cash Flow less Maintenance Capital Expenditures is a measure that ensures the resulting payout ratio reflects the replacement of capital assets that is necessary to maintain the Corporation's existing revenue streams. Cash outflows associated with acquisitions and capital expenditures that will result in growth are not included in this payout ratio because they will generate future returns in excess of current cash flows.

The Corporation analyzes its payout ratios on a trailing twelve-month basis when assessing its ability to pay and increase dividends. The use of a longer period reduces the impact of seasonality on the analysis as seasonality exists across a large portion of our operations. Seasonality is discussed further in *Section 5 – Outlook*.

Payout Ratios (Section 12 – Non-IFRS Financial Measures and Glossary)

Basic per Share Payout Ratios for the Corporation	2025		2024	
	Three Months	Trailing Twelve Months	Three Months	Trailing Twelve Months
Adjusted Net Earnings	72%	81%	83%	90%
Free Cash Flow less Maintenance Capital Expenditures	59%	63%	59%	61%

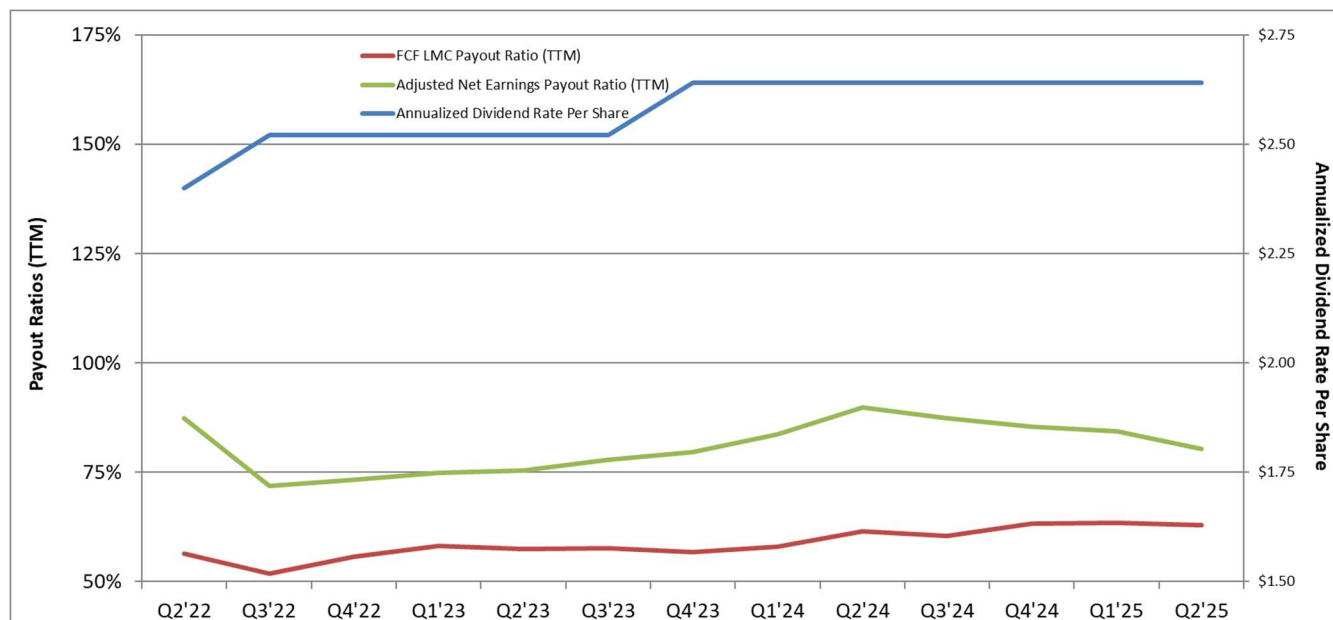
The trailing twelve month Adjusted Net Earnings payout ratio improved to 81% at June 30, 2025 compared to 90% at June 30, 2024, due to improved performance from investments made in previous periods. The trailing twelve month Free Cash Flow less Maintenance Capital Expenditures payout ratio was 63% at June 30, 2025 compared to 61% at June 30, 2024. The increase in Free Cash Flow discussed above was offset by the increase in Maintenance Capital Expenditures also discussed above and the increase in weighted average shares from the conversion of convertible debentures. See *Section 3 – Investing Activities* for more information on Maintenance Capital Expenditures.

The nature of Maintenance Capital Expenditures is such that fluctuation can occur from period to period based on the timing of maintenance events, as discussed in *Section 3 – Investing Activities*. The Adjusted Net Earnings payout ratio is not impacted by the timing differences in Maintenance Capital Expenditures.

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The graph that follows shows the Corporation's historical Free Cash Flow less Maintenance Capital Expenditures trailing twelve-month payout ratio and Adjusted Net Earnings trailing twelve-month payout ratio on the left axis. On the right axis, the annualized dividend rate per share is shown.



5. OUTLOOK

The Corporation continues to execute its acquisition strategy and make further investments in its subsidiaries, with the intent to diversify the Corporation's cash flows to provide shareholders with dependable returns, even during times of market or economic disruption or dislocation. By acquiring companies with demonstrated and sustainable market niches and exceptional management teams and then providing these companies with additional capital to expand, we have been able to deliver consistent growth for our shareholders on a per share basis throughout our history. Not all our subsidiaries will be performing at peak levels at any given point in time, but the diversification within our portfolio of companies has enabled the overall portfolio of businesses to be much more resilient than any one individual business. This means one or more over-performing business can support other subsidiaries that are experiencing challenges without negatively impacting EIC's overall results materially, which allows management to focus on long term profitability, rather than short term quarter to quarter results. It is this business philosophy and focus on the long-term diversification of cash flows that drives EIC's investment thesis and is the bedrock of the consistent results we have generated since inception.

Our record key financial metrics in the second quarter reflect the continued execution of our strategy and investment philosophy. The organic growth initiatives, specifically the Aerospace & Aviation segment contract wins, will continue to ramp in the remainder of 2025. Our Manufacturing segment was materially stronger than the prior period, however, did experience the deferral of sales into subsequent quarters due to the decline in business sentiment. The passing of the US tax legislation, which will allow for accelerated tax depreciation on capital purchases for our manufacturing customers, will be a tailwind in coming quarters.

With the regulatory approval of the Canadian North transaction and the closing of the acquisition, effective July 1, 2025, we have updated our guidance for 2025. We expect an Adjusted EBITDA range of \$725 million to \$765 million, which is an increase of \$35 million from our previously issued guidance. As previously noted, the Canadian North acquisition was largely supported by its asset backing across its aircraft and infrastructure. However, the return on capital, being Free Cash Flow less Maintenance Capital Expenditures, will be below our typical threshold in our first year of ownership. The return will grow steadily based on our operating scope, capability, and knowledge to

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increase the efficiency of the airline, coupled with the new long-term Air Services Agreement. We expect to achieve our targeted returns on capital by the end of fiscal 2026. We will provide our 2026 guidance with our third quarter reporting in November 2025.

Our business model is based on diversified and resilient cash flow generated by our various subsidiaries. However, we are exposed to certain amounts of seasonality in our operating segments. For purposes of the Outlook, we will provide a high-level summary on the seasonality and its drivers along with qualitative discussions regarding our segment expectations for 2025 and thereafter.

Seasonality

The first quarter is our seasonally slowest quarter. While the majority of our operations experience this seasonality, it is especially impactful in our Essential Air Services, including Canadian North, and Environmental Access Solutions business lines. The fixed cost nature of scheduled flying coupled with potential reduced traffic, due to reduced demand and the impact of winter roads, as applicable, to transport people and goods results in lower passenger and cargo revenues with a corresponding reduction in Adjusted EBITDA during the first quarter. Our Environmental Access Solutions business line also experiences seasonality as the frozen terrain generally experienced in the first quarter does not require the same degree of mat coverage that would be required during the spring, summer and fall periods. The colder weather in the first quarter also generally results in a seasonal slowdown in large infrastructure projects across North America, impacting certain of the Corporation's Manufacturing segment subsidiaries.

Regarding the remaining quarters, we generally experience the highest level of activity in both our Aerospace & Aviation and Manufacturing segments during the third quarter. An increased level of activity in all businesses typically results in the highest level of profitability during the third quarter. The second quarter is typically our second highest level of revenue and profitability followed closely by the fourth quarter, which would be an average level of per annum revenue and profitability. Because of the ramp in several contracts throughout 2025, and the acquisition of Canadian North, the fourth quarter of 2025 is expected to generate higher levels of Adjusted EBITDA than the second quarter.

The seasonality above is based on general predictable patterns. Unusual weather patterns or other events can impact individual subsidiaries; however, our geographic diversity helps to mitigate such risk.

Canadian North experiences seasonality relatively consistent with the Essential Air Services business line. The third quarter experiences the highest level of activity and profitability with the second and fourth quarters approximating one another. The first quarter is seasonally the weakest quarter due to reduced passenger and charter demand for the communities we serve coupled with Arctic weather impacts.

Outlook by Segment

Our Aerospace & Aviation segment's revenue and Adjusted EBITDA are expected to increase for the remainder of fiscal 2025 relative to the comparative period due to the completed acquisition of Canadian North, our organic growth investments made and continued execution on the contract wins announced in 2023 and 2024.

Our Essential Air Services business line will reflect the impact of the completed acquisition of Canadian North on July 1, 2025, including the new long-term Air Services Agreement, along with the full year contribution of the commercial agreement with Air Canada, the medevac contracts in British Columbia and Manitoba, as well as the investment in aircraft and infrastructure to service these agreements as these contracts were not fully at scale in the comparative third and fourth quarters. The acquisition of aircraft to service the British Columbia medevac contract will allow us to redeploy the existing aircraft throughout our operations which will further enhance profitability of the business line as we previously forecasted. We anticipate that eight to ten of the remaining aircraft will be delivered in the last two quarters of 2025 and will be placed into service shortly after modification and installation of the aircraft medevac interiors. In February 2024, the Manitoba medevac contract started with the modification and deployment of turboprop aircraft and the medevac jet aircraft were modified and introduced into the fleet partway in the third quarter of 2024. In 2024 we announced that we were the successful proponent, along with Medavie Health NL, to design, manage and operate the integrated ambulance services for the Province of Newfoundland and Labrador. Our specific work scope includes fixed wing and rotary air ambulance services. The contract is close to being finalized with the Province of Newfoundland and Labrador and is expected to commence in the fourth quarter. In the back half of 2025, we are scheduled to receive several of the new King Air aircraft for the Carson Air contract, meaning several of the current aircraft can be quickly re-deployed for the Newfoundland and Labrador opportunity. During the second quarter, we entered into an interim rotary wing medevac agreement to service the Province of Newfoundland and Labrador and additionally acquired Newfoundland Helicopters during the second quarter to further enhance our rotary wing presence in the Maritimes. Partially offsetting the increases in revenue and profitability is the impact of fire evacuations on the geographies served by Essential Air Services. After the communities are evacuated, there is a negative impact on scheduled passenger and medevac activities for the interim period.

The Aerospace business line's profitability is expected to increase for the remainder of fiscal 2025 relative to the prior year due to high tempo flying under certain of our ISR contracts coupled with the deployment of a second ISR aircraft under the 15-month contract with the UK Home

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Office with utilization expected in August 2025, assuming receipt of the UK aviation regulatory approval. The incremental revenue and profitability gains will be partially offset by the change in scope of one of our support contracts from a performance-based logistics agreement to a time and materials arrangement. In 2024, we also announced that we were a member of the successful SkyAlyne team on the awarding of the Future Air Crew Training Program. We are continuing to negotiate and finalize the scope of our arrangement with the other program members. During the fourth quarter of 2024, we submitted our proposal to the Government of Australia Department of Home Affairs for the provision of Aerial Surveillance Services and anticipate a response to our submission during the third quarter. If successful, commencement of the contract would occur in fiscal 2028.

The Aircraft Sales & Leasing business line continues to build momentum and has benefited from the investments we have made in previous periods. Leasing revenue continues to increase as we deploy our assets throughout the globe. Furthermore, air operators are continuing to look for spare engines and repaired parts to capitalize on the current and growing demand around the world, resulting in strong parts, aircraft and engine sales.

On a longer-term basis, the outlook for our Aerospace & Aviation segment continues to be bullish. The services we provide to the Northern communities are essential services. We have invested significantly in our fleets and infrastructure over the past number of years and the result of those investments will continue to drive our financial results. The addition of Canadian North expands on our existing route network and the aircraft are complementary to our current fleet. Access to Boeing 737 jet service for our various Essential Air Services passenger, charter and cargo customers will provide further opportunities to provide value added services to our communities and customers we serve. The infrastructure owned by Canadian North, coupled with our existing businesses, will provide further expansion opportunities in the Arctic defence and security realm for our Aerospace business line and our Aircraft Sales & Leasing business line is anticipated to provide support for the maintenance and growth of the Canadian North fleet. Further tailwinds exist, as Canada's resource economy continues to develop, which will necessitate transportation to remote areas coupled with the recently announced Canadian NATO spending targets. This will provide opportunities for our various subsidiaries across our two operating segments to provide services to the federal government based on our infrastructure, advanced aerospace solutions, arctic aviation, in-country defence manufacturing, advanced aerospace solutions, and networks of partnerships with Indigenous communities. Our capabilities uniquely position EIC to lead and support these critical initiatives for Canada. There continues to be opportunities to expand the geographical footprint of our world class medevac capabilities to other regions throughout Canada and the ability to expand our ISR offerings to other geographies around the world. Lastly, our Aircraft Sales & Leasing business line is continuing to expand. With the well-publicized production issues of new aircraft and the related risks and uncertainties, we have noted an uptick in demand for parts, aircraft and engines for prior generation aircraft. Furthermore, air operators are continuing to look for spare engines and repaired parts due to component shortages. These factors are expected to provide tailwinds to Aircraft Sales & Leasing.

Our Manufacturing segment is expected to improve relative to the comparative periods driven by contributions to our Environmental Access Solutions business line with the acquisition of Spartan, which was executed in November 2024, along with anticipated strengthening across certain of our subsidiaries as business sentiment gradually improves. Our Environmental Access Solutions business line is expected to improve from a revenue and Adjusted EBITDA perspective due to the acquisition of Spartan along with anticipated increasing Canadian rental activity related to projects commencing. Our Multi-Storey Window Solutions business line is expected to slightly decline from the comparative periods due to reduced project activity because of the delays in booking projects in 2023 and in early 2024, compressed margins on projects being manufactured associated with the competitive environment at the time of bookings, customer deferrals of certain projects and integration costs. Our Precision Manufacturing & Engineering business line is expected to expand in revenue and Adjusted EBITDA over the prior periods primarily because of strong telecommunications and technology customer demand coupled with strategic growth initiatives undertaken amongst the various subsidiaries. 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 bookings softened due to reduced business sentiment at points during the first half of 2025. However, with the passing of the new tax legislation in the US, along with gradually improving business sentiment, we have started to see an uptick in the conversion of quotes to orders after quarter end.

On a longer-term basis, business fundamentals and North American trends support our positive outlook for the Manufacturing segment businesses. Our Environmental Access Solutions business line sees opportunities to further expand our customer base in the US while the composite matting manufacturing capabilities of Spartan continue to increase our overall diversification within the business line. On a macro basis, as the electrical grid is upgraded and expanded in the transmission and distribution sector and opportunities in the resource sector are realized, the utilization of matting and bridge solutions will be required to protect ecologically sensitive areas. The long-term macroeconomic trends associated with the shortage in affordable housing and rentals across North America provide significant medium and long-term upside to our Multi-Storey Window Solutions business line. We are seeing an increase in the number of apartment rental projects as opposed to condominiums, in certain markets, along with re-skinning projects to convert commercial properties into residential buildings. Our Multi-Storey Window Solutions business line is agnostic to the type of project as our subsidiaries have significant experience in all

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subsectors. The increased bookings experienced in the latter portion of 2024 are expected to be manufactured within the next 18 to 24 months, consistent with historical trends. We are continuing to see strong levels of inquiry in early 2025, however conversion to bookings is lower than historical levels as a consequence of the relatively higher interest rate environment and developer uncertainty. Subsequent to quarter end approximately \$100 million of inquiries converted into firm bookings to be manufactured in later 2026 and early 2027. Lastly, our Precision Manufacturing & Engineering business line is poised for further growth based on the anticipated increased demand as customers are reshoring manufacturing capabilities to North America coupled with execution of opportunities that are expected to materialize as the macroeconomic uncertainty continues to abate.

Head Office is not a separate operating segment, but rather represents expenses incurred at the corporate level in support of the various segments. Expenses are anticipated to increase when compared to comparative periods to support continued investment in people including additional head count to support the operating segments, investments related to Indigenous Reconciliation programs such as the Atik Mason Pilot Pathway Program including the doubling of the Rankin Inlet program in 2026, and additional costs related to investments in IT and cybersecurity.

Tariffs and Geopolitical Uncertainty

Our Aerospace & Aviation segment is not directly impacted by tariffs, however, may be temporarily exposed to secondary risks associated with tariffs and protectionist policies. Our Essential Air Services and Aerospace business lines may be impacted by short-term fluctuations in foreign exchange rates, raw material escalations due to steel and aluminum tariffs and risks associated with countervailing tariffs should they be enacted. Ultimately, the majority of revenues and expenditures would not be impacted within those business lines, owing to the fact the services they provide are essential in nature. Our Aircraft Sales & Leasing business may be a beneficiary of geopolitical uncertainty as aircraft acquisitions may be deferred by airline operators around the world, which would increase demand for parts, leased aircraft and engine assets. To date, we have not experienced any significant negative impact on the Aerospace & Aviation segment resulting from the enacted tariffs.

Our Manufacturing segment may be temporarily exposed to secondary risks associated with tariffs and protectionist policies. Our Environmental Access Solutions and Precision Manufacturing & Engineering business lines do not have significant cross border activities except for the operations of DryAir which are an immaterial component of the overall Manufacturing segment but whose products are Canada-United States-Mexico Agreement compliant. Our Multi-Storey Window Solutions business line has the capability to manufacture goods either in Canada or the US and therefore can mitigate certain of the risks. However, Manufacturing results may be impacted by short-term fluctuations in foreign exchange rates, risks associated with aluminum and steel tariffs, countervailing tariffs should they be enacted, short-term dislocation in pricing and the potential deferral of purchasing decisions by customers who are concerned about uncertain economic and political outlooks. As noted previously in this report, our Multi-Storey Window Solutions business line has been impacted by aluminum tariffs. While we continue to look for alternate suppliers in the US, so far we have been unable to re-orient our supply chain effectively. As a result, we will continue to have this impact until we are able to find a US supplier. To date, we have not experienced any significant negative impacts elsewhere in the Manufacturing segment, as our products are generally compliant with the Canada-United States-Mexico agreement. We have noted some increases in input costs for steel and aluminum products, however increases are mitigated through risk management activities, foreign exchange fluctuations coupled with pricing increases to our customers, as applicable.

Overall, we have taken several strategic initiatives throughout our operations to mitigate known exposures, however unintended consequences from political decisions and protectionist policies may exist and may not be reliably measurable or mitigated.

Capital Expenditures

Maintenance Capital Expenditures are undertaken to maintain the earning power of the business. The vast majority of our Maintenance Capital Expenditures are related to the Aerospace & Aviation segment, and these are driven by required maintenance intervals generally based on flight hours. With the expanded fleet size, contract wins, persistent inflation related to parts and labour costs, we anticipate increases in our Maintenance Capital Expenditures in our Essential Air Services and Aerospace business lines in line with Adjusted EBITDA. The Maintenance Capital Expenditures within our Essential Air Services operations is expected to increase over the prior year comparatives due to the growth in the fleet coupled certain maintenance events expected to occur earlier in the year now falling in the back half of 2025. The Maintenance Capital Expenditures at Canadian North are expected to be higher than our other Essential Air Services operations in the short-term due to the timing of maintenance events as aircraft were near the end of their scheduled intervals for required overhauls and heavy checks at the acquisition date, with the acquisition price adjusted accordingly to reflect the required maintenance. The Maintenance Capital Expenditures are expected to moderate consistent with our other subsidiaries in the medium and longer term as we integrate Canadian North with our air operators and include Canadian North in our agreements with maintenance, repair and overhaul partners, including utilization of parts sourced by our Aircraft Sales & Leasing business line. The Maintenance Capital Expenditure on our Aircraft

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Sales & Leasing business line is expected to increase as the calculation of Maintenance Capital Expenditures was amended in the first quarter to reflect the utilization of the aircraft and engine lease portfolio. The revised computation, which is more conservative, was changed to reduce the periodic volatility. Previously, the Maintenance Capital Expenditure was based on actual costs incurred to maintain the fleet which could vary significantly period to period. Maintenance Capital Expenditures in our Manufacturing segment are expected to increase primarily due to the acquisition of Spartan in November 2024, coupled with increases due to deferrals of Maintenance Capital Expenditures earlier in the year.

Growth Capital Expenditures for 2025 will be primarily driven by the contract wins announced in 2023 and 2024 within the Aerospace & Aviation segment. The Growth Capital Expenditures pertain to the acquisition of the new King Air aircraft and related interior modifications that are required for the British Columbia medevac contract along with the planned redeployment of pre-existing aircraft to service the Newfoundland and Labrador medevac contract. As previously announced, we have become one of the world's largest King Air operators and accordingly, we have acquired and installed fixed and full motion King Air simulators with the commissioning of the full motion simulator being finalized during the third quarter upon receipt of regulatory approvals. Finally, as the Aircraft Sales & Leasing business line is an opportunistic acquirer, Growth Capital Expenditures may be undertaken if opportunities are identified, and returns are commensurate with management's expectations. Based on current opportunities, it is expected that the third quarter Growth Capital Expenditures will reverse the second quarter negative Growth Capital Expenditures. These opportunistic purchases are held to the same level of diligence and discipline as an acquisition and will only be executed if appropriate financial metrics and risk mitigation exist. Growth Capital Expenditures in our Manufacturing segment are expected to be relatively consistent with the comparative periods in 2024. Our Environmental Access Solutions business line constantly monitors the market and may right-size its rental bridge and mat fleet and accordingly, may incur either positive or negative Growth Capital Expenditures.

6. LIQUIDITY AND CAPITAL RESOURCES

The Corporation's working capital position, Free Cash Flow, and capital resources remain strong. The Corporation completed several capital transactions in 2024 and 2025, strengthening its balance sheet as the Corporation prepared for future growth. These transactions positioned EIC with access to capital to make acquisitions and invest in its operating subsidiaries, all while providing the ability to weather times of economic uncertainty. During the period, the Corporation exercised its right to call its debenture series maturing in 2026, with a significant majority of the debentures converting to equity. This debenture transaction reduced the Corporation's total leverage and positions the Corporation to continue to execute on its strategy of investing in the growth of its subsidiaries and acquisitive growth. After this transaction, when combined with the extension of its credit facility discussed further below, the nearest term debt maturities as of the date of this report are now the Corporation's two remaining convertible debentures – due in July 2028 and January 2029. The structured timing of debt maturities provides additional financial flexibility and provides the ability to weather economic downturns in the future.

On April 28, 2025, the Corporation completed the upside and extension of its enhanced credit facility. The enhanced credit facility increased to \$3.0 billion from approximately \$2.2 billion, and its term was extended to April 30, 2029, with no change in pricing. The credit facility includes \$2,412 million allocated to the Corporation's Canadian Head Office and US \$420 million allocated to EIC Management USA, Inc. The amount allocated to the Corporation's Canadian Head Office includes the continuation of the previously announced \$200 million social loan tranche, which will be used to fund the purchase of new King Air aircraft to support the long-term medevac contract with the Province of British Columbia. The \$200 million social loan tranche permits the Corporation to draw on that portion of the facility as the new aircraft are delivered and modified for medical purposes. The increased size of the credit facility provides the Corporation with the highest level of available capital in its history, providing the Corporation capacity to continue to execute on its core strategy of pursuing accretive growth through investment in its operating subsidiaries and through acquisition. The upside of the credit facility does not change our conservative view on leverage. Our total leverage ratio has remained consistent since our inception and even with the increased access to capital, our intention is to maintain our historical leverage profile going forward.

As at June 30, 2025, the Corporation's key financial covenant for its credit facility is its senior leverage ratio, and its facility allows for a maximum of 4.0x. The Corporation's current senior leverage ratio is 2.80x, which is consistent with December 31, 2024. Improved operating performance along with the contributions from recent acquisitions offset the impact of deployed capital during the period. As the Corporation continues to receive the benefit of full year contribution from Growth Capital Expenditures, the Corporation's senior leverage ratio will continue to decline.

The Corporation's total leverage ratio includes the impact of outstanding convertible debentures, and the importance of this form of capital relative to Adjusted EBITDA has declined in recent years. Historically, our target was 1.0x unsecured debt to Adjusted EBITDA, and based on the midpoint of the 2025 guidance, these debentures approximated 0.34x.

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Consistent with EIC's historical balance sheet management, the Corporation has been proactive in managing its liquidity such that should an opportunity present itself, EIC has the capability and financial resources to execute. As at June 30, 2025, the Corporation has liquidity of approximately \$1,482 million through cash on hand, its credit facility, and the credit facility accordion feature, which when combined with strong Free Cash Flow, maintains the Corporation's very strong liquidity position.

As at June 30, 2025, the Corporation had a cash position of \$231 million (December 31, 2024 - \$72 million) and a net working capital position of \$811 million (December 31, 2024 - \$628 million) which represents a current ratio of 2.23 to 1 (December 31, 2024 – 1.97 to 1). The current ratio is calculated by dividing current assets by current liabilities, as presented on the Statement of Financial Position. At June 30, 2025, the Corporation drew the cash required for the closing of the Canadian North acquisition from its credit facility, which occurred subsequent to period end, resulting in a higher than normal cash position at quarter end.

Overview of Capital Structure

The Corporation's capital structure is summarized below.

	June 30 2025	December 31 2024
Total senior debt outstanding (principal value)	\$ 2,039,258	\$ 1,825,157
Convertible debentures outstanding (par value)	258,732	344,689
Common shares	1,470,298	1,377,171
Total capital	\$ 3,768,288	\$ 3,547,017

Credit facility

On April 28, 2025, the Corporation completed the upsize and extension of its credit facility. The enhanced credit facility increased to \$3.0 billion from approximately \$2.2 billion, and its term was extended to April 30, 2029, and was completed with no change in pricing. The credit facility includes \$2,412 million allocated to the Corporation's Canadian Head Office and US \$420 million allocated to EINF Management USA, Inc. The amount allocated to the Corporation's Canadian Head Office includes the continuation of the previously announced \$200 million social loan tranche, which will be used to fund the purchase of new King Air aircraft for the long-term medevac contract with the Province of British Columbia. The \$200 million social loan tranche permits the Corporation to draw on that portion of the facility as the new aircraft are delivered and modified for medical purposes. As part of the transaction, ISS Corporate provided an independent Second Party Opinion that concluded the loan is in alignment with the Social Loan Principles as issued by the Loan Market Association. As previously discussed, this additional access to liquidity does not change our historical view on leverage. As of June 30, 2025, the Corporation had drawn \$595 million and US \$1,059 million (December 31, 2024 - \$350 million and US \$1,025 million).

The Corporation's long-term debt, net of cash, increased by \$53 million since December 31, 2024. The increase is attributable to investments in Growth Capital Expenditures, investment in working capital, and the acquisition of Newfoundland Helicopters as discussed in *Section 3 – Investing Activities*.

During the period, the Corporation used derivatives through several cross-currency basis swaps ("swap") with a member of the Corporation's lending syndicate. The swap requires that funds are exchanged back in one month at the same terms unless both parties agree to extend the swap for an additional month. By entering into the swap, the Corporation can take advantage of lower interest rates. The swap mitigates the risk of changes in the value of the US dollar borrowings as it will be exchanged for the same Canadian equivalent in one month. As at June 30, 2025, US \$597 million (December 31, 2024 – US \$562 million) of the Corporation's US denominated borrowings are hedged with these swaps.

During the period, the Corporation continued the use of interest rate swaps with certain members of its syndicate. The effect of these transactions results in approximately \$540 million of the Corporation's credit facility debt being subject to a fixed rate with varying maturity dates.

During the period, the Corporation entered into two short term US dollar forward contracts with members of the Corporation's lending syndicate. The forward contracts fix the US dollar exchange rate at maturity. The forward contracts mitigate the risk of changes in the value of US dollars that will be used to purchase fixed wing aircraft for the BCEHS contract in the future. The notional value of the forward contracts outstanding is US \$20,000 (December 31, 2024 – nil).

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Convertible Debentures

The following summarizes the convertible debentures outstanding as at June 30, 2025, and changes in the amounts of convertible debentures outstanding during the six months ended June 30, 2025:

Series - Year of Issuance	Trade Symbol	Maturity	Interest Rate	Conversion Price
Unsecured Debentures – July 2021	EIF.DB.L	July 31, 2028	5.25%	\$ 52.70
Unsecured Debentures – December 2021	EIF.DB.M	January 15, 2029	5.25%	\$ 60.00

	Balance, beginning of period	Issued	Converted	Redeemed / Matured	Balance, end of period
Par value					
Unsecured Debentures – March 2019	85,957	-	(78,383)	(7,574)	-
Unsecured Debentures – July 2021	143,732	-	-	-	143,732
Unsecured Debentures – December 2021	115,000	-	-	-	115,000
Total	\$ 344,689	\$ -	\$ (78,383)	\$ (7,574)	\$ 258,732

On February 13, 2025, the Corporation completed the early redemption of its 7 year, 5.75% convertible debentures as previously discussed.

Share Capital

The following summarizes the changes in the shares outstanding of the Corporation during the six months ended June 30, 2025:

	Date issued	Number of shares
Shares outstanding, beginning of period		49,602,431
Issued upon conversion of convertible debentures	various	1,599,642
Issued under dividend reinvestment plan (DRIP)	various	185,421
Issued under employee share purchase plan	various	43,270
Issued under Indigenous community partnership agreements	April 2, 2025	3,500
Issued to Newfoundland Helicopters vendor on closing	May 12, 2025	26,230
Shares outstanding, end of period		51,460,494

The Corporation issued 185,421 shares under its dividend reinvestment plan during the period and received \$10 million for those shares in accordance with the dividend reinvestment plan.

The Corporation issued 43,270 shares under its Employee Share Purchase Plan during the period and received \$2 million for those shares in accordance with the Employee Share Purchase Plan.

The Corporation issued shares to the vendors of Newfoundland Helicopters as part of the consideration paid on completion of the acquisition. In total, 26,230 shares were issued, representing purchase price consideration of \$1 million.

The weighted average shares outstanding during the three and six months ended June 30, 2025, increased by 9% and 8%, respectively compared to the prior period. The increase is primarily attributable to shares issued from the conversion of debentures, shares issued as part of the acquisition of Spartan in 2024, shares issued as part of the acquisition of Newfoundland Helicopters in the current period, and shares issued in connection with the Corporation's dividend reinvestment plan.

Normal Course Issuer Bid

On March 27, 2025, the Corporation renewed its NCIB for common shares and certain series of convertible debentures. Under the renewed NCIB for common shares, purchases can be made during the period commencing on March 31, 2025, and ending on March 30, 2026. The Corporation can purchase a maximum of 4,811,929 shares and daily purchases will be limited to 26,182 shares, other than block purchase exemptions. The Corporation renewed its NCIB because it believes that from time to time, the market price of the common shares may not fully reflect the value of the common shares. The Corporation believes that in such circumstances, the purchase of common shares represents an accretive use of capital.

Under the NCIB for certain series of convertible debentures, purchases can be made during the period commencing on March 31, 2025, and ending on March 30, 2026. The Corporation can purchase a maximum \$14,373 principal amount of 7 year 5.25% convertible unsecured subordinated debentures of EIC (July 2021), and \$11,500 principal amount of 7 year 5.25% convertible unsecured subordinated debentures of EIC (December 2021), with daily purchases of principal amount, other than block purchase exceptions, limited to \$26, and \$25,

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respectively. The Corporation sought the NCIB for debentures to permit repurchase and cancellation of these securities during times of market instability where management believes the market price does not reflect the value of the debentures.

During the six months ended June 30, 2025, the Corporation did not make any purchases under either NCIB and therefore still has the full amounts detailed above available for repurchase.

7. RELATED PARTY TRANSACTIONS

The nature of related party transactions that the Corporation entered during the six months ended June 30, 2025, are consistent with those described in the Corporation's MD&A for the year ended December 31, 2024.

8. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements requires management to use judgment in applying its accounting policies and estimates and assumptions about the future. Estimates and other judgments are continuously evaluated and are based on management's experience and other factors, including expectations about future events that are believed to be reasonable under the circumstances. There were no changes to the Corporation's critical accounting estimates and judgments from those described in the MD&A of the Corporation for the year ended December 31, 2024.

9. ACCOUNTING POLICIES

The accounting policies of the Corporation used in the determination of the results for the interim condensed consolidated financial statements for the three and six months ended June 30, 2025, that are discussed and analyzed in this report are described in detail in Note 3 of the Corporation's 2024 annual consolidated financial statements and Note 3 of the Corporation's interim condensed consolidated financial statements for the three and six months ended June 30, 2025.

In May 2024, the IASB issued narrow scope amendments to IFRS 7 – *Financial Instruments: Disclosures* and IFRS 9 – *Financial Instruments*. These amendments address matters identified during the post-implementation review of IFRS 9, specifically with respect to classification and measurement. The amendments will be effective for annual reporting periods beginning on or after January 1, 2026. The Corporation is currently assessing the impact adoption of these amendments will have on its consolidated financial statements.

In April 2024, the IASB issued IFRS 18 – *Presentation and Disclosure in Financial Statements*, which will replace IAS 1 – *Presentation of Financial Statements* and will be accompanied by narrow scope amendments to IAS 7 – *Statement of Cash Flows*. IFRS 18 will introduce a defined structure for the statement of profit or loss, add disclosures about management-defined performance measures and introduce new principles for aggregation and disaggregation of information. The standard will be effective for annual reporting periods beginning on or after January 1, 2027, with earlier application permitted. The Corporation is currently assessing the impact adoption of IFRS 18 will have on its consolidated financial statements.

10. CONTROLS AND PROCEDURES

Internal Controls over Financial Reporting

Management is responsible for establishing and maintaining internal controls over financial reporting to provide reasonable assurance with regard to the reliability of financial reporting and preparation of financial statements in accordance with IFRS, as defined under National Instrument 52-109 issued by the Canadian Securities Administrators. Consistent with the concept of reasonable assurance, the Corporation recognizes that all systems of internal controls, no matter how well designed, have inherent limitations. As such, the Corporation's internal controls over financial reporting can only provide reasonable, and not absolute, assurance that the objectives of such controls are met.

An assessment of internal controls over financial reporting was conducted by the Corporation's management, under supervision by the Chief Executive Officer and Chief Financial Officer. Management has used the 2013 Internal Control – Integrated Framework to evaluate the Corporation's internal controls over financial reporting, which is recognized as a suitable framework developed by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO").

Management has evaluated the design of the Corporation's internal controls over financial reporting as at June 30, 2025, and has concluded that the design of internal controls over financial reporting is effective.

Spartan was acquired on November 13, 2024 and Newfoundland Helicopters was acquired on May 12, 2025. In accordance with section 3.3(1)(b) of National Instrument 52-109, management has limited the scope of its design of internal controls over financial reporting to exclude the controls at each of these entities as management has not completed its review of internal controls over financial reporting for these newly acquired companies. These entities had revenue of \$69 million included in the consolidated results of the Corporation for the period ended

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June 30, 2025. As at June 30, 2025, these entities had current assets of \$38 million, non-current assets of \$174 million, current liabilities of \$16 million, and non-current liabilities of \$8 million.

There have been no material changes to the Corporation's internal controls during the 2025 period that would have materially affected, or are likely to materially affect, the internal controls over financial reporting.

On July 1, 2025, subsequent to the end of the period, the Corporation announced the acquisition of Bradley Air Services Limited, operating as Canadian North. As of the date of this MD&A, management has not completed its review of internal controls over financial reporting for this newly acquired subsidiary, nor determined its potential impact, if any, on the Corporation's internal controls over financial reporting.

Disclosure Controls and Procedures

Management has established and maintained disclosure controls and procedures to provide reasonable assurance that material information relating to the Corporation is made known to management in a timely manner and that information required to be disclosed by the Corporation is reported within the time periods prescribed by applicable securities legislation. Management has concluded that the design of disclosure controls and procedures were effective as at June 30, 2025.

11. RISK FACTORS

The Corporation and its subsidiaries are subject to several business risks. These risks relate to the structure of the Corporation and the operations at the subsidiary entities. There were no changes to the Corporation's principal risks and uncertainties from those reported in the Corporation's MD&A for the year ended December 31, 2024.

12. NON-IFRS FINANCIAL MEASURES AND GLOSSARY

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 Earnings before Depreciation, Amortization, Finance Costs, Taxes, and Other.

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, such as restructuring costs. 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.

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 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

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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 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 the pandemic, 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.

The Corporation's Maintenance Capital Expenditures include aircraft engine overhauls and airframe heavy checks that are recognized when these events occur and can be significant. Each aircraft type has different requirements for its major components according to manufacturer standards and the timing of the event can be dependent on the extent that the aircraft is utilized. As a result, the extent and timing of these Maintenance Capital Expenditure events can vary significantly from period to period, both within the year and when analyzing to the comparative period in the prior year.

Aircraft Parts & Leasing purchases of operating aircraft and engines within its lease portfolio are capital expenditures and, the process used to categorize expenditures as either growth or maintenance was based on the utilization of that portfolio. Since aircraft that are leased to third parties are being consumed over time, reinvestment is necessary to maintain the ability to generate future cash flows at existing levels. This depletion of the remaining green time of these aircraft is represented through a charge based on utilization of the underlying assets. Only net capital expenditures more than this charge are classified as Growth Capital Expenditures. If there were no purchases of capital assets during the period by Aircraft Parts & Leasing, Maintenance Capital Expenditures would still be equal to utilization charge on its leased assets and Growth Capital Expenditures would be negative, representing the depletion of potential future earnings and cash flows. The aggregate of Maintenance and Growth Capital Expenditures always equals the actual cash spent on capital assets during the period. This ensures that the payout ratio reflects the necessary replacement of Aircraft Parts & Leasing's leased assets.

Prior to 2025, the fleet of aircraft and engines to be leased was underutilized since the onset of the pandemic and as a result, the available green time on those aircraft was not being consumed at the same rate as in prior periods. As the impacts of the pandemic lessened, the lease fleet still remained underutilized due to the onset of a worldwide flight crew shortage, most notably in experienced pilots. During these periods of underutilization, the actual expenditures on assets already owned were used as the costs of maintaining the fleet and represented Maintenance Capital Expenditures.

Northern Mat & Bridge has a portfolio of access mats and bridges that it rents to third parties. The utility of those assets is consumed over the useful life of the assets, represented by depreciation, and therefore depreciation on these assets reflects the reinvestment required to maintain Free Cash Flow at current levels. Any capital expenditures in the access mat and bridge rental portfolio in excess of the depreciation will result in Growth Capital Expenditures as this increased investment will generate additional cash flows in the future. It is possible to have negative Growth Capital Expenditures during a given period where total reinvestment is less than depreciation recorded on its rental portfolio.

Purchases of inventory are not reflected in either Growth or Maintenance Capital Expenditures. Aircraft purchased for part out or resale or access mats constructed for resale are recorded as inventory and are not capital expenditures. If a decision is made to take an asset out of either lease portfolio and either sell it or part it out, the net book value is transferred from capital assets to inventory. For Regional One, capital assets on the balance sheet include operating aircraft and engines that are either on lease or are available for lease.

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Individual parts are recorded within inventory and capital assets that become scheduled for part out or access mats that intended to be sold to a third party have been transferred to inventory as at the balance sheet date.

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.

13. QUARTERLY INFORMATION

The following summary reflects quarterly results of the Corporation:

	2025		2024				2023		
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Revenue	\$ 719,928	\$ 668,276	\$ 687,695	\$ 709,856	\$ 660,575	\$ 601,769	\$ 656,676	\$ 687,673	\$ 627,222
Adjusted EBITDA	177,236	130,136	167,054	192,914	157,045	111,051	143,621	167,751	147,036
Net Earnings	40,010	7,207	28,174	55,885	32,648	4,528	29,027	49,523	36,896
Basic	0.78	0.14	0.58	1.18	0.69	0.10	0.62	1.06	0.85
Diluted	0.75	0.14	0.57	1.08	0.67	0.09	0.61	0.99	0.80
Adjusted Net Earnings	47,156	14,295	38,740	61,372	37,662	9,574	33,768	55,263	43,480
Basic	0.92	0.28	0.80	1.29	0.80	0.20	0.72	1.19	1.00
Diluted	0.88	0.28	0.78	1.18	0.77	0.20	0.70	1.09	0.93
Free Cash Flow ("FCF")	123,424	81,484	110,606	136,116	100,502	61,931	102,265	117,143	98,002
Basic	2.40	1.61	2.30	2.86	2.13	1.31	2.17	2.51	2.25
Diluted	2.22	1.47	2.03	2.50	1.88	1.19	1.92	2.20	1.96
FCF less Maintenance Capital Expenditures	57,487	25,500	43,150	81,201	52,322	22,593	49,971	74,341	58,592
Basic	1.12	0.50	0.90	1.71	1.11	0.48	1.06	1.60	1.34
Diluted	1.06	0.50	0.84	1.53	1.02	0.47	0.99	1.43	1.21
Maintenance Capital Expenditures	65,937	55,984	67,456	54,915	48,180	39,338	52,294	42,802	39,410
Growth Capital Expenditures	4,543	56,118	46,995	93,180	44,800	39,326	101,566	81,115	85,952

ADDITIONAL INFORMATION

Additional information relating to the Corporation is on SEDAR+ at www.sedarplus.ca.

Exchange Income Corporation

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(unaudited, in thousands of Canadian dollars)

As at	June 30 2025	December 31 2024
ASSETS		
CURRENT		
Cash and cash equivalents	\$ 230,791	\$ 71,797
Accounts receivable	611,804	614,250
Amounts due from customers on construction contracts	64,893	59,610
Inventories	501,426	496,543
Prepaid expenses and deposits	57,232	37,031
	1,466,146	1,279,231
OTHER ASSETS (Note 7)	108,767	134,685
CAPITAL ASSETS	1,860,200	1,824,607
RIGHT OF USE ASSETS	171,835	168,611
INTANGIBLE ASSETS	348,634	364,625
GOODWILL	817,110	827,229
	\$ 4,772,692	\$ 4,598,988
LIABILITIES		
CURRENT		
Accounts payable and accrued expenses	\$ 461,222	\$ 473,962
Income taxes payable	954	8,764
Deferred revenue	91,490	81,610
Amounts due to customers on construction contracts	59,805	46,632
Current portion of right of use lease liability	42,376	39,832
	655,847	650,800
OTHER LONG-TERM LIABILITIES	16,258	17,477
LONG-TERM DEBT (Note 8)	2,034,048	1,821,866
CONVERTIBLE DEBENTURES (Note 9)	247,553	330,390
LONG-TERM RIGHT OF USE LEASE LIABILITY	140,315	140,321
DEFERRED INCOME TAX LIABILITY	231,000	228,465
	3,325,021	3,189,319
EQUITY		
SHARE CAPITAL (Note 10)	1,470,298	1,377,171
CONVERTIBLE DEBENTURES - Equity Component (Note 9)	7,653	10,140
CONTRIBUTED SURPLUS	17,369	17,150
DEFERRED SHARE PLAN	19,215	18,215
RETAINED EARNINGS		
Cumulative Earnings	968,640	921,423
Cumulative Dividends	(1,067,751)	(1,000,268)
Cumulative impact of share cancellation under the NCIB	(26,122)	(26,122)
	1,389,302	1,317,709
ACCUMULATED OTHER COMPREHENSIVE INCOME	58,369	91,960
	1,447,671	1,409,669
	\$ 4,772,692	\$ 4,598,988

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

Approved on behalf of the directors by:

Duncan Jessiman, Director

Signed

Donald Streuber, Director

Signed

Exchange Income Corporation

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(unaudited, in thousands of Canadian dollars, except for per share amounts)

For the periods ended June 30	Three Months Ended		Six Months Ended	
	2025	2024	2025	2024
REVENUE				
Aerospace & Aviation	\$ 454,990	\$ 426,922	\$ 836,947	\$ 795,436
Manufacturing	264,938	233,653	551,257	466,908
	719,928	660,575	1,388,204	1,262,344
EXPENSES				
Aerospace & Aviation expenses - excluding depreciation and amortization	261,055	248,956	492,265	478,278
Manufacturing expenses - excluding depreciation and amortization	186,788	173,980	393,778	352,549
General and administrative	94,849	80,594	194,789	163,421
	542,692	503,530	1,080,832	994,248
EARNINGS BEFORE DEPRECIATION, AMORTIZATION, FINANCE COSTS, TAXES, AND OTHER (Note 4)	177,236	157,045	307,372	268,096
Depreciation of capital assets	70,604	61,785	137,324	117,099
Amortization of intangible assets	6,069	5,593	12,260	11,171
Finance costs - interest	30,012	31,703	60,648	61,518
Depreciation of right of use assets	11,053	9,711	21,462	19,393
Interest expense on right of use lease liabilities	2,124	2,048	4,187	4,032
Acquisition costs	2,730	1,244	5,404	2,549
EARNINGS BEFORE INCOME TAXES	54,644	44,961	66,087	52,334
INCOME TAX EXPENSE (RECOVERY)				
Current	10,470	13,899	17,830	21,733
Deferred	4,164	(1,586)	1,040	(6,575)
	14,634	12,313	18,870	15,158
NET EARNINGS	\$ 40,010	\$ 32,648	\$ 47,217	\$ 37,176
NET EARNINGS PER SHARE (Note 13)				
Basic	\$ 0.78	\$ 0.69	\$ 0.93	\$ 0.79
Diluted	\$ 0.75	\$ 0.67	\$ 0.91	\$ 0.77

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

Exchange Income Corporation

INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(unaudited, in thousands of Canadian dollars)

Attributable to common shareholders For the periods ended June 30	Three Months Ended		Six Months Ended	
	2025	2024	2025	2024
NET EARNINGS	\$ 40,010	\$ 32,648	\$ 47,217	\$ 37,176
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that are or may be reclassified to the Statement of Income				
Cumulative translation adjustment, for the three months ended and for the six months ended	(45,073)	7,621	(44,886)	25,211
Net gain (loss) on hedge of net investment in foreign operations net of tax expense for the three months ended June 30 of nil and nil, respectively and net of tax expense for the six months ended June 30 of nil and nil, respectively	12,038	(1,869)	11,661	(6,384)
Net gain (loss) on hedge of restricted share plan, net of tax expense (recovery) for the three months ended June 30 of \$1,061 and (\$434), respectively and net of tax expense for the six months ended June 30 of \$78 and \$27, respectively	2,945	(1,203)	218	70
Net gain (loss) on interest rate swap, net of tax expense (recovery) for the three months ended June 30 of \$252 and (\$681), respectively and net of tax expense (recovery) for the six months ended June 30 of (\$198) and \$87, respectively	699	(1,868)	(548)	293
Net gain (loss) on foreign exchange forward contracts, net of tax expense (recovery) for the three months ended June 30 of nil and nil respectively, and net of tax expense (recovery) for the six months ended June 30 of nil and nil respectively	(36)	-	(36)	-
	(29,427)	2,681	(33,591)	19,190
COMPREHENSIVE INCOME	\$ 10,583	\$ 35,329	\$ 13,626	\$ 56,366

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

Exchange Income Corporation

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(unaudited, in thousands of Canadian dollars)

(Unaudited, in thousands of Canadian dollars)											
	Retained Earnings										
	Share Capital	Convertible Debentures - Equity Component	Contributed Surplus - Matured Debentures	Deferred Share Plan	Cumulative Earnings	Cumulative Dividends	Cumulative impact of share repurchases under NCIB	Accumulated Other Comprehensive Income (Loss)	Total		
Balance, January 1, 2024	\$ 1,252,890	\$ 13,979	\$ 16,635	\$ 16,756	\$ 800,188	\$ (874,380)	\$ (26,122)	\$ 45,527	\$ 1,245,473		
Shares issued to acquisition vendors	3,000	-	-	-	-	-	-	-	3,000		
Shares issued under dividend reinvestment plan (Note 10)	10,533	-	-	-	-	-	-	-	10,533		
Shares issued under Indigenous community partnership agreements	90	-	-	-	-	-	-	-	90		
Deferred share plan vesting (Note 14)	-	-	-	866	-	-	-	-	866		
Deferred share plan issuance	260	-	-	(260)	-	-	-	-	-		
Shares issued under ESPP (Note 10)	1,848	-	-	-	-	-	-	-	1,848		
Comprehensive income (loss)	-	-	-	-	37,176	-	-	19,190	56,366		
Dividends declared (Note 11)	-	-	-	-	-	(62,446)	-	-	(62,446)		
Balance, June 30, 2024	\$ 1,268,621	\$ 13,979	\$ 16,635	\$ 17,362	\$ 837,364	\$ (936,826)	\$ (26,122)	\$ 64,717	\$ 1,255,730		
Balance, January 1, 2025	\$ 1,377,171	\$ 10,140	\$ 17,150	\$ 18,215	\$ 921,423	\$ (1,000,268)	\$ (26,122)	\$ 91,960	\$ 1,409,669		
Shares issued to acquisition vendors	1,380	-	-	-	-	-	-	-	1,380		
Convertible debentures											
Converted into shares	79,728	(2,268)	-	-	-	-	-	-	77,460		
Matured/Redeemed	-	(219)	219	-	-	-	-	-	-		
Shares issued under dividend reinvestment plan (Note 10)	9,594	-	-	-	-	-	-	-	9,594		
Shares issued under Indigenous community partnership agreements (Note 10)	176	-	-	-	-	-	-	-	176		
Deferred share plan vesting (Note 14)	-	-	-	1,000	-	-	-	-	1,000		
Shares issued under ESPP (Note 10)	2,249	-	-	-	-	-	-	-	2,249		
Comprehensive income (loss)	-	-	-	-	47,217	-	-	(33,591)	13,626		
Dividends declared (Note 11)	-	-	-	-	-	(67,483)	-	-	(67,483)		
Balance, June 30, 2025	\$ 1,470,298	\$ 7,653	\$ 17,369	\$ 19,215	\$ 968,640	\$ (1,067,751)	\$ (26,122)	\$ 58,369	\$ 1,447,671		

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

Exchange Income Corporation

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

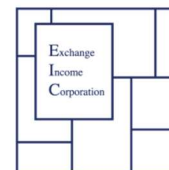
(unaudited, in thousands of Canadian Dollars)

For the periods ended June 30	Three Months Ended		Six Months Ended	
	2025	2024	2025	2024
OPERATING ACTIVITIES				
Net earnings for the period	\$ 40,010	\$ 32,648	\$ 47,217	\$ 37,176
Items not affecting cash:				
Depreciation of capital assets	70,604	61,785	137,324	117,099
Amortization of intangible assets	6,069	5,593	12,260	11,171
Depreciation of right of use assets	11,053	9,711	21,462	19,393
Accretion of interest	1,274	1,729	2,751	3,375
Gain on disposal of capital assets	(1,274)	(1,308)	(1,351)	(3,423)
Deferred income tax expense (recovery)	4,164	(1,586)	1,040	(6,575)
Deferred share program share-based vesting	535	448	1,000	866
	132,435	109,020	221,703	179,082
Changes in non-cash current and long-term working capital (Note 16)	(39,688)	(68,491)	(39,573)	(87,576)
	92,747	40,529	182,130	91,506
FINANCING ACTIVITIES				
Proceeds from long-term debt, net of issuance costs (Note 8)	217,159	98,747	296,312	128,223
Repayment of long-term debt (Note 8)	(10,595)	(524)	(39,510)	(13,887)
Long-term debt discount	-	1,576	-	1,598
Payment of matured debentures	-	-	(7,574)	-
Principal payments on right of use lease liabilities	(11,626)	(9,421)	(21,858)	(18,498)
Issuance of shares, net of issuance costs	5,691	6,081	11,843	12,779
Cash dividends (Note 11)	(33,933)	(31,275)	(67,483)	(62,446)
	166,696	65,184	171,730	47,769
INVESTING ACTIVITIES				
Purchase of capital assets	(93,704)	(106,261)	(214,967)	(197,347)
Proceeds from disposal of capital assets	23,569	13,970	33,143	26,776
Purchase of intangible assets	(345)	(689)	(758)	(1,073)
(Investment in) return from other assets	3,435	2,074	13,851	(1,760)
Cash outflow for acquisitions, net of cash acquired	(10,997)	(16,484)	(10,997)	(16,484)
Payment of contingent acquisition consideration and working capital settlements	-	-	(11,012)	(5,990)
	(78,042)	(107,390)	(190,740)	(195,878)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	181,401	(1,677)	163,120	(56,603)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	54,166	50,381	71,797	103,559
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(4,776)	130	(4,126)	1,878
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 230,791	\$ 48,834	\$ 230,791	\$ 48,834
Supplementary cash flow information				
Interest paid	\$ 25,436	23,770	59,293	54,848
Income taxes paid	\$ 7,374	10,594	25,084	23,450

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

Exchange Income Corporation

Notes to the Interim Condensed Consolidated Financial Statements For the three and six months ended June 30, 2025



(unaudited, in thousands of Canadian dollars, unless otherwise noted, except per share information and share data)

1. ORGANIZATION

Exchange Income Corporation ("EIC" or the "Corporation") is a diversified, acquisition-oriented corporation focused on opportunities in the Aerospace & Aviation and Manufacturing segments. The business plan of the Corporation is to invest in profitable, well-established companies with strong cash flows operating in niche markets. The Corporation is incorporated in Canada and the address of the registered office is 101 – 990 Lorimer Boulevard, Winnipeg, Manitoba, Canada R3P 0Z9.

As at June 30, 2025, the principal operating subsidiaries of the Corporation are Ben Machine Products Company Incorporated, BVGlazing Systems ("BVGlazing"), Calm Air International LP, CANLink Aviation Inc. ("MFC Training"), Carson Air Ltd. ("Carson Air"), Custom Helicopters Ltd., DryAir Manufacturing Corporation ("DryAir"), EIC Aircraft Leasing Limited, Hansen Industries Ltd. ("Hansen"), Keewatin Air LP, LV Control Mfg. Ltd., Northern Mat & Bridge LP ("Northern Mat"), Overlanders Manufacturing LP, Perimeter Aviation LP (including its operating division, Bearskin Airlines), Provincial Aerospace Ltd., Quest Window Systems, Regional One Inc., Spartan Mat Inc., Spartan Composites Inc. (collectively, "Spartan"), Stainless Fabrication Inc., Water Blast Manufacturing LP, and WesTower Communications Ltd. Crew Training International, Inc., Quest USA, Inc., Regional One, Inc., Spartan Mat Inc., Spartan Composites Inc. and Stainless Fabrication Inc. are wholly owned subsidiaries of EIIIF Management USA Inc. Through the Corporation's subsidiaries, products and services are provided in two business segments: Aerospace & Aviation and Manufacturing.

The Corporation's results are impacted by seasonality factors. The Aerospace & Aviation segment revenues have historically been the strongest in the second and third quarters when demand tends to be highest, relatively modest in the fourth quarter and the lowest in the first quarter as communities serviced by certain of the airlines are less isolated with the use of winter roads for transportation during the winter. Northern Mat and Spartan's businesses are also subject to seasonal variability, where the second and third quarters have the highest demand, the fourth quarter is slower and the first quarter is the slowest. Certain of the Corporation's other Manufacturing segment subsidiaries also experience seasonal variability with the first quarter being the seasonally slowest.

On July 1, 2025, subsequent to the end of the period, the Corporation completed its acquisition of Bradley Air Services Limited, operating as Canadian North, for a purchase price of \$205,000, subject to customary post closing adjustments. The purchase price was funded by cash from the Corporation's credit facility and \$10,000 of EIC common shares issued to the vendors.

2. BASIS OF PREPARATION

The Corporation prepares its interim condensed consolidated financial statements in accordance with Canadian generally accepted accounting principles ("Canadian GAAP") – Part I as set out in the CPA Canada Handbook – Accounting ("CPA Handbook"). Part I of the CPA Handbook incorporates International Financial Reporting Standards ("IFRS Accounting Standards") as issued by the International Accounting Standards Board ("IASB") applicable to interim financial statements, including IAS 34, Interim Financial Reporting. These interim condensed consolidated financial statements are presented in thousands of Canadian dollars, except per share information and share data.

In accordance with IFRS Accounting Standards, these financial statements do not include all the financial statement disclosures required for annual financial statements and should be read in conjunction with the Corporation's annual consolidated financial statements for the year ended December 31, 2024. In management's opinion, the financial statements reflect all adjustments that are necessary for a fair presentation of the results for the interim period presented.

These interim condensed consolidated financial statements were approved by the Board of Directors of the Corporation for issue on August 11, 2025.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and methods of computation used in the preparation of these interim condensed consolidated financial statements are the same as those followed in the most recent annual financial statements. Note 3 of the Corporation's 2024 audited financial statements includes a comprehensive listing of the Corporation's significant accounting policies, except as noted below.

In May 2024, the IASB issued narrow scope amendments to IFRS 7 – *Financial Instruments: Disclosures* and IFRS 9 – *Financial Instruments*. These amendments address matters identified during the post-implementation review of IFRS 9, specifically with respect to classification

Notes to the Interim Condensed Consolidated Financial Statements

(unaudited, amounts in thousands of Canadian dollars unless otherwise noted, except per share information and share data)

and measurement. The amendments will be effective for annual reporting periods beginning on or after January 1, 2026. The Corporation is currently assessing the impact adoption of these amendments will have on its consolidated financial statements.

In April 2024, the IASB issued IFRS 18 – *Presentation and Disclosure in Financial Statements*, which will replace IAS 1 – *Presentation of Financial Statements* and will be accompanied by narrow scope amendments to IAS 7 – *Statement of Cash Flows*. IFRS 18 will introduce a defined structure for the statement of profit or loss, add disclosures about management-defined performance measures, and introduce new principles for aggregation and disaggregation of information. The standard will be effective for annual reporting periods beginning on or after January 1, 2027, with earlier application permitted. The Corporation is currently assessing the impact adoption of IFRS 18 will have on its consolidated financial statements.

4. EARNINGS BEFORE DEPRECIATION, AMORTIZATION, FINANCE COSTS, TAXES, AND OTHER

The Corporation presents, as an additional IFRS Accounting Standards measure, earnings before depreciation, amortization, finance costs, taxes, and other in the interim condensed consolidated statement of income to assist users in assessing financial performance. The Corporation's management and the Board use this measure to evaluate consolidated operating results and assess the ability of the Corporation to incur and service debt. In addition, this measure is used to make operating decisions as it is an indicator of the performance of the business and how much cash is being generated by the Corporation and assists in determining the need for additional cost reductions, evaluation of personnel, and resource allocation decisions. Earnings before depreciation, amortization, finance costs, taxes, and other is referred to as an additional IFRS Accounting Standards measure and may not be comparable to similar measures presented by other companies.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements requires management to use judgment in applying its accounting policies and estimates and assumptions about the future. Estimates and other judgments are continuously evaluated and are based on management's experience and other factors, including expectations about future events that are believed to be reasonable under the circumstances. There were no changes to the Corporation's critical accounting estimates and judgments from those described in the most recent annual financial statements.

6. ACQUISITIONS

Newfoundland Helicopters Ltd ("Newfoundland Helicopters").

On May 12, 2025, the Corporation acquired the shares of Newfoundland Helicopters. Newfoundland Helicopters, headquartered in Clarenville, Newfoundland and Labrador, is a helicopter charter service founded in 2005. Operations serve diverse sectors including healthcare, mining, construction, utilities and leisure.

The components of the consideration paid to acquire Newfoundland Helicopters are outlined in the table below.

Consideration given:	
Cash	\$ 12,174
Issuance of 26,230 shares of the Corporation at \$52.61 per share	1,380
Estimated working capital settlement	349
Total purchase consideration	\$ 13,903

The purchase price included an initial payment of cash and the issuance of common shares to the vendors, net of normal closing adjustments. The preliminary purchase price allocation is expected to be finalized in 2025, when the final settlement of working capital and other post closing adjustments occur. The purchase included net working capital of \$1,349, capital assets of \$12,382 and preliminary goodwill of \$3,448.

Bradley Air Services Ltd ("Canadian North").

On July 1, 2025, subsequent to the end of the period, the Corporation completed its acquisition of Canadian North, for a purchase price of \$205,000, including purchase price consideration of \$10,000 in EIC common shares, subject to customary post closing adjustments.

Notes to the Interim Condensed Consolidated Financial Statements

(unaudited, amounts in thousands of Canadian dollars unless otherwise noted, except per share information and share data)

7. OTHER ASSETS

The other assets of the Corporation consist of the following:

	June 30 2025	December 31 2024
Long-term prepaid expenses and security deposits	\$ 5,929	\$ 5,882
Long-term receivables	658	1,316
Equity method investments	86,723	103,037
Other investments - Fair value through OCI (Note 15)	6,402	6,830
Derivative financial instruments - Fair value through profit and loss (Note 15)	9,055	17,620
Total other assets	\$ 108,767	\$ 134,685

8. LONG-TERM DEBT

The following summarizes the Corporation's long-term debt as at June 30, 2025, and December 31, 2024:

	June 30 2025	December 31 2024
Revolving term facility:		
Canadian dollar amounts drawn	\$ 594,600	\$ 350,000
United States dollar amounts drawn (US\$1,058,900 and US\$1,025,198 respectively)	1,444,658	1,475,157
Total credit facility debt outstanding, principal value	2,039,258	1,825,157
less: unamortized transaction costs	(5,210)	(3,291)
Long-term debt	\$ 2,034,048	\$ 1,821,866

The Corporation's credit facility is secured by a general security agreement over the assets of the Corporation, subject to customary terms, conditions, covenants, and other provisions, and includes both financial and negative covenants. The Corporation is in compliance with all financial and negative covenants as at June 30, 2025.

Interest expense recorded by the Corporation during the three and six months ended June 30, 2025 for long-term debt was \$25,847 and \$51,633 respectively (2024 – \$24,613 and \$47,369 respectively).

On April 28, 2025, the Corporation amended its credit facility. The enhanced credit facility increased to \$3.0 billion and its term was extended to April 30, 2029. The credit facility includes \$2,412 million allocated to the Corporation's Canadian Head Office and US \$420 million allocated to EIIIF Management USA, Inc. The amount allocated to the Corporation's Canadian Head Office includes the continuation of the previously announced \$200 million social loan tranche, which will be used to fund the purchase of new King Air aircraft at Carson Air for the long-term medevac contract with the Province of British Columbia. The \$200 million social loan tranche permits the Corporation to draw on that portion of the facility as the new aircraft are delivered and modified for medical purposes.

Credit Facility

The following is the continuity of long-term debt for the six months ended June 30, 2025:

	Six Months Ended June 30, 2025				
	Opening	Withdrawals	Repayments	Exchange Differences	Ending
Credit facility amounts drawn					
Canadian dollar amounts	\$ 350,000	\$ 261,100	\$ (16,500)	\$ -	\$ 594,600
United States dollar amounts	1,475,157	54,525	(39,510)	(45,514)	1,444,658
	\$ 1,825,157				\$ 2,039,258

In the table above, withdrawals and repayments include the impact of entering into or changing the principal value on already outstanding cross currency swaps with members of the Corporation's lending syndicate whereby an exchange of Canadian and US denominated debt

Notes to the Interim Condensed Consolidated Financial Statements

(unaudited, amounts in thousands of Canadian dollars unless otherwise noted, except per share information and share data)

occurs. There is no impact on cash flow and therefore the impact has been netted on the Statement of Cash Flow. More information on the cross currency swaps can be found in Note 15.

9. CONVERTIBLE DEBENTURES

Series - Year of Issuance	Trade Symbol		Interest Rate	Conversion Price
Unsecured Debentures – July 2021	EIF.DB.L	July 31, 2028	5.25%	\$ 52.70
Unsecured Debentures – December 2021	EIF.DB.M	January 15, 2029	5.25%	\$ 60.00

Summary of the debt component of the convertible debentures:

	2025 Balance, Beginning of Period	Debentures Issued	Accretion Charges	Debentures Converted	Redeemed / Matured	2025 Balance, End of Period
Unsecured Debentures - March 2019	85,197	-	123	(77,746)	(7,574)	-
Unsecured Debentures - July 2021	140,302	-	432	-	-	140,734
Unsecured Debentures - December 2021	111,943	-	337	-	-	112,280
						253,014
less: unamortized transaction costs						(5,461)
Convertible Debentures - Debt Component, end of period						\$ 247,553

On February 13, 2025, the Corporation completed the early redemption of its 7 year, 5.75% convertible debentures, which were due on March 31, 2026. The redemption of the debentures was completed with cash on hand from the Corporation's credit facility. Prior to the redemption, convertible debentures with a total face value of \$78,383 were converted by the holders at various times into 1,599,642 shares of the Corporation at a price of \$49.00 per share (2024 – \$nil and nil shares). On February 13, 2025, the remaining outstanding principal amount of \$7,574 was redeemed by the Corporation.

Interest expense recorded during the three and six months ended June 30, 2025, for the convertible debentures was \$4,165 and \$9,015 respectively (2024 – \$7,090 and \$14,149 respectively).

On March 27, 2025, the Corporation received approval from the TSX for the renewal of its Normal Course Issuers Bid ("NCIB") to purchase up to \$14,373 principal amount of 7 year 5.25% convertible unsecured subordinated debentures of EIC (July 2021), and \$11,500 principal amount of 7 year 5.25% convertible unsecured subordinated debentures of EIC (December 2021), representing 10% of the public float of each series of Securities at March 26, 2025. Purchases of Securities pursuant to the NCIB can be made through the facilities of the TSX during the period commencing on March 31, 2025 and ending on March 30, 2026. Daily purchases will be limited to \$26 principal amount of Debentures (July 2021) and \$25 principal amount of Debentures (December 2021), other than block purchase exemptions.

During the six months ended June 30, 2025, the Corporation did not make any purchases under its convertible debenture NCIB and therefore has the full amounts detailed above available for repurchase.

Convertible Debentures Equity Component

Since all the outstanding convertible debentures contain a conversion feature available to the debenture-holder to convert debenture principal into shares of the Corporation, the debenture obligation is classified partly as debt and partly as shareholders' equity. The debt component represents the present value of interest and principal payments over the life of the convertible debentures discounted at a rate approximating the rate which would have applied to non-convertible debentures at the time the convertible debentures were issued. The difference between the principal amount of the convertible debentures and the present value of interest and principal payments over the life of the convertible debentures is accreted over the term of the convertible debentures through periodic charges to the debt component, such that, on maturity, the debt component equals the principal amount of the convertible debentures outstanding.

Notes to the Interim Condensed Consolidated Financial Statements

(unaudited, amounts in thousands of Canadian dollars unless otherwise noted, except per share information and share data)

Summary of the equity component of the convertible debentures:

	June 30 2025	December 31 2024
Unsecured Debentures - 2019	-	2,487
Unsecured Debentures - July 2021	4,240	4,240
Unsecured Debentures - December 2021	3,413	3,413
Convertible Debentures - Equity Component, end of period	\$ 7,653	\$ 10,140

All convertible debentures outstanding at June 30, 2025, represent direct unsecured debt obligations of the Corporation.

10. SHARE CAPITAL

Changes in the shares issued and outstanding during the six months ended June 30, 2025, are as follows:

	Number of Shares	2025 Amount
Share capital, beginning of period	49,602,431	\$ 1,377,171
Issued upon conversion of convertible debentures	1,599,642	79,728
Issued under dividend reinvestment plan	185,421	9,594
Issued under employee share purchase plan	43,270	2,249
Issued under Indigenous community partnership agreements	3,500	176
Shares issued to Newfoundland Helicopters vendors on closing (Note 6)	26,230	1,380
Share capital, end of period	51,460,494	\$ 1,470,298

On March 27, 2025, the Corporation received approval from the TSX for the renewal of its NCIB to purchase up to an aggregate of 4,811,929 Common Shares, representing 10% of the issued and outstanding shares at March 26, 2025. Purchases of shares pursuant to the renewed NCIB can be made through the facilities of the TSX during the period commencing on March 31, 2025 and ending on March 30, 2026. The maximum number of shares that can be purchased by the Corporation daily is limited to 22,369 shares, other than block purchase exemptions.

During the six months ended June 30, 2025, the Corporation did not make any purchases under its common share NCIB and therefore has the full 4,811,929 shares available for repurchase.

11. DIVIDENDS DECLARED

The Corporation pays cash dividends on or about the 15th of each month to shareholders of record on the last business day of the previous month. The Corporation's Board of Directors regularly examines the dividends paid to shareholders.

The amounts and record dates of the dividends during the six months ended June 30, 2025, and the comparative 2024 period are as follows:

Month	Record date	Per Share	2025 Dividends Amount	Record date	Per Share	2024 Dividends Amount
January	January 31, 2025	\$ 0.22	\$ 10,983	January 31, 2024	\$ 0.22	\$ 10,380
February	February 28, 2025	0.22	11,276	February 29, 2024	0.22	10,389
March	March 31, 2025	0.22	11,291	March 29, 2024	0.22	10,402
April	April 30, 2025	0.22	11,299	April 30, 2024	0.22	10,410
May	May 30, 2025	0.22	11,312	May 31, 2024	0.22	10,419
June	June 30, 2025	0.22	11,322	June 28, 2024	0.22	10,446
Total		\$ 1.32	\$ 67,483		\$ 1.32	\$ 62,446

After June 30, 2025, and before these interim condensed consolidated financial statements were authorized, the Corporation declared a monthly dividend of \$0.22 per share for July 2025.

Notes to the Interim Condensed Consolidated Financial Statements

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12. SEGMENTED AND SUPPLEMENTAL INFORMATION

Operating segments are reported in a manner that is consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing the performance of the operating segments, has been identified as the Chief Executive Officer.

The Corporation's operating business segments include strategic business units that offer different products and services. The Corporation has two operating business segments: Aerospace & Aviation and Manufacturing. The Aerospace & Aviation segment provides essential airline services to communities across Canada and also sells aircraft, engines, and aftermarket parts to regional airline operators around the world. In addition, the segment designs, modifies, maintains, and operates custom sensor-equipped aircraft. The Corporation's two flight schools provide pilot training services. Finally, our businesses deliver training solutions for governments across an array of aviation platforms and have in-depth experience in training pilots and sensor operators on both manned and unmanned aircraft. The Manufacturing segment consists of niche and specialty manufacturers in markets throughout Canada and the United States including engineering and precision metal manufacturing services, and the design, manufacture and installation of the exteriors of residential and mixed use high rises. In addition, the segment has in-house access mat manufacturing capabilities and rents and sells these solutions to customers.

The Corporation evaluates each segment's performance based on Adjusted Earnings before Interest, Taxes, Depreciation and Amortization ("Adjusted EBITDA"). The Corporation's method of calculating Adjusted EBITDA may differ from that of other corporations and therefore may not be comparable to measures utilized by them. The Corporation's method of calculating Adjusted EBITDA is consistent with the Corporation's Earnings before Depreciation, Amortization, Finance Costs, Taxes, and Other presented in the interim condensed consolidated Statement of Income. All inter-segment and intra-segment transactions are eliminated, and all segment revenues presented in the tables below are from external customers.

"Head Office" used in the following segment tables is not a separate segment and is only presented to reconcile to the Corporation's total Adjusted EBITDA, certain statement of financial position amounts, and capital asset additions. It includes expenses incurred at the Head Office of the Corporation.

	Three Months Ended June 30, 2025			
	Aerospace & Aviation	Manufacturing	Head Office	Consolidated
Revenue	\$ 454,990	\$ 264,938	\$ -	\$ 719,928
Expenses	307,355	220,948	14,389	542,692
Adjusted EBITDA	147,635	43,990	(14,389)	177,236
Depreciation of capital assets				70,604
Amortization of intangible assets				6,069
Finance costs - interest				30,012
Depreciation of right of use assets				11,053
Interest expense on right of use lease liabilities				2,124
Acquisition costs				2,730
Earnings before income taxes				54,644
Current income tax expense				10,470
Deferred income tax expense				4,164
Net Earnings				\$ 40,010

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Three Months Ended June 30, 2024						
		Aerospace & Aviation		Manufacturing	Head Office	Consolidated
Revenue	\$	426,922	\$	233,653	\$ -	\$ 660,575
Expenses		292,525		198,627	12,378	503,530
Adjusted EBITDA		134,397		35,026	(12,378)	157,045
Depreciation of capital assets						61,785
Amortization of intangible assets						5,593
Finance costs - interest						31,703
Depreciation of right of use assets						9,711
Interest expense on right of use lease liabilities						2,048
Acquisition costs						1,244
Earnings before income taxes						44,961
Current income tax expense						13,899
Deferred income tax recovery						(1,586)
Net Earnings						\$ 32,648

	Six Months Ended June 30, 2025				
	Aerospace & Aviation		Manufacturing	Head Office	Consolidated
Revenue	\$	836,947	\$	551,257	\$ - \$ 1,388,204
Expenses		587,465		466,707	26,660 1,080,832
Adjusted EBITDA		249,482		84,550	(26,660) 307,372
Depreciation of capital assets					137,324
Amortization of intangible assets					12,260
Finance costs - interest					60,648
Depreciation of right of use assets					21,462
Interest expense on right of use lease liabilities					4,187
Acquisition costs					5,404
Earnings before income taxes					66,087
Current income tax expense					17,830
Deferred income tax expense					1,040
Net Earnings					\$ 47,217

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Six Months Ended June 30, 2024				
	Aerospace & Aviation	Manufacturing	Head Office	Consolidated
Revenue	\$ 795,436	\$ 466,908	\$ -	\$ 1,262,344
Expenses	567,001	404,831	22,416	994,248
Adjusted EBITDA	228,435	62,077	(22,416)	268,096
Depreciation of capital assets				117,099
Amortization of intangible assets				11,171
Finance costs - interest				61,518
Depreciation of right of use assets				19,393
Interest expense on right of use lease liabilities				4,032
Acquisition costs				2,549
Earnings before income taxes				52,334
Current income tax expense				21,733
Deferred income tax recovery				(6,575)
Net Earnings			\$	37,176

For the period ended June 30, 2025				
	Aerospace & Aviation	Manufacturing	Head Office ⁽¹⁾	Consolidated
Total assets	\$ 2,935,413	\$ 1,546,310	\$ 290,969	\$ 4,772,692
Net capital asset additions	171,323	10,457	44	181,824

For the year ended December 31, 2024				
	Aerospace & Aviation	Manufacturing	Head Office ⁽¹⁾	Consolidated
Total assets	\$ 2,908,643	\$ 1,623,576	\$ 66,769	\$ 4,598,988
Net capital asset additions	398,450	28,305	1,277	428,032

Note 1) Includes corporate assets not directly attributable to operating segments. Such unallocated assets include corporate cash that is part of the Corporation's mirror banking arrangements.

Revenues

The following table provides disaggregated information about revenue from contracts with customers. Management believes that disaggregation by type of sale is most appropriate. The purpose of this disclosure is to provide information about the nature of the Corporation's contracts and the timing, amount, and uncertainties associated with customer contracts.

		Three Months Ended		Six Months Ended	
Revenue Streams	Periods ended June 30	2025	2024	2025	2024
Aerospace & Aviation Segment					
Sale and lease of goods - point in time	\$	120,445	\$ 102,201	\$ 209,205	\$ 175,470
Sale of services - point in time		296,710	277,945	552,360	524,395
Sale of services - over time		37,835	46,776	75,382	95,571
Manufacturing Segment					
Sale and lease of goods - point in time		98,695	65,992	201,101	125,247
Sale of services - point in time		13,514	11,376	27,603	24,594
Sale of goods and services - over time		152,729	156,285	322,553	317,067
Total revenue	\$	719,928	\$ 660,575	\$ 1,388,204	\$ 1,262,344

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13. EARNINGS PER SHARE

Basic earnings per share for the Corporation is calculated by dividing the Net Earnings by the weighted average number of common shares outstanding during the period.

Diluted Net Earnings per share is calculated by adjusting the weighted average number of common shares outstanding to assume the conversion of all dilutive securities to common shares. The Corporation has two categories of dilutive potential common shares: deferred shares under the Corporation's Deferred Share Plan and convertible debentures. For the convertible debentures, the convertible debt is assumed to have been converted into common shares and Net Earnings is adjusted to eliminate the interest expense from the convertible debt less the tax effect.

The computation for basic and diluted earnings per share for the three and six months ended June 30, 2025 and the comparative for the 2024 period are as follows:

Periods Ended June 30	Three Months Ended		Six Months Ended	
	2025	2024	2025	2024
Net earnings	\$ 40,010	\$ 32,648	\$ 47,217	\$ 37,176
Effect of dilutive securities				
Convertible debenture interest	3,061	2,551	-	-
Diluted Net Earnings	\$ 43,071	\$ 35,199	\$ 47,217	\$ 37,176
Basic weighted average number of shares	51,392,957	47,348,934	50,995,250	47,277,581
Effect of dilutive securities				
Deferred Shares	1,042,389	961,598	1,042,389	961,598
Convertible debentures	4,644,029	4,211,445	-	-
Diluted basis weighted average number of shares	57,079,375	52,521,977	52,037,639	48,239,179
Net Earnings per share:				
Basic	\$ 0.78	\$ 0.69	\$ 0.93	\$ 0.79
Diluted	\$ 0.75	\$ 0.67	\$ 0.91	\$ 0.77

14. EMPLOYEE BENEFITS

Deferred Share Plan

During the six months ended June 30, 2025, the Corporation granted 41,136 (2024 – 40,339) deferred shares to certain personnel. The fair value of the deferred shares granted was \$2,180 (2024 – \$1,903) at the time of the grant and was based on the market price of the Corporation's shares at that time. During three and six months ended June 30, 2025, the Corporation recorded a compensation expense of \$535 and \$1,000 respectively (2024 – \$448 and \$866 respectively), for the Corporation's Deferred Share Plan within the general and administrative expenses of Head Office.

Restricted Share Plan

During the six months ended June 30, 2025, the Corporation granted 167,469 (2024 – 191,653) restricted shares to certain personnel. The fair value of the restricted share units granted was \$9,376 (2024 – \$8,779) at the time of the grant and was based on the market price of the Corporation's shares at that time. During the three and six months ended June 30, 2025, the Corporation recorded compensation expense of \$2,556 and \$4,841 respectively (2024 – \$2,429 and \$4,287 respectively), for the Corporation's Restricted Share Plan within the general and administrative expenses of Head Office net of its restricted share plan hedge, with a corresponding liability recorded in Accounts Payable and Accrued Expenses.

Employee Share Purchase Plan

Certain employees of the Corporation participate in an Employee Share Purchase Plan ("ESPP"). Under the ESPP, employees make contributions of up to 5% of their base salaries to purchase Corporation shares out of treasury, and upon the employees remaining employed

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with the Corporation or its subsidiaries during an 18-month vesting period, they are entitled to receive an additional number of shares ("additional shares") equal to 33.3% of the number of shares they purchased and dividends declared on those additional shares over the vesting period. The cost of the award is recognized in Head Office expenses of the Corporation over the 18-month vesting period.

At the decision of the employee, any dividends paid on the additional shares over the vesting period are either paid to the employee in cash upon the shares vesting or shares are purchased using these dividend funds.

During the six months ended June 30, 2025, employees acquired 43,270 (2024 - 39,558) shares from treasury at a weighted average price of \$51.98 (2024 - \$46.72) per share. The grant date fair value of the shares that will be awarded upon the vesting conditions of the plan being attained is estimated at \$775 based on the share price and monthly dividend rate at that time.

15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Corporation's activities expose it to a variety of financial risks: market risk (primarily currency, interest rate risk, and other price risk), credit risk, and liquidity risk. Senior management is responsible for setting acceptable levels of risk and reviewing risk management activities as necessary. The following describes the risk management areas that have significantly changed from those described in the December 31, 2024, audited consolidated financial statements.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of currency, interest rate, and other price risk.

Currency Risk

The Corporation has US \$1,058,900 or \$1,444,658 (December 31, 2024 – US \$1,025,198 or \$1,475,157) outstanding on its credit facility. The outstanding funds in US dollars result in currency risk that the future cash flows will fluctuate with the changes in market currency rates. The exposure for the US dollar portion of its credit facility outstanding is offset by the cash generated through the operations of its US based subsidiaries. Of the total US dollar credit facility drawn, US \$296,400 (December 31, 2024 – US \$316,498) is drawn by EIIIF Management USA, Inc., an entity that uses US dollars as its functional currency. Therefore, the currency risk on this balance is recognized in other comprehensive income.

The Corporation's investment in those subsidiaries with US dollar functional currencies are hedged partially by US \$165,900 (December 31, 2024 – US \$146,900) of credit facility draws, which mitigates the foreign currency translation risk arising from the subsidiary's net assets. The loan is designated as a net investment hedge and no ineffectiveness was recognized from the net investment hedge.

During the period, the Corporation continued the use of derivatives through several cross-currency basis swaps ("swap") with a member of the Corporation's lending syndicate. The swap requires that funds are exchanged back in one month at the same terms unless both parties agree to extend the swap for an additional month. By borrowing in US dollars, the Corporation is able to take advantage of lower interest rates. The swap mitigates the risk of changes in the value of the Corporation's US dollar borrowings as they will be exchanged for the same Canadian equivalent in one month. The swap is designated as a hedge of the underlying debt instrument and no ineffectiveness was recognized. The fair value of the swaps at June 30, 2025, was a financial asset of \$1,441 (December 31, 2024 – financial asset of \$12,374). At June 30, 2025, the notional value of the swaps outstanding is US \$596,600 (December 31, 2024 – US \$561,800). Hedging gains and losses are reclassified from other comprehensive income to the interim condensed consolidated statement of income to the extent effective. Accordingly, \$1,441 was reclassified to other comprehensive income (December 31, 2024 – \$12,374).

During the period, the Corporation entered into two short term US dollar forward contracts with members of the Corporation's lending syndicate. The forward contracts fix the US dollar exchange rate at maturity. The forward contracts mitigate the risk of changes in the value of US dollars that will be used to purchase fixed wing aircraft for the BCEHS contract in the future. These derivative financial instruments hedge the exposure to variability in cash flow associated with the future US dollar payments for these aircraft and are therefore designated cash flow hedges. The fair value of the forward contracts at June 30, 2025 was a financial liability of \$36 (December 31, 2024 – nil) and are recorded as a separate line within other comprehensive income. The notional value of the forward contracts outstanding is US \$20,000 (December 31, 2024 – nil).

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Interest Rates

The Corporation is subject to the risk that future cash flows associated with the credit facility outstanding (Note 8) will fluctuate due to fluctuations in interest rates. The Corporation manages this risk and seeks financing terms in individual arrangements that are most advantageous.

The terms of the credit facility allow for the Corporation to choose the base interest rate between Prime, Canadian Overnight Repo Rate Average ("CORRA"), or the Secured Overnight Financing Rate ("SOFR"). At June 30, 2025:

- US \$1,058,900 (December 31, 2024 – US \$1,023,050) was outstanding under SOFR;
- Nil (December 31, 2024 – US \$2,148) was outstanding under US Prime; and
- \$594,600 (December 31, 2024 – \$350,000) was outstanding under CORRA.

The interest rates of the convertible debentures (Note 9) have fixed interest rates.

The Corporation has multiple interest rate swaps transactions in place with members of its lending syndicate. These swaps fix the underlying interest rate on the Corporation's credit facility debt. A summary of outstanding swaps are as follows:

- \$350,000, maturing April 17, 2026, and
- US \$140,000, maturing on April 27, 2026.

These derivative financial instruments hedge the exposure to variability in cash flow associated with the future payment of interest on CORRA or SOFR debt that would impact profit or loss and therefore qualify as a cash flow hedges. The fair value of interest rate swaps are recorded within other long-term financial liability of \$1,757 (December 31, 2024 – other long-term financial liability of \$1,012) and are recorded as a separate line within other comprehensive income.

Other Price Risk

The Corporation's Restricted Share Plan is a cash settled plan. Participants are awarded restricted shares and the payment to the participants at the end of the vesting period fluctuates based on the change in the Corporation's share price from the grant date to the vesting date.

To mitigate the income statement impact of a change in the Corporation's share price, the Corporation entered into derivative instruments for each of the 2023, 2024 and 2025 Restricted Share Plan grants, which fixes the cost of the plan for the Corporation. Any changes in fair value will either be paid to the counterparty or be paid to the Corporation by the counterparty at the vesting date. These derivative instruments fix the cost to the Corporation and do not impact the variability of the award received by the participant. The derivative financial instruments hedge the exposure to variability in cash flow associated with the future settlement of restricted shares issued under the Restricted Share Plan that would impact profit or loss and therefore qualify as cash flow hedges. On a combined basis, the initial grant date fair value for the 2023, 2024 and 2025 programs was \$30,673. The fair value of the instruments are recorded in long-term financial asset of \$7,614 (December 31, 2024 – long-term financial asset of \$5,246) and are recorded as a separate line within other comprehensive income.

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Fair Value of Financial Instruments

The following table provides fair value information about financial assets and liabilities in the consolidated balance sheet and categorized by level according to the significance of the inputs used in making the measurements and their related classifications:

	Carrying Value June 30, 2025	Fair Value		
		Quoted prices in an active market Level 1	Significant other observable inputs Level 2	Significant unobservable inputs Level 3
Recurring fair value measurements				
Financial Assets				
Other long-term assets - Cross currency basis swap - Financial asset at fair value through profit and loss (Note 7)	\$ 1,441	\$ -	\$ 1,441	\$ -
Other long-term assets - Restricted Share Plan Hedge - Financial asset at fair value through profit and loss (Note 7)	7,614	-	7,614	-
Other long-term assets - Fair value through OCI (Note 7)	6,402	-	-	6,402
Financial Liabilities				
Consideration liabilities - Financial liability at fair value through profit and loss	(6,020)	-	-	(6,020)
Other long-term liabilities - Interest Rate Swap - Financial liability at fair value through OCI	(1,757)	-	(1,757)	-
Other long-term liabilities - Foreign Currency Forward Contract - Financial liability at fair value through OCI	(36)	-	(36)	-
Fair Value Disclosures				
Other assets - Amortized cost	4,154	-	4,154	-
Long-term debt - Amortized cost	(2,034,048)	-	-	(2,039,258)
Convertible debt - Amortized cost	(247,553)	(301,922)	-	-

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	Carrying Value December 31, 2024	Fair Value		
		Quoted prices in an active market Level 1	Significant other observable inputs Level 2	Significant unobservable inputs Level 3
Recurring fair value measurements				
Financial Assets				
Other long-term assets - Cross currency basis swap - Financial asset at fair value through profit and loss	\$ 12,374	\$ -	\$ 12,374	\$ -
Other long-term assets - Restricted Share Plan Hedge - Financial asset at fair value through profit and loss (Note 7)	5,246	-	5,246	-
Other long-term assets - Fair value through OCI (Note 7)	6,830	-	-	6,830
Financial Liabilities				
Consideration liabilities - Financial liability at fair value through profit and loss	(17,729)	-	-	(17,729)
Other long-term liabilities - Interest Rate Swap - Financial liability at fair value through OCI	(1,012)	-	(1,012)	-
Fair Value Disclosures				
Other assets - Amortized cost	4,654	-	4,654	-
Long-term debt - Amortized cost	(1,821,866)	-	-	(1,825,157)
Convertible debt - Amortized cost	(330,390)	(344,689)	-	-

The Corporation valued the level 3 consideration liabilities based on the present value of estimated cash outflows using probability weighted calculations, discount rates, and the observable fair market value of its equity, as applicable.

The following table summarizes the changes in the consideration liabilities recorded on the acquisitions of BVGlazing, DryAir, Duhamel, Spartan and Newfoundland Helicopters including any changes for settlements, changes in fair value, and changes due to foreign currency fluctuations:

Consideration Liability Summary	June 30	December 31
For the periods ended	2025	2024
Opening balance	\$ 17,729	\$ 10,384
Accretion	95	95
Change in estimate	-	(314)
Acquisition of Duhamel	-	2,381
Acquisition of Spartan	-	11,173
Acquisition of Newfoundland Helicopters	349	-
Settled during the period	(11,012)	(5,990)
Foreign exchange loss (gain) and other	(1,141)	-
Ending balance	\$ 6,020	\$ 17,729

The liabilities for contingent consideration recorded as part of the acquisitions are included in Other Long-Term Liabilities in the Statement of Financial Position unless they are expected to be settled within a year. The remaining consideration liabilities, primarily consisting of estimated working capital settlements, are recorded within Accounts Payable and Accrued Expenses in the interim condensed consolidated Statement of Financial Position. The fair value of each earn out liability is determined at the time of the acquisition and uses several estimates. At the end of each reporting period, the Corporation reviews these estimates for reasonableness and makes any required adjustments to the carrying value of the liability.

During the period, the Corporation settled its deferred purchase consideration related to the Spartan acquisition in the amount of \$11,012.

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Financial Instrument Fair Value Disclosures

The fair values of cash and cash equivalents, accounts receivable, deposits, accounts payable, and accrued expenses approximate their carrying values due to their short-term nature.

As at June 30, 2025, management had determined that the fair value of its long-term debt approximates its carrying value. The fair value of long-term debt has been calculated by discounting the expected future cash flows using a discount rate of 5.3%. The discount rate is determined by using a risk-free benchmark bond yield for instruments of similar maturity adjusted for the Corporation's specific credit risk. In determining the adjustment for credit risk, the Corporation considers market conditions, the underlying value of assets secured by the associated instrument, and other indicators of the Corporation's creditworthiness.

As at June 30, 2025, management estimated the fair value of the convertible debentures based on trading values. The estimated fair value of its convertible debentures is \$301,922 (December 31, 2024 - \$344,689) with a carrying value of \$247,553 (December 31, 2024 - \$330,390).

The Corporation's policy is to recognize transfers in and out of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfer. There were no such transfers during the current period.

16. CHANGES IN WORKING CAPITAL

The changes in non-cash operating working capital during the three and six months ended June 30, 2025, and the comparative period in 2024 are as follows:

Periods Ended June 30	Three Months Ended		Six Months Ended	
	2025	2024	2025	2024
Accounts receivable, including long-term portion	\$ (22,382)	\$ (67,219)	\$ (5,855)	\$ (25,904)
Amounts due from customers on construction contracts	10,002	(5,827)	(5,666)	(20,351)
Inventories	(19,119)	1,787	(21,796)	(10,615)
Prepaid expenses and deposits, including long-term portion	(8,396)	(6,797)	(21,442)	465
Accounts payable and accrued expenses, including long-term portion	(22,927)	1,392	(1,017)	(39,232)
Income taxes receivable/payable	2,630	2,656	(7,780)	(2,245)
Deferred revenue, including long-term portion	3,938	3,112	9,904	16,617
Amounts due to customers on construction contracts	16,566	2,405	14,079	(6,311)
Net change in working capital	\$ (39,688)	\$ (68,491)	\$ (39,573)	\$ (87,576)

17. SUBSEQUENT EVENTS

Acquisition of Canadian North

On July 1, 2025, subsequent to the end of the period, the Corporation completed its acquisition of Canadian North, for a purchase price of \$205,000, including purchase price consideration of \$10,000 in EIC common shares, subject to customary post closing adjustments.

Long Term Air Service Agreement

On July 16, 2025, the Corporation announced an agreement with the Government of Nunavut for the provision of medical travel, family services travel, duty travel and less than load air freight for all of Nunavut. The agreement extends the provision of those services by Calm Air and Canadian North for 10 years with an option for the parties to extend the agreement for an additional 5 years. The Corporation has also granted the Government of Nunavut an option to purchase a significant minority of Canadian North. The option is exercisable for one year from the date of the agreement, and would automatically extend the Long Term Air Service Agreement to 15 years.