



NEWS RELEASE

Exchange Income Corporation Announces the Acquisition of DryAir Manufacturing Corp.

DryAir is a leader in the field of portable, hydronic heating systems

WINNIPEG, Manitoba – October 5, 2023 – Exchange Income Corporation (TSX: EIF) (“EIC” or the “Corporation”) a diversified, acquisition-oriented company focused on opportunities in the aviation, aerospace and manufacturing segments, announced today it has acquired DryAir Manufacturing Corp. (“DryAir”), for a purchase price of approximately \$60 million. The purchase price was funded by the issuance of \$15 million of EIC common shares, equivalent to 25% of the purchase price, to the vendors and cash in the amount of \$45 million from the Corporation’s credit facility.

DryAir, founded in 1994, has developed innovative portable hydronic heating systems that provide affordable and reliable climate control solutions to a variety of industries throughout North America. DryAir is recognized for its industry leading heating efficiency and reliability. As an organization, DryAir has a culture of constant research and development which is unmatched in its field and a passion to solve its customers’ important problems. Customers value DryAir for its high-quality products and its pioneering approach to the development of new products. DryAir’s financial results are impacted by seasonality with the calendar year end third quarter being significantly larger than other quarters.

Mike Pyle, said “EIC is excited to grow our manufacturing segment with the acquisition DryAir. When we visited the operations of DryAir in St. Brieux, Saskatchewan, we were immediately impressed with the management team and high-quality products that it produces. The culture and values of DryAir are very similar to that of EIC. It was immediately evident that management understood the business model of EIC and that EIC was a perfect match for the next phase of DryAir’s legacy. DryAir checks all the boxes that we look for in acquisitions. They have a strong management team, company culture, industry reputation and sustainable growing cash flows.”

Claude Bourgault, President and founder of DryAir, commented, “I’m very proud of what we have created at DryAir. We have an exceptional management team and we are very proud of our innovation based culture and our strong relationships with our customers. We are consistently recognized for the quality of our products and that can only be accomplished with the help of each and every one of our employees in St. Brieux. When we decided to sell, we foremost wanted a partner that held the same values as ourselves and our community. When I met the executive team at EIC, I immediately knew we had found our partner. We are very excited about the next phase for our Company and our future growth prospects with EIC’s support.”

“We wanted to ensure a smooth ownership succession and strengthen DryAir’s long-term future. Both Claude and I will remain in our leadership roles within the Company, however the acquisition by EIC will allow for future growth of DryAir. We will continue to pursue new product development and creating new technologies for our ultimate customers. We know EIC will continue to support our employees and St. Brieux which was an important objective in defining our legacy.” stated Myrlen Kleiboer, CEO and co-owner of DryAir. “EIC has a history of buying companies for the long-term and investing capital to support their growth. I’m excited to work with the broader EIC manufacturing group and the EIC executive team.”

“This acquisition hits all EIC’s acquisition requirements, including being accretive to our shareholders on a per share basis and exceeds our investment thresholds on a historical basis and especially on forward looking metrics,” said Adam Terwin, CCDO of EIC. “DryAir is a recognized leader in hydronic heating based on our discussions with its key customers throughout North America. DryAir has a culture embedded in innovative



design and engineering which will allow it to continue to grow its product portfolio and financial performance into the future.”

Transaction Advisors

MLT Aikins acted as legal counsel for EIC. EY Orenda Corporate Finance Inc. acted as financial advisor and McDougall Gauley acted as legal counsel to DryAir in connection with the transaction.

About Exchange Income Corporation

Exchange Income Corporation is a diversified acquisition-oriented company, focused in two segments: aerospace, aviation and manufacturing. The Corporation uses a disciplined acquisition strategy to identify already profitable, well-established companies that have strong management teams, generate steady cash flow, operate in niche markets and have opportunities for organic growth. For more information on the Corporation, please visit www.ExchangeIncomeCorp.ca. Additional information relating to the Corporation, including all public filings, is available on SEDAR (www.sedar.com).

About DryAir

Founded in 1994 by Claude Bourgault, DryAir is one of the world’s leading manufacturers of portable hydronic (glycol-based) climate-controlled equipment. The Company’s head office and manufacturing facilities are in St. Brieux, Saskatchewan. For more information on DryAir, please visit www.dryair.ca.

Caution concerning forward-looking statements

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

Except as required by Canadian Securities Law, Exchange Income Corporation does not undertake to update any forward-looking statements; such statements speak only as of the date made. Further information about these and other risks and uncertainties can be found in the disclosure documents filed by Exchange Income Corporation with the securities regulatory authorities, available at www.sedar.com.

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