



NEWS RELEASE

Exchange Income Corporation Announces the Acquisition of Spartan Mat, LLC and Spartan Composites, LLC

The Acquisition Expands EIC's Environmental Access Solutions Business Line into the United States Market

WINNIPEG, Manitoba – November 7, 2024 – Exchange Income Corporation (TSX: EIF) (“EIC” or the “Corporation”), a diversified, acquisition-oriented company focused on opportunities in the Aerospace & Aviation and Manufacturing segments, announced today it has signed a purchase agreement to acquire Spartan Mat, LLC (“Spartan Mat”) and its subsidiary Spartan Composites, LLC (“Spartan Composites” and, together with Spartan Mat, “Spartan”) for a purchase price of US\$120 million, which is expected to close within a week. The purchase price will be funded through the issuance of US\$18 million of EIC common shares to the vendors and cash in the amount of US\$102 million from the Corporation’s credit facility. The acquisition of Spartan is highly strategic in expanding EIC’s Environmental Access Solutions business line into the United States (“US”) matting market.

Spartan Composites, operating out of Rockledge, Florida, is the creator and manufacturer of the SYSTEM7™ and the newly launched SYSTEM7-XT™ industrial composite access mat (collectively “SYSTEM7”), one of three industrial composite access mat manufacturers in the US. The SYSTEM7 is an 8’ x 14’ interconnectable composite mat that is fully recyclable at the end of its useful life, offering customers a sustainable alternative to traditional wood mats. At less than half the weight of a traditional wood mat, it also significantly reduces transportation costs and further reduces the carbon footprint. Spartan Mat also operates as a broker of access mats, offering wood and composite matting alternatives across the US market.

The US ground protection market is expected to see strong growth in the coming decades primarily driven by Transmission & Distribution (“T&D”) spend. Aging T&D infrastructure, the need for higher grid resiliency, and the integration of renewable energy have all led to the realization that significant capital will need to be invested into T&D infrastructure. The T&D industry has increasingly shifted toward the use of composite matting alternatives due to their lifetime cost advantage and sustainability profile, resulting in composites being the fastest growing segment of the US ground protection market. The acquisition of Spartan provides EIC with composite manufacturing capabilities, putting EIC in the best position to capitalize on market growth in the decades to come.

“EIC has spent the last two years researching and understanding the US ground protection landscape and assessed a number of acquisitions in the US. It became evident to our team that composite alternatives were growing in importance and a strong composite strategy was crucial for future success. Spartan was the perfect match to execute on our Environmental Access Solutions business line growth strategy for the US market,” said Mike Pyle, CEO of EIC. “Spartan is one of only three industrial composite mat manufacturers in the US, providing us with direct exposure to market tailwinds in the coming years. Spartan’s team has done an impressive job scaling the business since its inception and we look forward to having them join the EIC family.”

“Over the last decade we saw a portion of the market shift away from wood mats and into composite alternatives,” stated Justin Thelin, CEO of Spartan and majority shareholder. “We founded Spartan Composites in 2019 with the intention of offering the market a new composite mat, leading to the launch of the SYSTEM7. We are very proud of the company we have built and the product we have created. As we enter our next phase of growth, we need an experienced partner that provides the support necessary to further expand our reach, and EIC is that partner. We have a phenomenal team at Spartan and knowing this team



will continue to be at the forefront of our strategy with EIC's support behind us is the perfect partnership. It has been a pleasure working with the EIC team to date, and we are excited to continue the Spartan story."

"This acquisition allows EIC to expand its Environmental Access Solutions business line into the US, a strategy we have been actively pursuing for over two years," noted Adam Terwin, CCDO at EIC. "Beyond offering EIC a strategic composite mat manufacturer and allowing for expansion into the US matting market, the acquisition of Spartan satisfies our investment requirements, including being accretive on a stand-alone basis to the shareholders of EIC on a per share basis based on historical performance. We are excited about the recent significant upgrades to their manufacturing facility and the launch of the new SYSTEM7-XT™ in November 2024. Next year, we expect further investment into the manufacturing facility to increase output enabling Spartan to meet the expected increase in market demand."

In addition to the SYSTEM7, Spartan Composites is the owner and manufacturer of the FODS Trackout Control System ("FODS Trackout"), an innovative reusable construction entrance that is used as an alternative to traditional rock and gravel construction entrances. The product is a 12' by 7' composite mat that has 4" pyramids across the surface of the mat, effectively cleaning tires through compression and offering a more effective solution than traditional alternatives. The FODS Trackout is a first-of-its-kind product that has seen impressive market adoption since its launch in 2016. The product is manufactured at Spartan Composites' Florida manufacturing facility.

"The FODS Trackout is a disruptive technology in the highly regulated construction industry," noted Mike Pyle, CEO of EIC. "We expect the FODS Trackout to continue to take market share from traditional stone and gravel entrance alternatives as regulators continue to require adoption of best practices at construction sites. The FODS Trackout and the SYSTEM7 product lines further diversifies EIC's Environmental Access Solutions business line as they service different end markets and customer needs."

Darren Francis, CEO of Northern Mat and Bridge, added "the Canadian ground protection market is constantly evolving, and while wood access mats remain the dominant solution for the Canadian market, there is an increasing need to provide alternatives for different climates, geographies, and customers. Having Spartan Composites providing us with SYSTEM7-XT™ and the FODS Trackout mats further entrenches Northern Mat and Bridge as the leading provider of access solutions in the Canadian market and further differentiates our leading offering."

Transaction Advisors

BakerHostetler acted as legal counsel to EIC in connection with the transaction and Osborn Maledon, P.A. acted as legal counsel to Spartan.

About Exchange Income Corporation

Exchange Income Corporation is a diversified acquisition-oriented company, focused in two segments: Aerospace & Aviation and Manufacturing. The Corporation uses a disciplined acquisition strategy to identify already profitable, well-established companies that have strong management teams, generate steady cash flow, operate in niche markets and have opportunities for organic growth. For more information on the Corporation, please visit www.ExchangeIncomeCorp.ca.

Additional information relating to the Corporation, including all public filings, is available on SEDAR+ (www.sedarplus.ca).

About Spartan

Spartan is the manufacturer and marketer of the SYSTEM7™ and SYSTEM7-XT™ industrial composite access mat and the proprietary FODS Trackout Control System, as well as a broker of wood and composite mats across the United States. The SYSTEM7™ serves the access matting market, offering customers a more sustainable alternative to traditional wood mats. The FODS Trackout serves the construction market, offering



contractors a more effective solution than traditional stone and gravel entrances. The SYSTEM7™, SYSTEM7-XT™ and the FODS Trackout are manufactured in Spartan's Florida facility.

Caution concerning forward-looking statements

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

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

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