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Unaudited Condensed Interim Report to the shareholders for the three months ended December 31, 2021

CONTENTS

	Three Months ended December 31	
(in $ thousands except earnings per share amounts)		
	2021	2020
Sales	**$100,979**	$121,402
Net income	**$2,736**	$10,916
Basic and diluted earnings per share	**$0.07**	$0.28
Weighted average Basic Common shares outstanding (000's)	**39,270**	39,269

The following management's interim discussion and analysis of operations and financial position are prepared as at February 1, 2022 and should be read in conjunction with the condensed interim consolidated financial statements as at and for the three months ended December 31, 2021 and 2020 and the consolidated financial statements and Management's Discussion and Analysis ("MD&A") in the Company's 2021 Annual Report.

This MD&A has been prepared by reference to the MD&A disclosure requirements established under National Instrument 51-102 "Continuous Disclosure Obligations" ("NI 51-102") of the Canadian Securities Administrators. Additional information regarding Exco, including copies of its continuous disclosure materials such as its annual information form, is available on its website at www.excocorp.com or through the SEDAR website at www.sedar.com.

Use of Non-IFRS Measures

In this MD&A, reference may be made to EBITDA, EBITDA Margin, Pretax Profit, Free Cash Flow and Maintenance Fixed Asset Additions which are not defined measures of financial performance under International Financial Reporting Standards ("IFRS"). Exco calculates EBITDA as earnings before interest, taxes, depreciation and amortization and EBITDA Margin as EBITDA divided by sales. Exco calculates Pretax Profit as segmented earnings before other income/expense, interest and taxes. Free Cash Flow is calculated as cash provided by operating activities less interest paid and Maintenance Fixed Asset Additions. Maintenance Fixed Asset Additions represents investment in fixed assets that are required to continue current capacity levels. EBITDA, EBITDA Margin, Pretax Profit and Free Cash Flow are used by management, from time to time, to facilitate period-to-period operating comparisons and we believe some investors and analysts use these measures as well when evaluating Exco's financial performance. These measures, as calculated by Exco, do not have any standardized meaning prescribed by IFRS and are not necessarily comparable to similar measures presented by other issuers.

MANAGEMENT DISCUSSION AND ANALYSIS

Consolidated sales for the first quarter ended December 31, 2021 were $101.0 million compared to $121.4 million in the same quarter last year – a decrease of $20.4 million or 17%. Over the quarter the average USD/CAD exchange rate was 3.5% lower from the prior year period ($1.26 versus $1.30), which decreased sales by $2.4 million. The average EUR/CAD exchange rate was 7.6% lower in the quarter compared to last year ($1.44 versus $1.56), which decreased sales by $1.1 million.

The Automotive Solutions segment reported sales of $55.2 million in the first quarter – a decrease of $20.9 million, or 27% from the same quarter last year. Adjusting for the negative impact of foreign exchange movements, sales decreased 24%. This decline was primarily driven by a 20% reduction in vehicle production volumes within Exco's core markets of North America and Europe. Despite healthy underlying consumer demand for vehicles, OEM production has remained constrained by COVID-19 related supply chain disruptions, including a shortage of semiconductor chips in particular. Exco's results were additionally affected during the quarter by unfavorable vehicle and product mix shifts, inventory destocking as well as operational and logistical constraints, which hindered the production and shipment of certain products. Partially offsetting these factors were initial sales from the launch of new programs for both new and existing products. Looking forward, OEM vehicle production volumes are expected to increase in calendar 2022 as the semiconductor chip availability appears to have stabilized and we expect it to improve slowly throughout the calendar year. Exco will also benefit from ongoing new sizeable program launches as well as customers re-stocking inventory levels throughout their various channels. Quoting opportunities are increasing for new potential programs across the segment's various businesses, which is expected to support future growth over market trend levels.

The Casting and Extrusion segment reported sales of $45.8 million in the quarter – an increase of $0.5 million, from the same period last year. Excluding the $1.1 million negative impact of foreign exchange, sales increased 4% compared to the prior year quarter. The Extrusion group experienced higher sales at all locations reflecting demand for extrusion tools particularly in the building and construction, large truck, recreational vehicle, and green energy sectors. Strong demand, combined with operational improvements, which have continued to reduce lead times, have contributed to market share gains in the Extrusion group providing above market growth. The Castool group's sales were down slightly as demand for die-cast consumable tooling from automotive customers declined due to reduced vehicle production volumes. This decline was partially offset by increased demand for extrusion capital equipment during the quarter. Castool continues to invest heavily and advance its proprietary tooling solutions which are increasingly required by customers as their manufactured components increase in size and complexity and as they focus on improving their own productivity and efficiency. The Large Mould group sales were down during the quarter due to the same supply chain disruptions caused by the semi-conductor shortage negatively impacting vehicle production, requiring less rebuild work for moulds. The Large Mould group quoted and was awarded a number of programs from current and new customers in the quarter; as a result, inventories and backlog continue to grow. This is particularly the case with the group's world leading additive manufacturing business which realized record revenues and order inflow during the quarter while making sizeable inroads with new customers. Looking forward, quoting activity within all groups in this segment is strong and revenues will benefit as automotive production rebounds and awarded programs ramp up.

Consolidated net income for the first quarter was $2.7 million or basic and diluted earnings of $0.07 per share compared to $10.9 million or $0.28 per share in the same quarter last year. The consolidated effective income tax rate for the current quarter was 26% compared to 22% the prior year period. The income tax rate in the current year quarter was impacted by geographic distribution and foreign rate differentials.

The Automotive Solutions segment reported pretax profit of $3.4 million in the quarter – a decrease of $8.2 million over the same quarter last year. The segment's lower pretax profit is due to the 24% reduction in sales, lower overhead absorption, and higher material, logistics and labour costs. The semi-conductor shortage disrupted OEM production which caused significant inefficiencies to our operations. Last minute cancellation of releases were common, or conversely, certain customers have accelerated releases with little notice. This caused our operations to work overtime and incur expedited shipping costs. These production and shipping challenges created inefficiencies that increased overhead and direct labour costs during the quarter which were exacerbated by reduced labour availability due to the increased prevalence of COVID-19. Furthermore, the segment incurred severance costs as lower demand for some products required reorganization of labour. Management remains focused on improving the efficiency of its operations and reducing its overall cost structure. Pricing discipline remains a focus and action is being taken on current programs where possible, though there is typically a lag of a few quarters before the impact is realized. As well, new program awards are priced to reflect management's expectations for higher future costs.

The Casting and Extrusion segment reported $1.9 million of pretax profit in the quarter – a decrease of $2.6 million from the same quarter last year. The Extrusion group's profits benefited from a balanced sales performance across all locations. Higher sales in this group combined with production improvements and increased absorption of overheads provided efficiency benefits to counter higher raw material costs and other inflationary impacts. In particular, our harmonized manufacturing process across the group's facilities has allowed us to centralize certain functions such as programming and design and utilize our capacity on a network basis in order to achieve these results. The Castool group profits were negatively impacted by inflationary pressures on raw materials, unfavorable product mix shifts, lower overhead absorption, higher depreciation costs and start-up costs of Castool Morocco, which only began to realize revenue late in the quarter. Although the Large Mould Group's quoting activity and new business awards were very strong in the quarter, actual shipments of tools were dampened due to reduced global vehicle production and consequently lower mould rebuild work. Reduced labour availability also negatively impacted the results of all three segment business units as measures were taken to reduce the spread of COVID-19. Management remains focused on taking pricing action where possible to preserve margins, reducing its overall cost structure and improving manufacturing efficiencies. Such activities together with sales efforts are expected to improve segment profitability in future quarters.

During the first quarter, the Company signed a definitive agreement to acquire the extrusion dies business of Halex Holdings GmbH ("Halex® Extrusion Dies"). Halex Extrusion Dies was founded in 1990 and operates four key manufacturing locations – two in Germany and two in the northern industrial region of Italy. The company is the second largest manufacturer of aluminium extrusion dies in Europe and the continent's leading supplier of complex extrusion dies. Halex will complement Exco's six existing extrusion die operations, located in Canada, USA (2), Mexico, Colombia and Brazil. The acquisition will provide Exco with well-established and high-quality operations, manufacturing complex extrusion dies in Europe and will provide better support for the Company's global customers.

The transaction is expected to close in the spring of 2022 and is valued at €40 million (C$58 million equivalent) on an enterprise value basis. It will be funded with a combination of cash on hand and available bank lines. Halex will add almost €40 million in annual sales and is expected to be immediately accretive to Exco's earnings per share. Exco will report the results of Halex within its Casting and Extrusion segment.

The Corporate segment expenses were $1.6 million in the quarter compared to $2.2 million in the prior year quarter. Corporate expenses improved primarily due to higher foreign exchange losses incurred in the prior year quarter. Consolidated EBITDA for the first quarter totaled $9.3 million compared to $19.3 million in the same quarter last year. EBITDA as a percentage of sales decreased to 9.3% in the current quarter compared to 15.9% the prior year. The EBITDA margin in the Casting and Extrusion segment was 13.0%

compared to 18.0% last year while the EBITDA margin in the Automotive Solutions segment was 9.0% compared to 17.5% last year.

Financial Resources, Liquidity and Capital Resources

Operating cash flow before net change in non-cash working capital totaled $8.4 million in the first quarter compared to $16.4 million in the same period last year. The $8.0 million decrease was driven by a similar decrease in net income in the current year period. Non-cash working capital consumed $0.4 million of cash in the quarter compared to $6.7 million in the same quarter last year. The non-cash working capital movements were mainly driven by decreased accounts receivable due to lower sales offset by increased inventory and lower accounts payable and accruals. Consequently, net cash provided by operating activities amounted to $8.0 million in the current quarter compared to $9.6 million in the same quarter last year.

Cash provided by financing activities in the current quarter was $5.1 million compared to $1.6 million of cash used in the same quarter last year. The differences in the respective periods was attributable to an increase in a $9.2 million bank indebtedness compared to a $2.3 million increase in the prior year quarter.

Cash used in investing activities was $10.5 million in the current quarter compared to $5.0 million the prior year. The increase in investing reflects our continued focus on capital asset additions to support our various growth initiatives, market share gains and further advance our leading capabilities in design and manufacturing. Management's capital spending forecast is $55 million for the fiscal year.

The Company's financial position and liquidity remain strong. Exco's net cash position totaled $11.6 million as at December 31, 2021. The Company generated Free Cash Flow of $5.2 million and paid dividends of $3.9 million. First quarter growth capital expenditures of $8.2 million increased from $4.0 million in the prior year quarter thereby reducing net cash at the end of the period. Exco's principal sources of liquidity include Free Cash Flow, cash of $26.3 million and $35.3 million of unused availability under its $50 million committed credit facility which matures February 2023. Pursuant to the terms of the credit facility, Exco is required to maintain compliance with certain financial covenants. The Company was in compliance with these covenants as at December 31, 2021.

Exco owns all 16 of its manufacturing facilities and essentially all of its production equipment. The Company leases sales and support centers in Troy, Michigan, Port Huron, Michigan and a warehouse in Brownsville, Texas. The following table summarizes all short-term and long-term commitments Exco has entered.

	December 31, 2021			
	Total	< 1 year	1-3 years	4-5 years
Bank Indebtedness	$ 14,714	$ 14,714		
Trade accounts payable	30,924	30,924		
Lease commitments	856	430	394	32
Purchase commitments	33,949	33,949		
Capital expenditures	19,431	19,431		
	$ 99,874	$ 9,448	$ 394	$ 32

Quarterly results

The following table sets out financial information for each of the eight quarters through to the first quarter ended December 31, 2021:

($ thousands except per share amounts)	December 31, 2021	September 30, 2021	June 30, 2021	March 31,2021
Sales	$100,979	$106,442	$114,967	$118,360
Net income	$2,736	$7,088	$8,682	$11,734
Earnings per share				
Basic	$0.07	$0.18	$0.22	$0.30
Diluted	$0.07	$0.18	$0.22	$0.30

($ thousands except per share amounts)	December 31, 2020	September 30, 2020	June 30, 2020	March 31, 2020
Sales	$121,402	$100,680	$70,962	$120,244
Net income	$10,916	$10,719	($848)	$9,495
Earnings per share				
Basic	$0.28	$0.27	($0.02)	$0.24
Diluted	$0.28	$0.27	($0.02)	$0.24

Exco typically experiences softer sales and profits in the first and fourth fiscal quarters, which coincides with our customers' plant shutdowns during the holiday season and summer months. Quarterly results in the last 8 quarters reflect the impact of COVID-19 in the last two years and results in the most recent four quarters reflect the impact of COVID-19 and supply chain disruptions from the global semi-conductor shortages.

Non-IFRS Measures

The following table provides a reconciliation for the periods from net income to EBITDA, EBITDA margin, and a reconciliation of cash provided by operating activities to free cash flow.

	Three Months ended December 31	
	(in $ thousands)	
	2021	2020
Net income	**2,736**	10,916
Provision for income tax	**968**	3,081
Pretax Profit	**3,704**	13,997
Depreciation	**4,654**	4,251
Amortization	**883**	961
Net interest expense	**106**	83
EBITDA	**9,347**	19,292
Sales	**$100,979**	$121,402
EBITDA margin	**9.3%**	15.9%

Cash provided by operating activities	**$8,012**	$9,634
Interest	**(106)**	(83)
Maintenance fixed asset additions	**(2,785)**	(1,036)
Free Cash Flow	**$5,151**	$8,515

Accounting Changes and Effective Dates

There were no accounting policy changes effective October 1, 2021.

Controls and Procedures

Based on the current Canadian Securities Administrators (the "CSA") rules under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings, the Chief Executive Officer and Chief Financial Officer (or individuals performing similar functions as a chief executive officer or chief financial officer) are required to certify as at December 31, 2021 that they are responsible for establishing and maintaining disclosure controls and procedure and internal control over financial reporting.

No changes were made in the Corporation's internal control over financial reporting during the Corporation's most recent interim period, that have materially affected, or are reasonably likely to materially affect, the Corporation's internal control over financial reporting.

Outstanding Share Capital

As at December 31, 2021 Exco had 39,270,497 common shares issued and outstanding and stock options outstanding to purchase up to 1,248,500 common shares at exercise prices ranging from $8.29 to $10.48.

Outlook

Despite current macro challenges, the overall outlook is very favorable across Exco's various businesses into the medium term. Consumer demand for automotive vehicles is currently outstripping supply in most markets, which are constrained by a shortage of microchips and, to a lesser extent, other raw materials, components and availability of labour. Dealer inventory levels are near record lows, while average transaction prices for both new and used vehicles are at record highs and the average age of the broader fleet has continued to increase to an all-time high. This bodes well for higher levels of future vehicle production and the sales opportunity of Exco's various automotive components and accessories once supply chains normalize. In addition, OEM's are increasingly looking to the sale of higher margin accessory products as a means to enhance their own levels of profitability. Exco's Automotive Solutions segment derives a significant amount of activity from such products and is a leader in the prototyping, development and marketing of the same. Moreover, the rapid movement towards an electrified fleet for both passenger and commercial vehicles is enticing new market entrants into the automotive market while causing traditional OEM incumbents to further differentiate their product offerings, all of which is driving above average opportunities for Exco.

With respect to Exco's Casting and Extrusion segment, the intensifying global focus on environmental sustainability is creating significant growth drivers that are expected to persist through at least the next decade. Automotive OEMs are looking to light-weight metals such as aluminum to reduce vehicle weight and reduce carbon dioxide emissions. This trend is evident regardless of powertrain design - whether internal combustion engines, electric vehicles or hybrids. As well, a renewed focus on the efficiency of OEMs in their own manufacturing process is creating higher demand for advanced tooling that can contribute towards their profitability and sustainability goals. Certain new EV manufacturers have adopted the approach of

utilizing much larger die cast machines to cast entire sub-frames of vehicles out of an aluminum based alloy rather than assemble numerous pieces of separately stamped and welded pieces of ferrous metal. Exco expects traditional OEMs will ultimately follow this trend and is positioning its operations to capitalize accordingly. Beyond the automotive industry, Exco's extrusion tooling supports diverse end markets which are also seeing increased demand for aluminum driven by environmental trends, including energy efficient buildings, solar panels, etc.
On the cost side, inflationary pressures have intensified in recent quarters while prompt availability of various input materials, components and labour has become more challenging. We are offsetting these dynamics through various efficiency initiatives and taking pricing action where possible although there is typically several quarters of lag before the counter measures are evident.

Exco itself is also looking inwards with respect to ESG and sustainability trends to ensure its own operations are sustainable. We are investing significant capital to improve the efficiency and capacity of our own operations while lowering our own carbon footprint. In the current quarter we released our first Sustainability Report on our corporate website and we will update this over time.

Over the next 5 years Exco is currently targeting an organic compounded average annual growth rate of approximately 10% for revenues and slightly higher levels for EBITDA and Net Income during this timeframe, producing an annual EPS of roughly $1.90 in fiscal 2026. This target is expected to be achieved through the launch of new programs, general market growth, and also market share gains consistent with the Company's operating history. Capital investments will remain elevated in the next few years in order to position the Company for the significant growth opportunities we see. Capital expenditures are expected to exceed $55 million for fiscal 2022.

Forward -looking information

This Management Discussion and Analysis contains forward-looking information and forward-looking statements within the meaning of applicable securities laws. We use words such as "anticipate", "may", "will", "should", "expect", "believe", "estimate", "5-year target" and similar expressions to identify forward-looking information and statements especially with respect to growth, outlook and financial performance of the Company's business units, contribution of our start-up business units, contribution of awarded programs yet to be launched, margin performance, financial performance of acquisitions, liquidity, operating efficiencies, improvements in, expansion of and/or guidance or outlook as to future revenue, sales, production sales, margin, earnings, earnings per share, including the outlook for 2026, are forward-looking statements. These forward-looking statements include known and unknown risks, uncertainties, assumptions and other factors which may cause actual results or achievements to be materially different from those expressed or implied. These forward-looking statements are based on our plans, intentions or expectations which are based on, among other things, the current improving global economic recovery from the COVID-19 pandemic and containment of any future or similar outbreak of epidemic, pandemic, or contagious diseases that may emerge in the human population, which may have a material effect on how we and our customers operate our businesses and the duration and extent to which this will impact our future operating results, assumptions about the number of automobiles produced in North America and Europe, production mix between passenger cars and trucks, the number of extrusion dies required in North America and South America, the rate of economic growth in North America, Europe and emerging market countries, investment by OEMs in drivetrain architecture and other initiatives intended to reduce fuel consumption and/or the weight of automobiles in response to rising climate risks, raw material prices, supply disruptions, economic conditions, inflation, currency fluctuations, trade restrictions, our ability to integrate acquisitions, our ability to continue increasing market share, or launch of new programs and the rate at which our current and future greenfield operations in Mexico and Morocco achieve sustained profitability. Readers are cautioned not to place undue reliance on forward-looking statements throughout this document and are also cautioned that the foregoing list of important factors is not exhaustive. The Company will update its disclosure upon publication of each fiscal quarter's financial results and otherwise disclaims any obligations to update *publicly or otherwise revise any such factors or any of the forward-looking information or statements contained herein to reflect subsequent information, events or developments, changes in risk factors or otherwise. For a more extensive discussion of Exco's risks and uncertainties see the 'Risks and Uncertainties' section in our latest Annual Report, Annual Information Form ("AIF") and other reports and securities filings made by the Company. This information is available at* www.sedar.com *or* www.excocorp.com

NOTICE TO READER

The attached unaudited condensed interim consolidated financial statements have been prepared by management of the Company. The condensed interim consolidated financial statements for the three- month period ended December 31, 2021 and 2020 have not been reviewed by the auditors of the Company.

EXCO TECHNOLOGIES LIMITED
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Unaudited)
$ (000)'s

	As at December 31, 2021	As at September 30, 2021
ASSETS		
Current		
Cash and cash equivalents	**$26,282**	$24,098
Accounts receivable	**70,876**	83,130
Inventories	**79,215**	77,759
Prepaid expenses and deposits	**3,573**	3,418
Derivative instruments	**97**	546
Income taxes recoverable	**3,128**	2,741
Total current assets	**183,171**	191,692
Property, plant and equipment, net (note 4)	**153,951**	149,474
Intangible assets, net (note 5)	**24,917**	25,783
Goodwill (note 5)	**61,045**	61,861
Deferred tax assets	**1,298**	1,317
Total assets	**$424,382**	$430,127
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Bank indebtedness	**14,714**	$5,540
Trade accounts payable	**30,924**	33,793
Accrued payroll liabilities	**9,194**	13,793
Other accrued liabilities	**10,780**	11,874
Provisions	**3,332**	3,936
Customer advance payments	**4,104**	4,814
Total current liabilities	**73,048**	73,750
Deferred tax liabilities	**11,183**	11,319
Total liabilities	**84,231**	85,069
Shareholders' equity		
Share capital (note 8)	**48,983**	48,983
Contributed surplus	**5,185**	5,087
Accumulated other comprehensive income (loss)	**(2,698)**	1,116
Retained earnings	**288,681**	289,872
Total shareholders' equity	**340,151**	345,058
Total liabilities and shareholders' equity	**$424,382**	$430,127

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

EXCO TECHNOLOGIES LIMITED

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME (LOSS)

(Unaudited)

$ (000)'s except for income per common share

	Three months ended December 31	
	2021	2020
Sales	**$100,979**	$121,402
Cost of sales	**81,189**	91,070
Selling, general and administrative expenses (note 12)	**10,531**	11,099
Depreciation (note 4)	**4,654**	4,251
Amortization (note 5)	**883**	961
Loss (gain) on disposal of property, plant and equipment	**(88)**	(59)
Interest expense, net	**106**	83
	97,275	107,405
Income before income taxes	**3,704**	13,997
Provision for income taxes (note 11)	**968**	3,081
Net income for the period	**2,736**	10,916
Other comprehensive income (loss)		
Items that may be reclassified to profit or loss in subsequent periods:		
Net unrealized gain (loss) on derivatives designated as cash flow hedges (a)	**(331)**	2,669
Unrealized gain (loss) on foreign currency translation	**(3,483)**	(6,177)
	(3,814)	(3,508)
Comprehensive income	**($1,078)**	$7,408
Income per common share		
Basic	**$0.07**	$0.28
Diluted	**$0.07**	$0.28
Weighted average number of common shares outstanding		
Basic	**39,270**	39,269
Diluted	**39,307**	39,269

(a) Net of income tax recoverable of $118 for the three- month period ended December 31, 2021 (2020 - net of income tax payable of $952 for the three- month period ended December 31, 2020)

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

EXCO TECHNOLOGIES LIMITED
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited)
$ (000)'s

				Accumulated other comprehensive income			
	Share capital	Contributed surplus	Retained earnings	Net unrealized gain (loss) on derivatives designated as cash flow hedges	Unrealized gain (loss) on foreign currency translation	Total accumulated other comprehensive income (loss)	Total shareholders' equity
Balance, October 1, 2021	$48,983	$5,087	$289,872	$401	$715	$1,116	$345,058
Net income for the period	-	-	2,736	-	-	-	2,736
Dividend paid (note 3)	-	-	(3,927)	-	-	-	(3,927)
Stock option expense	-	98	-	-	-	-	98
Other comprehensive income (loss)	-	-	-	(331)	(3,483)	(3,814)	(3,814)
Balance, December 31, 2021	$48,983	$5,185	$288,681	$70	($2,768)	($2,698)	$340,151

				Accumulated other comprehensive income			
	Share capital	Contributed surplus	Retained earnings	Net unrealized gain (loss) on derivatives designated as cash flow hedges	Unrealized gain (loss) on foreign currency translation	Total accumulated other comprehensive income (loss)	Total shareholders' equity
Balance, October 1, 2020	$48,968	$4,718	$266,964	($1,298)	$11,654	$10,356	$331,006
Net income for the period	-	-	10,916	-	-	-	10,916
Dividend paid (note 3)	-	-	(3,731)	-	-	-	(3,731)
Stock option expense	-	88	-	-	-	-	88
Repurchase of Share Capital (note 8)	-	-	-	-	-	-	0
Other comprehensive income (loss)	-	-	-	2,669	(6,177)	(3,508)	(3,508)
Balance, December 31, 2020	$48,968	$4,806	$274,149	$1,371	$5,477	$6,848	$334,771

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

EXCO TECHNOLOGIES LIMITED
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
$ (000)'s

	Three months ended December 31 **2021**	2020
OPERATING ACTIVITIES:		
Net income for the period	**$2,736**	$10,916
Add non-operating and items not involving a current outlay of cash		
Depreciation (note 4)	**4,654**	4,251
Amortization (note 5)	**883**	961
Stock-based compensation expense	**131**	319
Deferred income taxes	**-**	(104)
Net interest expense	**106**	83
Gain on disposal of property, plant and equipment	**(88)**	(59)
	8,422	16,367
Net change in non-cash working capital (note 10)	**(410)**	(6,733)
Cash provided by operating activities	**8,012**	9,634
FINANCING ACTIVITIES:		
Increase (decrease) in bank indebtedness	**9,174**	2,265
Repayment of long-term debt	**-**	(4)
Interest paid, net	**(106)**	(83)
Dividends paid (note 3)	**(3,927)**	(3,731)
Cash used in financing activities	**5,141**	(1,553)
INVESTING ACTIVITIES:		
Purchase of property, plant and equipment (note 4)	**(10,802)**	(5,021)
Purchase of intangible assets (note 5)	**(149)**	(77)
Proceeds from disposal of property, plant and equipment	**435**	113
Cash used in investing activities	**(10,516)**	(4,985)
Effect of exchange rate changes on cash and cash equivalents	**(453)**	(963)
Net increase in cash during the period	**2,184**	2,133
Cash, beginning of period	**24,098**	33,124
Cash, end of period	**$26,282**	$35,257

The accompanying notes are an integral part of these condensed unaudited interim consolidated financial statements

1. CORPORATE INFORMATION

Exco Technologies Limited (the "Company") is a global designer, developer and manufacturer of dies, moulds, components and assemblies, and consumable equipment for the die-cast, extrusion and automotive industries. Through 16 strategic locations in 7 countries, the Company services a diverse and broad customer base. The Company is incorporated and domiciled in Canada. The registered office is located at 130 Spy Court, Markham, Ontario, Canada.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation
These unaudited condensed interim consolidated financial statements present the Company's financial results of operations and financial position as at and for the three- month period ended December 31, 2021 and have been prepared in accordance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting* as issued by the International Accounting Standards Board ("IASB"). The accounting policies used in preparing these unaudited condensed interim financial statements are consistent with those used in the preparation of the 2021 audited annual consolidated financial statements.

The Company's preparation of unaudited condensed interim financial statements in accordance with IAS 34 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the application of the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements were the same as those that applied to the Company's consolidated financial statements as at and for the year ended September 30, 2021. These areas of critical accounting estimates were impacted when the World Health Organization characterized the COVID-19 virus as a global pandemic in March 2020. There continues to be significant uncertainty as to the likely effects of this outbreak which may, among other things, impact our suppliers and customers. It is not possible to predict the impact COVID-19 will have on the Company, its financial position, and the results of operations in the future. The Company is monitoring the impact of the pandemic on all aspects of its business.

These unaudited condensed interim consolidated financial statements should be read in conjunction with the Company's 2021 audited annual consolidated financial statements, which are available at www.sedar.com and on the Corporation's website at www.excocorp.com. The unaudited condensed interim consolidated financial statements and accompanying notes for the three- month period ended December 31, 2021 were authorized for issue by the Board of Directors on February 1, 2022.

Basis of consolidation
The condensed interim consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company, its subsidiaries. Control exists when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Company controls an investee if and only if the Company has all of the following: power over the investee; exposure or rights to variable returns from its involvement with the investee; and the ability to use its power over the investee to affect its returns. The financial statements of the subsidiaries are included in the condensed interim consolidated financial statements from the date that control commences until the date that control ceases. All intercompany transactions and balances have been eliminated on consolidation.

The Company has an interest in a joint operation, whereby the joint operators have a contractual arrangement that establishes joint control over the economic activities of the individual entity. The Company recognized its share of the joint operation's assets, liabilities, revenues and expenses in the condensed interim consolidated financial statements.

Accounting standards issued but not yet adopted
All pronouncements will be adopted in the Company's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Company's financial statements is provided below. Certain other new standards, amendments and interpretations to existing standards may have been issued but are not expected to have a material impact to the Company's financial statements.

$(000)'s except per share amounts

IAS 37 *Provisions, Contingent Liabilities, and Contingent Assets*
Effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2022 the IASB issued amendments to IAS 37 to clarify costs to be included when determining if a contract is onerous. The Company is in the process of reviewing the standard to determine the impact on the consolidated financial statements.

IFRS 1 *Presentation of Financial Statements*, IFRS 8 *Definition of Accounting Estimates*
Effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2023 the IASB issued amendments to IFRS 1 to allow a more general approach in classification of liabilities as current and non current and IFRS 8 to distinguish between accounting policies and accounting estimates. The Company is in the process of reviewing the standard to determine the impact on the consolidated financial statements.

3. CASH DIVIDEND

During the three - month period ended December 31, 2021, the Company paid quarterly cash dividends totaling $3,927 and (2020 -$3,731). The quarterly dividend rate in the first quarter of 2022 was $0.10 per common share (2021 - $0.095).

4. PROPERTY, PLANT AND EQUIPMENT

	Machinery and Equipment	Tools	Buildings	Land	Assets under Construction	Right of Use Assets	TOTAL
Cost							
Balance as at September 30, 2021	$216,433	$23,181	$79,073	$12,385	$22,004	$1,600	$354,676
Additions	1,554	165	98	-	8,882	103	10,802
Less: disposals	(2,420)	-	-	-	-	-	(2,420)
Reclassification	7,343	309	3,236	-	(10,888)	-	-
Foreign exchange movement	(1,308)	(161)	(608)	(119)	(300)	(14)	(2,510)
Balance as at December 31, 2021	**$221,602**	**$23,494**	**$81,799**	**$12,266**	**$19,698**	**$1,689**	**$360,548**

	Machinery and Equipment	Tools	Buildings	Land	Assets under Construction	Right of Use Assets	TOTAL
Accumulated depreciation and impairment losses							
Balance as at September 30, 2021	$145,441	$17,230	$41,744	$0	$0	$787	$205,202
Depreciation	3,249	538	755	-	-	112	4,654
Less: disposals	(2,072)	-	-	-	-	-	(2,072)
Foreign exchange movement	(823)	(126)	(235)	-	-	(3)	(1,187)
Balance as at December 31, 2021	**$145,795**	**$17,642**	**$42,264**	**$-**	**$-**	**$896**	**$206,597**

Carrying amounts	Machinery and Equipment	Tools	Buildings	Land	Assets under Construction	Right of Use Assets	TOTAL
As at September 30, 2021	$70,992	$5,951	$37,329	$12,385	$22,004	$812	$149,474
As at December 31, 2021	**$75,807**	**$5,852**	**$39,535**	**$12,266**	**$19,698**	**$793**	**$153,951**

$(000)'s except per share amounts

5. INTANGIBLE ASSETS AND GOODWILL

	Computer Software and Other	Acquisition Intangibles*	Assets under Construction (Software)	Total Intangible Assets	Goodwill
Cost					
Balance as at September 30, 2021	$8,238	$45,573	$10	$53,821	$61,861
Additions	149	-	-	149	-
Less: disposals	-	-	-	-	-
Reclassifications	-	-	-	-	-
Foreign exchange movement	(66)	(198)	-	(264)	(816)
Balance as at December 31, 2021	**$8,321**	**$45,375**	**$10**	**$53,706**	**$61,045**

	Computer Software and Other	Acquisition Intangibles*	Assets under Construction (Software)	Total Intangible Assets	Goodwill
Accumulated amortization and impairment losses					
Balance as at September 30, 2021	7,464	20,574	-	28,038	-
Amortization for the period	114	769	-	883	-
Less: disposals	-	-	-	-	-
Foreign exchange movement	(55)	(77)	-	(132)	-
Balance as at December 31, 2021	**$7,523**	**$21,266**	**$-**	**$28,789**	**$-**

Carrying amounts					
As at September 30, 2021	$774	$24,999	$10	$25,783	$61,861
As at December 31, 2021	**$798**	**$24,109**	**$10**	**$24,917**	**$61,045**

*Acquisition intangibles are comprised primarily of customer relationships and trade names resulting from business acquisitions.

6. FINANCIAL INSTRUMENTS

Fair value represents point-in-time estimates that may change in subsequent reporting periods due to market conditions or other factors. Presented below is a comparison of the fair value of each financial instrument to its carrying value.

The fair value of cash and cash equivalents, bank indebtedness, trade and other receivables and trade and other payables approximates their carrying amounts due to the short-term maturities of these instruments. The estimated fair value of long-term debt approximates its carrying value since debt is subject to terms and conditions similar to those available to the Company for instruments with comparable terms, and the interest rates are variable and a reflection of market-based rates.

The fair value of derivative instruments that are not traded in an active market such as over-the-counter foreign exchange options and collars is determined using quoted forward exchange rates at the consolidated statement of financial position dates and are Level 2 instruments.

During the three-month period ended December 31, 2021 there were no transfers between Level 1 and Level 2 fair value measurements.

$(000)'s except per share amounts

The carrying value and fair value of all financial instruments are as follows:

	December 31, 2021		September 30, 2021	
	Carrying Amount of Asset (Liability)	**Fair Value of Asset (Liability)**	Carrying Amount of Asset (Liability)	Fair Value of Asset (Liability)
Cash and cash equivalents	**$26,282**	**$26,282**	$24,098	$24,098
Accounts receivable	**70,876**	**70,876**	83,130	83,130
Trade accounts payable	**(30,924)**	**(30,924)**	(33,793)	(33,793)
Bank indebtedness	**(14,714)**	**(14,714)**	(5,540)	(5,540)
Customer advance payments	**(4,104)**	**(4,104)**	(4,814)	(4,814)
Accrued liabilities	**(19,974)**	**(19,974)**	(25,667)	(25,667)
Derivative instruments	**97**	**97**	546	546
Long-term debt	**$-**	**$-**	$-	$-

7. LONG-TERM DEBT

On February 7, 2020, the Company renewed the $50,000 Committed Revolving Credit Facility to extend the maturity date to February 28, 2023. As at December 31, 2021 $nil was utilized (September 30, 2021 - $nil). The facility is collateralized by a general security agreement covering all assets of the Company's subsidiaries located in Canada and the US, with the exception of real property.

Pursuant to the terms of the credit facility, Exco is required to maintain compliance with certain financial covenants. The Company was in compliance with these covenants as at December 31, 2021.

8. SHARE CAPITAL

In each of February 2021 and 2020 the Company received approval from the Toronto Stock Exchange for a normal course issuer bid for the following 12-month period. The Company's Board of Directors authorized the purchase of up to 1,960,000 and 2,000,000 common shares under each of these normal course issuer bids, respectively, which represented approximately 5% of the Company's outstanding common shares at each approval date. During the first quarter of each year no common shares were repurchased.

As at December 31, 2021 the Company had 39,270,497 common shares issued and outstanding.

9. SEGMENTED INFORMATION

Business segments
The Company operates in two business segments: Casting and Extrusion Technology ("Casting and Extrusion") and Automotive Solutions. The accounting policies followed in the operating segments are consistent with those outlined in note 2 to the consolidated financial statements.

The Casting and Extrusion segment designs and engineers tooling and other manufacturing equipment. Its operations are substantially for automotive and other industrial markets in North America.

The Automotive Solutions segment produces automotive interior components and assemblies primarily for seating, cargo storage and restraint for sale to automotive manufacturers and Tier 1 suppliers (suppliers to automakers). (See Note 12)

$(000)'s except per share amounts

The Company evaluates the performance of its operating segments primarily based on pre-tax income before interest and other expense.

The Corporate segment involves administrative expenses that are not directly related to the business activities of the above two operating segments.

	Three Months Ended December 31, 2021			
	Casting and Extrusion	**Automotive Solutions**	**Corporate**	**Total**
Sales	**$49,549**	**$55,465**	**$-**	**$105,014**
Intercompany sales	**(3,740)**	**(295)**	**-**	**(4,035)**
Net sales	**45,809**	**55,170**	**-**	**100,979**
Depreciation	**3,843**	**789**	**22**	**4,654**
Amortization	**98**	**785**	**-**	**883**
Segment pre-tax income (loss) before interest	**1,990**	**3,410**	**(1,590)**	**3,810**
Net interest expense				**(106)**
Income (loss) before income taxes				**3,704**
Property, plant and equipment additions	**9,279**	**1,523**	**-**	**10,802**
Property, plant and equipment, net	**128,392**	**24,328**	**1,231**	**153,951**
Intangible asset additions	**149**	**-**	**-**	**149**
Intangible assets, net	**709**	**24,208**	**-**	**24,917**
Goodwill	**-**	**61,045**	**-**	**61,045**
Total assets	**233,127**	**202,055**	**(10,800)**	**424,382**
Total liabilities	**37,201**	**43,677**	**3,353**	**84,231**

	Three Months Ended December 31, 2020			
	Casting and Extrusion	Automotive Solutions	Corporate	Total
Sales	$47,795	$76,857	$-	$124,652
Intercompany sales	(2,491)	(759)	-	(3,250)
Net sales	45,304	76,098	-	121,402
Depreciation	3,403	826	22	4,251
Amortization	134	827	-	961
Segment pre-tax income (loss) before interest	4,607	11,643	(2,170)	14,080
Net interest expense				(83)
Income (loss) before income taxes				13,997
Property, plant and equipment additions	4,007	1,014	-	5,021
Property, plant and equipment, net	104,748	24,859	1,320	130,927
Intangible asset additions	77	-	-	77
Intangible assets, net	885	27,443	-	28,328
Goodwill	-	63,075	-	63,075
Total assets	203,900	223,783	(12,382)	415,301
Total liabilities	28,621	45,794	6,115	80,530

$(000)'s except per share amounts

10. NET CHANGE IN NON-CASH WORKING CAPITAL

	Three months ended December 31	
	2021	2020
Accounts receivable	**$11,619**	($6,348)
Inventories	**(2,098)**	(2,870)
Prepaid expenses and deposits	**(182)**	304
Trade accounts payable	**(2,547)**	3,736
Accrued payroll liabilities	**(4,489)**	(2,813)
Other accrued liabilities	**(1,015)**	(148)
Provisions	**(604)**	29
Customer advance payments	**(706)**	152
Income taxes payable	**(388)**	1,225
	($410)	(6,733)

11. INCOME TAXES

The consolidated effective income tax rate for the three- month period ended December 31, 2021 was 26.1% (three- month period ended December 31, 2020 – 22%). The higher income tax rate for three- month period ended December 31, 2021 was negatively impacted by losses in jurisdictions not tax effected.

12. GOVERNMENT ASSISTANCE

As a result of the impact of COVID-19, the Company has applied to multiple government assistance programs. During the three- month period ended December 31, 2021 the Company recorded assistance of $- (2020 – $476). This assistance was recorded as a reduction of selling, general and administrative expense.

13. SUBSEQUENT EVENTS

In December 2021 the Company signed a definitive agreement to acquire the extrusion die business of Halex Holding GmbH ("Halex® Extrusion Dies") with the transaction to close in the spring of 2022. The transaction is valued at €40 million on an enterprise value basis and will be funded with a combination of cash on hand and available bank lines. Halex Extrusion Dies operates four key manufacturing locations – two in Germany and two in the northern industrial region of Italy and is the second largest manufacturer of aluminum extrusion dies in Europe as well as the continent's leading supplier of complex extrusion dies.

CORPORATE INFORMATION

Exco Technologies Limited is a global supplier of innovative technologies servicing the die-cast, extrusion and automotive industries. Through our 16 strategic locations in 7 countries, we employ approximately 4,700 people and service a diverse and broad customer base.

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