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Unaudited Condensed Interim Report to the shareholders for the six months ended March 31, 2022

CONTENTS

	Three Months Ended March 31		Six Months Ended March 31	
(in $ thousands except per share amounts)				
	2022	2021	**2022**	2021
Sales	**$119,303**	$118,360	**$220,282**	$239,762
Net income	**$5,098**	$11,734	**$7,834**	$22,650
Basic earnings per share	**$0.13**	$0.30	**$0.20**	$0.58
Diluted earnings per share	**$0.13**	$0.30	**$0.20**	$0.58
Weighted avg basic common shares o/s (000's)	**39,161**	39,270	**39,161**	39,270

The following management's interim discussion and analysis of operations and financial position are prepared as at April 27, 2022 and should be read in conjunction with the condensed interim consolidated financial statements as at and for the six months ended March 31, 2022 and 2021 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 second quarter ended March 31, 2022 were $119.3 million compared to $118.4 million in the same quarter last year – an increase of $0.9 million, or 1%. Year-to-date sales were $220.3 million compared to $239.8 million the prior year – a decrease of $19.5 million or 8%. Excluding foreign exchange rate movements, consolidated sales in the quarter were higher by 2% compared to the prior year and lower by 6% year-to-date.

The Automotive Solutions segment reported sales of $68.2 million in the second quarter – a decrease of $1.1 million, or 2% from the prior year quarter. Year-to-date segment sales totaled $123.3 million – a decrease of $22.1 million, or 15% compared to last year. Foreign exchange rate movements decreased segment sales by $1.3 million in the quarter and $3.8 million on segment sales year-to-date. Excluding foreign exchange rate movements on Exco's results, segment revenues were unchanged during the quarter and lower by $18.3 million, or 13% year-to-date. After adjusting for the impact of foreign exchange rate movements, the segment continues to perform well above IHS vehicle production estimates of negative 3% in North America and negative 18% in Europe in the quarter. Industry vehicle production volumes continue to be negatively impacted by supply chain disruptions (particularly the global semiconductor shortage), broad labour availability and logistical constraints. Additional supply chain dislocations have also arisen in Europe since February 2022 due to the Russian invasion of Ukraine. Segment sales were nonetheless supported by ongoing key program launches for both new and existing products, certain pricing actions taken to protect margins and favourable vehicle mix with these trends generally improving through the quarter. Quoting opportunities have also strengthened of late across the segment's various businesses, which, together with pipeline launches, is expected to support continued gains in Exco's content per vehicle.

The Casting and Extrusion segment reported sales of $51.1 million for the second quarter – an increase of $2.0 million or 4%, from the same period last year. Year-to-date, the segment reported sales of $97.0 million – an increase of $2.6 million, or 3%. Foreign exchange rate changes were negligible in the quarter ($0.2 million) and a $1.6 million reduction to sales year-to-date. Within the segment, demand for our extrusion tooling (ie dies, dummy blocks, stems, etc) and associated capital equipment (die ovens, containers, etc) remained strong due to both industry growth, and ongoing market share gains. Demand for extrusion tools covers many industrial sectors including building and construction, large truck, electric vehicles, and many green energy sectors, all of which are focused on reducing energy intensity and reducing emissions. In anticipation of these trends intensifying, Exco has been increasing its manufacturing footprint in local markets in recent years, while focusing on standardizing manufacturing processes, enhancing engineering depth and centralizing support functions across its various plants. These initiatives have reduced lead times, enhanced product quality, expanded product breadth and increased capacity, all of which has supported market share gains. In the die-cast market, which primarily serves the automotive industry, demand has remained suppressed due to lower vehicle production volumes, which in turn, is due mainly to broader supply chain constraints. These constraints have been amplified by customer inventory destocking activity in recent quarters, particularly in the large mould segment, which has faced significantly lower rebuild work than typical. Demand and order flow for new moulds, associated tooling (shot sleeves, rods, rings, tips, etc) and even rebuild work however has recently picked up meaningfully as industry vehicle production recovers and new electric vehicles and more efficient internal combustion engine/ transmission platforms are launched. In addition, demand for Exco's industry leading additive (3D printed) tooling has continued to gain significant traction as customers focus on greater efficiency as the size and complexity of die cast tooling continues to increase. Sales were also aided by price increases which were implemented in order to protect margins from higher input costs. With respect to quoting activity, longer lead time items continue to see elevated demand for future activity (particularly large moulds) and inventories and backlog continue to grow which is expected to bode well for sales through the remainder of fiscal 2022.

Consolidated net income for the second quarter was $5.1 million or basic and diluted earnings of $0.13 per share compared to $11.7 million or $0.30 per share in the same quarter last year – a decrease of net income of $6.6 million. Year-to-date, consolidated net income was $7.8 million or $0.20 per basic share compared to $22.7 million or $0. 58 per basic share last year – a decrease in net income of 14.9%. The consolidated effective income tax rate of 23% in the current quarter increased from 22% from the prior year. Year-to-date, the consolidated effective income tax rate was 24% compared to 22% last year. The income tax rate in the quarter and year-to-date was impacted by nondeductible losses from our Castool Morocco facility, geographic distribution, and foreign rate differentials.

The Automotive Solutions segment reported pretax profit of $6.2 million in the second quarter a decrease of $3.2 million from the prior year quarter. Year-to-date, the segment reported pretax profit of $9.6 million – a decrease of $11.4 million compared to the prior year period. The segment's lower pretax profit was due to unfavorable market driven product mix changes, higher material, logistics and labour costs, partially offset by certain pricing actions taken in the quarter. Reduced industry vehicle production continued to cause inefficiencies within our operations. While customer orders and releases stabilized compared to prior quarters, sporadic and unreliable customer releases continued to impact production, increasing overhead and direct labour costs. These factors were intensified by reduced labour availability at certain of our facilities due to the increased prevalence of COVID-19 as well as the need to retain slack labour in anticipation of higher demand in the quarters ahead. Inflationary pressure continues to be a challenge in this segment particularly on petroleum-based products (resins, plastics, rubber), energy, freight and labour. Management remains focused on improving the efficiency of its operations and reducing its overall cost structure. Pricing discipline remains a focus and actions are 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 $2.7 million of pretax profit in the second quarter – a decrease of $4.7 million from the same quarter last year. Year-to-date, the segment reported pretax profit of $4.7 million – a decrease of $7.3 million compared to the prior year period. The lower pretax profit was driven by reduced activity for rebuild work in the Large Mould group coupled with the shipment of a number of new moulds. New mould programs can often have low to negative margins at the onset due to front-end inefficiencies that are improved as subsequent moulds are delivered. As well, profitability was negatively impacted by raw material and labour cost inflation before price increases were implemented, unfavorable market driven product mix shifts, start-up losses of Castool's plant in Morocco (which opened in November 2021), reduced labour availability and higher overtime costs across the three business units due to the spread of COVID-19. Segment pre-tax profitability was however higher sequentially and new business awards across the quarter were very strong, particularly for structural die-cast components and those for electric vehicle platforms. The Large Mould and Castool groups ended the quarter with backlogs approaching historic levels. 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 approximately €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 $2.0 million in the second quarter compared to $1.7 million in the prior year quarter. Year-to-date, Corporate expenses of $3.6 million were down slightly from the prior year at $3.9 million.

Consolidated EBITDA for the second quarter totaled $12.5 million compared to $20.2 million in the same quarter last year – a decrease of $7.7 million. Year-to-date, consolidated EBITDA totaled $21.9 million compared to $39.6 million last year – a decrease of $17.7 million. For the quarter, EBITDA as a percentage of sales decreased to 10.5% in the current period compared to 17.1% the prior year driven by a reduction in segment margins in both the Casting & Extrusion segment (13% compared to 22%) and the Automotive Solutions segment (11% compared to 16%).

Financial Resources, Liquidity and Capital Resources

Operating cash flow before net change in non-cash working capital totaled $11.0 million in the second quarter compared to $17.3 million in the same period last year. Year-to-date, operating cash flow before net change in non-working capital totaled $19.5 million compared to $33.7 million the prior year period. The year over year variance in the respective periods is primarily driven by Net Income, which was lower in the current quarter and year-to-date. Non-cash working capital consumed $5.7 million of cash in the current quarter compared to $5.4 million the prior year period. Year-to-date, non-cash working capital consumed $6.1 million of cash compared to $12.2 million the prior year period. The non-cash working capital movements were driven by increased current assets associated with stabilized sales and customer demand and a reduction in income tax liabilities. Consequently, net cash provided by operating activities amounted to $5.3 million in the current quarter compared to $11.9 million in the same quarter last year. Year-to-date, net cash provided by operating activities amounted to $13.3 million compared to $21.5 million the prior year period.

Cash provided by financing activities in the current quarter was $5.4 million compared to $3.3 million of cash used in the same quarter last year. Year-to-date, cash provided by financing activities totaled $10.5 million compared to $4.8 million used in the prior year period. Financing from long-term debt was used to reduce current bank indebtedness, pay dividends, and repurchase shares under the Normal Course Issuer Bid during the quarter.

Cash used in investing activities in the second quarter totaled $10.6 million compared to $5.0 million in the same quarter last year. Year-to-date, cash used in investing activities totaled $21.2 million compared to $10.0 million the prior year. The increase in investing reflects our continued focus on capital asset additions to support our various growth initiatives and market share gains. The growth initiatives include: a) new Castool production facilities in Morocco and Mexico. The Moroccan facility opened in November 2021 and the Mexican facility recently commenced construction. b) Investment in new heat treatment equipment in the tooling group to increase capacity, reduce emissions and enable us to in-source most of our requirements. c) Investments in the Large Mould group to upgrade its capabilities to handle moulds of extreme sizes which we expect will be increasingly demanded by most traditional and new OEMs. d) Investment in additional 3D printing machinery in our tooling group to meet strong customer demands. e) Expansion of two of our production facilities in the Automotive Solutions group to provide added capacity for awarded programs. During the quarter, capital asset additions related to growth initiatives totaled $9.1 million ($16.8 million year-to-date).

The Company's financial position and liquidity remain strong with net cash of $0.3 million as at March 31, 2022. The Company generated Free Cash Flow of $3.5 million and paid dividends of $4.1 million in the quarter. Current quarter growth capital expenditures of $9.1 million increased from $3.5 million in the prior year quarter. Year to date growth capital expenditures of $16.8 million increased from $7.5 million in the prior year thereby reducing net cash at the end of the period. Principal sources of liquidity include generated Free Cash Flow, $26.3 million of balance sheet cash and $99.0 million of unused availability under its $125 million committed credit facility, which matures February 2025. Pursuant to the terms of the credit facility, Exco is required to maintain compliance with certain financial covenants, which the Company was in compliance with as at March 31, 2022.

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.

	March 31, 2022			
	Total	< 1 year	1-3 years	4-5 years
Bank Indebtedness	$11,006	$11,006	$-	$ -
Trade accounts payable	36,696	36,696	-	-
Long term debt	15,000	-	15,000	-
Lease commitments	730	397	321	12
Purchase commitments	35,393	35,393	-	-
Capital expenditures	19,323	19,323	-	-
	$118,148	$102,815	$15,321	$12

Quarterly results

The following table sets out financial information for each of the eight quarters through to the second quarter ended March 31, 2022:

($ thousands except per share amounts)	March 31,2022	December 31,2021	September 30,2021	June 30,2021
Sales	$119,303	$100,979	$106,442	$114,967
Net income	$5,098	$2,736	$7,088	$8,682
Earnings per share				
Basic	$0.13	$0.07	$0.18	$0.22
Diluted	$0.13	$0.07	$0.18	$0.22

($ thousands except per share amounts)	March 31, 2021	December 31, 2020	September 30, 2020	June 30, 2020
Sales	$118,360	$121,402	$100,680	$70,962
Net income	$11,734	$10,916	$10,719	($848)
Earnings per share				
Basic	$0.30	$0.28	$0.27	($0.02)
Diluted	$0.30	$0.28	$0.27	($0.02)

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, supply chain disruptions from the global semi-conductor shortages and the Russian invasion of the Ukraine.

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 March 31		Six Months ended March 31	
	(in $ thousands)			
	2022	2021	**2022**	2021
Net income	**$5,098**	$11,734	**$7,834**	$22,650
Provision for income tax	**1,537**	3,265	**2,505**	6,346
Pretax Profit	**6,635**	14,999	**10,339**	28,996
Depreciation	**4,826**	4,262	**9,480**	8,513
Amortization	**884**	927	**1,767**	1,888
Net interest expense	**193**	76	**299**	159
EBITDA	**12,538**	20,264	**21,885**	39,556
Sales	**$119,303**	$118,360	**$220,282**	$239,762
EBITDA margin	**10.5%**	17.1%	**9.9%**	16.5%
Weighted average basic shares outstanding	**39,161**	39,270	**39,161**	39,270
EPS	**$0.13**	$0.30	**$0.20**	$0.58
Cash provided by operating activities	**$5,332**	$11,861	**$13,344**	$21,495
Interest	**(193)**	(76)	**(299)**	(159)
Maintenance fixed asset additions	**(1,618)**	(1,437)	**(4,403)**	(2,473)
Free Cash Flow	**$3,521**	$10,348	**$8,642**	$18,863

Recent 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 March 31, 2022 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 March 31, 2022 Exco had 39,097,497 common shares issued and outstanding and stock options outstanding to purchase up to 1,221,500 common shares at exercise prices ranging from $8.29 to $10.48.

Outlook

Despite current macro-economic 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 semiconductor chips 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.

The Russian invasion of Ukraine has added additional uncertainty to the global economy in recent months. And while Exco has essentially no direct exposure to either of these countries, Ukraine does feed into the European automotive markets and Europe has significant dependence on Russia for its energy needs.

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 first quarter we released our first Sustainability Report on our corporate website which is available at: www.excocorp.com/leadership/sustainability/.

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 through fiscal 2026, which is expected to produce an annual EPS of roughly $1.90 by the end of this timeframe. 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 press release contains forward-looking information and forward-looking statements within the meaning of applicable securities laws. We may 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, the impact of the Russian invasion of Ukraine on the global financial and automotive markets, including increased supply chain risks, 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- and six- month periods ended March 31, 2022 and 2021 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 March 31, 2022	As at September 30, 2021
ASSETS		
Current		
Cash and cash equivalents	**$26,266**	$24,098
Accounts receivable	**82,462**	83,130
Inventories	**79,952**	77,759
Prepaid expenses and deposits	**4,467**	3,418
Derivative instruments	**-**	546
Income taxes recoverable	**3,207**	2,741
Total current assets	**196,354**	191,692
Property, plant and equipment, net (note 4)	**158,560**	149,474
Intangible assets, net (note 5)	**24,484**	25,783
Goodwill (note 5)	**59,665**	61,861
Deferred tax assets	**1,337**	1,317
Total assets	**$440,400**	$430,127
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Bank indebtedness	**11,006**	$5,540
Trade accounts payable	**36,696**	33,793
Accrued payroll liabilities	**10,423**	13,793
Other accrued liabilities	**10,514**	11,874
Derivative instruments	**642**	-
Provisions	**3,243**	3,936
Customer advance payments	**6,021**	4,814
Total current liabilities	**78,545**	73,750
Long-term debt - long-term portion (note 7)	**15,000**	-
Deferred tax liabilities	**10,934**	11,319
Total liabilities	**104,479**	85,069
Shareholders' equity		
Share capital (note 8)	**48,998**	48,983
Contributed surplus	**5,229**	5,087
Accumulated other comprehensive income (loss)	**(6,403)**	1,116
Retained earnings	**288,097**	289,872
Total shareholders' equity	**335,921**	345,058
Total liabilities and shareholders' equity	**$440,400**	$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 March 31		Six months ended March 31	
	2022	2021	**2022**	2021
Sales	**$119,303**	$118,360	**$220,282**	$239,762
Cost of sales	**96,199**	88,843	**177,388**	179,913
Selling, general and administrative expenses (note 12)	**10,566**	9,249	**21,097**	20,348
Depreciation (note 4)	**4,826**	4,262	**9,480**	8,513
Amortization (note 5)	**884**	927	**1,767**	1,888
Loss (gain) on disposal of property, plant and equipment	**-**	4	**(88)**	(55)
Interest expense, net	**193**	76	**299**	159
	112,668	103,361	**209,943**	210,766
Income before income taxes	**6,635**	14,999	**10,339**	28,996
Provision for income taxes (note 11)	**1,537**	3,265	**2,505**	6,346
Net income for the period	**5,098**	11,734	**7,834**	22,650
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)	**(545)**	(579)	**(876)**	2,090
Unrealized gain (loss) on foreign currency translation	**(3,160)**	(7,215)	**(6,643)**	(13,392)
	(3,705)	(7,794)	**(7,519)**	(11,302)
Comprehensive income	**$1,393**	$3,940	**$315**	$11,348
Income per common share				
Basic	**$0.13**	$0.30	**$0.20**	$0.58
Diluted	**$0.13**	$0.30	**$0.20**	$0.58
Weighted average number of common shares outstanding				
Basic	**39,161**	39,270	**39,161**	39,270
Diluted	**39,190**	39,317	**39,193**	39,270

(a) Net of income tax recoverable of $194 and $312 for the three- and six- month periods ended March 31, 2022 (2021 - net of income tax recoverable of $207 and income tax payable of $952 for the three- and six - month periods ended March 31, 2021)

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**
Net income for the period	**-**	**-**	**5,098**	**-**	**-**	**-**	**5,098**
Dividend paid (note 3)	**-**	**-**	**(4,105)**	**-**	**-**	**-**	**(4,105)**
Stock option expense	**-**	**84**	**-**	**-**	**-**	**-**	**84**
Exercise of stock options	**264**	**(40)**	**-**	**-**	**-**	**-**	**224**
Repurchase of share capital (note 8)	**(249)**		**(1,577)**				**(1,826)**
Other comprehensive income (loss)	**-**	**-**	**-**	**(545)**	**(3,160)**	**(3,705)**	**(3,705)**
Balance, March 31, 2022	**$48,998**	**$5,229**	**$288,097**	**($475)**	**($5,928)**	**($6,403)**	**$335,921**

				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**
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**
Net income for the period	**-**	**-**	**11,734**	**-**	**-**	**-**	**11,734**
Dividend paid (note 3)	**-**	**-**	**(3,927)**	**-**	**-**	**-**	**(3,927)**
Stock option expense	**-**	**93**	**-**	**-**	**-**	**-**	**93**
Exercise of stock options	**15**	**(2)**	**-**	**-**	**-**	**-**	**13**
Other comprehensive income (loss)	**-**	**-**	**-**	**(579)**	**(7,215)**	**(7,794)**	**(7,794)**
Balance, March 31, 2021	**$48,983**	**$4,897**	**$281,956**	**$792**	**($1,738)**	**($946)**	**$334,890**

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 March 31 **2022**	Three months ended March 31 2021	Six months ended March 31 **2022**	Six months ended March 31 2021
OPERATING ACTIVITIES:				
Net income for the period	**$5,098**	$11,734	**$7,834**	$22,650
Add non-operating and items not involving a current outlay of cash				
Depreciation (note 4)	**4,826**	4,262	**9,480**	8,513
Amortization (note 5)	**884**	927	**1,767**	1,888
Stock-based compensation expense	**44**	278	**175**	597
Deferred income taxes	**(16)**	7	**(16)**	(97)
Net interest expense	**193**	76	**299**	159
Gain on disposal of property, plant and equipment	**-**	4	**(88)**	(55)
	11,029	17,288	**19,451**	33,655
Net change in non-cash working capital (note 10)	**(5,697)**	(5,427)	**(6,107)**	(12,160)
Cash provided by operating activities	**5,332**	11,861	**13,344**	21,495
FINANCING ACTIVITIES:				
Increase (decrease) in bank indebtedness	**(3,708)**	3,790	**5,466**	6,055
Financing from long-term debt	**15,000**	-	**15,000**	-
Repayment of long-term debt	**-**	(3,089)	**-**	(3,093)
Interest paid, net	**(193)**	(76)	**(299)**	(159)
Dividends paid (note 3)	**(4,105)**	(3,927)	**(8,032)**	(7,658)
Repurchase of share capital	**(1,826)**	-	**(1,826)**	-
Issuance of share capital	**224**	13	**224**	13
Cash used in financing activities	**5,392**	(3,289)	**10,533**	(4,842)
INVESTING ACTIVITIES:				
Purchase of property, plant and equipment (note 4)	**(9,955)**	(5,000)	**(20,757)**	(10,021)
Purchase of intangible assets (note 5)	**(786)**	(52)	**(935)**	(129)
Proceeds from disposal of property, plant and equipment	**67**	70	**502**	183
Cash used in investing activities	**(10,674)**	(4,982)	**(21,190)**	(9,967)
Effect of exchange rate changes on cash and cash equivalents	**(66)**	(962)	**(519)**	(1,925)
Net increase in cash during the period	**(16)**	2,628	**2,168**	4,761
Cash, beginning of period	**26,282**	35,257	**24,098**	33,124
Cash, end of period	**$26,266**	$37,885	**$26,266**	$37,885

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- and six- month periods ended March 31, 2022 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- and six- month periods ended March 31, 2022 were authorized for issue by the Board of Directors on April 27, 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

$(000)'s except per share amounts

statements.
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.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current
The amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively. The Company is currently assessing the impact the amendments will have on its consolidated financial statements.

Amendments to IAS 12: Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction
The amendment narrowed the scope of certain recognition exemptions so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. An entity applies the amendments to transactions that occur on or after the beginning of the earliest comparative period presented. It also, at the beginning of the earliest comparative period presented, recognizes deferred tax for all temporary differences related to leases and decommissioning obligations and recognizes the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date. The amendment is effective for annual periods beginning on or after January 1, 2023 with early application permitted. The Company is currently evaluating the potential impact of these amendments on the Company's Financial Statements.

3. CASH DIVIDEND

During the three - and six - month periods ended March 31, 2022, the Company paid quarterly cash dividends totaling $4,105 and $8,032 respectively (2021 -$3,927 and $7,658). The quarterly dividend rate in the second quarter of 2022 was $0.105 per common share (2021 - $0.10).

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	1,833	302	205	-	18,252	165	20,757
Less: disposals	(2,420)	(40)	-	-	-	(95)	(2,555)
Reclassification	10,522	372	3,123	-	(14,017)	-	-
Foreign exchange movement	(1,765)	(248)	(893)	(124)	(660)	(36)	(3,726)
Balance as at March 31, 2022	**$224,603**	**$23,567**	**$81,508**	**$12,261**	**$25,579**	**$1,634**	**$369,152**

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	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	6,654	1,077	1,534	-	-	215	9,480
Less: disposals	(2,072)	(34)	-	-	-	(34)	(2,140)
Foreign exchange movement	(1,275)	(198)	(459)	-	-	(18)	(1,950)
Balance as at March 31, 2022	**$148,748**	**$18,075**	**$42,819**	**$-**	**$-**	**$950**	**$210,592**

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 March 31, 2022	**$75,855**	**$5,492**	**$38,689**	**$12,261**	**$25,579**	**$684**	**$158,560**

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	274	-	661	935	-
Less: disposals	-	-	-	-	-
Reclassifications	6	-	(6)	-	-
Foreign exchange movement	(78)	(793)	(5)	(876)	(2,196)
Balance as at March 31, 2022	**$8,440**	**$44,780**	**$660**	**$53,880**	**$59,665**

	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	229	1,538	-	1,767	-
Less: disposals	-	-	-	-	-
Foreign exchange movement	(71)	(338)	-	(409)	-
Balance as at March 31, 2022	**$7,622**	**$21,774**	**$-**	**$29,396**	**$-**

Carrying amounts					
As at September 30, 2021	$774	$24,999	$10	$25,783	$61,861
As at March 31, 2022	**$818**	**$23,006**	**$660**	**$24,484**	**$59,665**

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

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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- and six - month periods ended March 31, 2022 there were no transfers between Level 1 and Level 2 fair value measurements.
The carrying value and fair value of all financial instruments are as follows:

	March 31, 2022		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	**$26,266**	**$26,266**	$24,098	$24,098
Accounts receivable	**82,462**	**82,462**	83,130	83,130
Trade accounts payable	**(36,696)**	**(36,696)**	(33,793)	(33,793)
Bank indebtedness	**(11,006)**	**(11,006)**	(5,540)	(5,540)
Customer advance payments	**(6,021)**	**(6,021)**	(4,814)	(4,814)
Accrued liabilities	**(20,937)**	**(20,937)**	(25,667)	(25,667)
Derivative instruments	**(642)**	**(642)**	546	546
Long-term debt	**($15,000)**	**($15,000)**	$-	$-

7. LONG-TERM DEBT

On February 23, 2022, the Company renewed the Committed Revolving Credit Facility increasing amount to $125,000 and to extend the maturity date to February 28, 2025. As at March 31, 2022 $15,000 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 March 31, 2022.

8. SHARE CAPITAL

In each of February 2022 and 2021 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 1,955,000 and 1,960,000 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 second quarter and year- to- date 200,000 and 200,000 common shares were repurchased respectively (2021- nil, nil).

As at March 31, 2022 the Company had 39,097,497 common shares issued and outstanding.

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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)

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 March 31, 2022			
	Casting and Extrusion	Automotive Solutions	Corporate	Total
Sales	$52,946	$68,759	$-	$121,705
Intercompany sales	(1,800)	(602)	-	(2,402)
Net sales	51,146	68,157	-	119,303
Depreciation	4,036	767	23	4,826
Amortization	93	791	-	884
Segment pre-tax income (loss) before interest	2,661	6,207	(2,040)	6,828
Net interest expense				(193)
Income (loss) before income taxes				6,635
Property, plant and equipment additions	7,026	2,876	53	9,955
Property, plant and equipment, net	131,319	25,989	1,252	158,560
Intangible asset additions	702	84	-	786
Intangible assets, net	1,320	23,164	-	24,484
Goodwill	-	59,665	-	59,665
Total assets	244,624	206,836	(11,060)	440,400
Total liabilities	38,698	46,259	19,522	104,479

$(000)'s except per share amounts

	Three Months Ended March 31, 2021			
	Casting and Extrusion	Automotive Solutions	Corporate	Total
Sales	$51,778	$69,828	$-	$121,606
Intercompany sales	(2,681)	(565)	-	(3,246)
Net sales	49,097	69,263	-	118,360
Depreciation	3,402	837	23	4,262
Amortization	121	806	-	927
Segment pre-tax income (loss) before interest	7,407	9,383	(1,715)	15,075
Net interest expense				(76)
Income (loss) before income taxes				14,999
Property, plant and equipment additions	4,302	698	-	5,000
Property, plant and equipment, net	103,852	24,063	1,298	129,213
Intangible asset additions	21	31	-	52
Intangible assets, net	771	26,344	-	27,115
Goodwill	-	61,306	-	61,306
Total assets	212,021	217,316	(11,874)	417,463
Total liabilities	34,549	44,340	3,684	82,573

	Six Months Ended March 31, 2022			
	Casting and Extrusion	**Automotive Solutions**	**Corporate**	**Total**
Sales	**$102,495**	**$124,224**	**$-**	**$226,719**
Intercompany sales	**(5,540)**	**(897)**	**-**	**(6,437)**
Net sales	**96,955**	**123,327**	**-**	**220,282**
Depreciation	**7,879**	**1,556**	**45**	**9,480**
Amortization	**191**	**1,576**	**-**	**1,767**
Pre-tax income (loss) before interest	**4,651**	**9,617**	**(3,630)**	**10,638**
Net interest expense				**(299)**
Income before income taxes				**10,339**
Property, plant and equipment additions	**16,305**	**4,399**	**53**	**20,757**
Property, plant and equipment, net	**131,319**	**25,989**	**1,252**	**158,560**
Intangible asset additions	**851**	**84**	**-**	**935**
Intangible assets, net	**1,320**	**23,164**	**-**	**24,484**
Goodwill	**-**	**59,665**	**-**	**59,665**
Total assets	**244,624**	**206,836**	**(11,060)**	**440,400**
Total liabilities	**38,698**	**46,259**	**19,522**	**104,479**

$(000)'s except per share amounts

	Six Months Ended March 31, 2021			
	Casting and Extrusion	Automotive Solutions	Corporate	Total
Sales	$99,573	$146,685	$-	$246,258
Intercompany sales	(5,172)	(1,324)	-	(6,496)
Net sales	94,401	145,361	-	239,762
Depreciation	6,805	1,663	45	8,513
Amortization	255	1,633	-	1,888
Pre-tax income (loss) before interest	12,014	21,026	(3,885)	29,155
Net interest expense				(159)
Income before income taxes				28,996
Property, plant and equipment additions	8,309	1,712	-	10,021
Property, plant and equipment, net	103,852	24,063	1,298	129,213
Intangible asset additions	98	31	-	129
Intangible assets, net	771	26,344	-	27,115
Goodwill	-	61,306	-	61,306
Total assets	212,021	217,316	(11,874)	417,463
Total liabilities	34,549	44,340	3,684	82,573

10. NET CHANGE IN NON-CASH WORKING CAPITAL

	Six months ended March 31	
	2022	2021
Accounts receivable	**($781)**	($8,466)
Inventories	**(3,640)**	(8,839)
Prepaid expenses and deposits	**(1,083)**	(529)
Trade accounts payable	**3,591**	2,238
Accrued payroll liabilities	**(3,133)**	(1,144)
Other accrued liabilities	**(1,047)**	(1,341)
Provisions	**(693)**	(113)
Customer advance payments	**1,225**	3,997
Income taxes payable	**(546)**	2,037
	($6,107)	($12,160)

11. INCOME TAXES

The consolidated effective income tax rates for the three- and six- month periods ended March 31, 2022 were 23.2% and 24.2% respectively (three- and six- month periods ended March 31, 2021 – 21.8% and 21.9%). The higher income tax rate for three- and six- month periods ended March 31, 2022 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- and six- month periods ended March 31, 2022 the Company recorded nil assistance - (2021 – $4 and $480). This assistance was recorded as a reduction of selling, general and administrative expense.

13. PROPOSED ACQUISITION

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.

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 4,600 people and service a diverse and broad customer base.

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