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Unaudited Condensed Interim Report
to the shareholders
for the three months ended
December 31, 2022

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	Three Months ended December 31	
(in $ thousands except earnings per share amounts)		
	2022	2021
Sales	**$139,093**	$100,979
Net income	**$4,523**	$2,736
Basic and diluted earnings per share	**$0.12**	$0.07
Weighted average Basic Common shares outstanding (000's)	**38,912**	39,270

The following management's interim discussion and analysis of operations and financial position are prepared as at January 31, 2023 and should be read in conjunction with the condensed interim consolidated financial statements as at and for the three months ended December 31, 2022 and 2021 and the consolidated financial statements and Management's Discussion and Analysis ("MD&A") in the Company's 2022 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"). A reconciliation to these non-GAAP measures is provided within this MD&A. 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 management's estimate of the investment in fixed assets that are required for the Company to continue operating at current capacity levels. Given the Company's elevated planned capital spending on fixed assets for growth initiatives (including additional Greenfield locations, energy efficient heat treatment equipment and increased capacity) through the near term, the Company has modified its calculation of Free Cash Flow to include Maintenance Fixed Assets and not total fixed asset purchases. This change is meant to enable investors to better gauge the amount of generated cash flow that is available for these investments as well as acquisitions and/or returns to shareholders in the form of dividends or share buyback programs. 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, 2022 were $139.1 million compared to $101.0 million in the same quarter last year – an increase of $38.1 million or 38%. Foreign exchange rate movements increased sales $6.1 million in the quarter primarily due to the strengthening US dollar compared to the Canadian dollar (strengthened 7.5%).

The Automotive Solutions segment reported sales of $70.3 million in the first quarter – an increase of $15.1 million, or 27% from the same quarter last year. Adjusting for the impact of foreign exchange movements, sales increased 21%. The sales increase was driven by higher vehicle production volumes and fewer program launch delays as supply chain disruptions eased in the quarter. North American industry vehicle production was up 8% compared to a year ago and European industry vehicle production was up 4%. Sales increased at all four of the segment's operations as we benefited from higher production volumes and the continued ramp up in new programs. Looking forward, OEM vehicle production volumes are expected to increase as the semiconductor chip shortages and other supply chain constraints continue to improve. While industry growth may be tempered by rising interest rates and emerging indicators of a global recession, there remains significant pent-up customer demand for new vehicles and dealer inventory levels are expected to be replenished from historically low levels. As well, Exco will benefit from recent and future program launches that are expected to provide growth in our content per vehicle. Quoting activity remains encouraging and we believe there is ample opportunity to achieve our targeted growth objectives.

The Casting and Extrusion segment reported sales of $68.8 million in the quarter – an increase of $23.0 million, or 50% from the same period last year. Excluding the $2.6 million positive impact of foreign exchange, sales increased 45% compared to the prior year quarter. Halex sales were $11.6 million, but they remained below potential due to December holidays, the Russian conflict in Ukraine, and weakening economic conditions in Europe. Demand for our extrusion tooling (i.e. dies, dummy blocks, stems, etc.) and associated capital equipment (die ovens, containers, etc.) outside of Europe remained relatively strong due to both industry growth and ongoing market share gains, although we did see signs of market activity slowing through the quarter. Management remains focused on standardizing manufacturing processes, enhancing engineering depth and centralizing some 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 and order flow for new moulds, associated consumable tooling (shot sleeves, rods, rings, tips, etc.) and rebuild work has continued to improve as industry vehicle production recovers and new electric vehicles and more efficient internal combustion engine/transmission platforms are launched. As well, customer inventory levels increased as expectations for higher vehicle production volumes improves. In addition, demand for Exco's additive (3D printed) tooling continues its strong contribution as customers focus on greater efficiency with the size and complexity of die cast tooling continuing to increase. Sales in the quarter were also aided by price increases, which were implemented in order to protect margins from higher input costs. Quoting activity within the die-cast end market remains very robust and our backlogs remain firm, which is expected to bode well for sales into fiscal 2023.

Consolidated net income for the first quarter was $4.5 million or basic and diluted earnings of $0.12 per share compared to $2.7 million or $0.07 per share in the same quarter last year. The consolidated effective income tax rate for the current quarter was 22.7% compared to 26.1% the prior year period. The change in 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 $7.2 million in the quarter – an increase of $3.8 million, or an increase of 112% over the same quarter last year. The increase in pretax profit is largely attributable to higher sales and better absorption of overheads. Although we continue to experience disruptions from the supply chain issues including the semiconductor shortages, the unpredictable production flow that has plagued automotive volumes in North America and Europe over the last two years have begun to stabilize. Volumes remain well below pre-pandemic volumes, but production and efficiency challenges alleviated during the quarter, while cost increases related to raw materials, wages, and transportation also subsided during the quarter. Management is cautiously optimistic that its overall cost structure will return to relatively normal levels in future quarters as scheduling and predictability improves with strengthening volumes. 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 $0.1 million from the same quarter last year. The pretax profit decline was driven by higher depreciation ($1.9 million), start-up costs at Castool's heat treatment operations in Newmarket, continued outsourced heat treat costs in our Extrusion tooling group while new equipment is being installed, and higher raw material, energy, freight and labour costs due to inflation, particularly in Europe. Management expects to generate higher sales and eliminate many of these costs over the coming quarters through efficiency improvements and has also taken pricing action to recapture lost margin where possible. The higher depreciation relates to the acquisition of Halex and the Company's investment in new capital that will improve operations and provide access to new geographies to increase our market share. Castool Morocco ramp-up is proceeding favorably, but has been slower than anticipated due to the supply chain constraints, inflation, and the Russian invasion of Ukraine. Management remains focused on reducing its overall cost structure and improving manufacturing efficiencies and expects such activities together with its sales efforts should lead to improved segment profitability over time.

The Corporate segment expenses were $1.5 million in the quarter compared to $1.6 million in the prior year quarter. Consolidated EBITDA for the first quarter totaled $15.2 million compared to $9.3 million in the same quarter last year. EBITDA as a percentage of sales increased to 10.9% in the current quarter compared to 9.3% the prior year. The EBITDA margin in the Casting and Extrusion segment was 11.1% compared to 12.9% last year while the EBITDA margin in the Automotive Solutions segment was 12.8% compared to 9.0% last year.

Financial Resources, Liquidity and Capital Resources

Operating cash flow before net change in non-cash working capital totaled $14.2 million in the first quarter compared to $8.4 million in the same period last year. The $5.8 million improvement was driven by a $2.8 million increase in net income in the current year period, a $2.0 million increase in depreciation and amortization, and a $1.7 million increase in interest expense. Non-cash working capital consumed $3.4 million of cash in the quarter compared to $0.4 million in the same quarter last year. The non-cash working capital movements were driven by increased inventory with the continued ramp up of business in our casting and extrusion segments, lower accounts payable and accruals, partially offset by improvements in accounts receivable collections and the collection of customer advance payments. Consequently, net cash provided by operating activities amounted to $10.8 million in the current quarter compared to $8.0 million in the same quarter last year.

Cash used in financing activities in the current quarter was $2.6 million compared to cash provided by financing of $5.1 million in the same quarter last year. The differences in the respective quarters was attributable to a $3.3 million increase in long-term debt and bank indebtedness compared to a $9.2 million increase in the prior year. The cash provided by bank indebtedness and long-term debt was offset in the current quarter by interest and dividends paid of $5.9 million compared to $4.0 million in the prior year quarter.

Cash used in investing activities was $7.4 million in the current quarter compared to $10.5 million in the prior year. The change in capital expenditures reflects the timing of capital deliveries as these are impacted by long lead times and the completion of strategic capital initiatives in fiscal 2022. Growth capital expenditures were $4.0 million and maintenance capital expenditures were $3.4 million. Management's capital spending forecast is $46.9 million for the fiscal year compared to actual capital expenditures of $53.5 million in fiscal 2022.

The Company's financial position and liquidity remains strong. Exco's net debt position totaled $92.7 million as at December 31, 2022 compared to $90.3 million at September 30, 2022. The Company generated Free Cash Flow of $5.6 million and paid dividends of $4.1 million. First quarter growth capital expenditures of $4.0 million decreased from $8.2 million in the prior year quarter. Exco's principal sources of liquidity include Free Cash Flow, cash of $18.0 million and $41.9 million of unused availability under its $152 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. The Company was in compliance with these covenants as at December 31, 2022.

Exco owns 19 of its 20 manufacturing facilities and essentially all of its production equipment. The Company leases sales and support centers in Troy, Michigan, Port Huron, Michigan a warehouse in Brownsville, Texas and operating facilities in Weissenberg Germany and Brescia Italy. The following table summarizes all short-term and long-term commitments Exco has entered.

	December 31, 2022			
	Total	< 1 year	1-3 years	4-5 years
Bank Indebtedness	$ 5,706	$ 5,706		
Trade accounts payable	50,326	50,326		
Long term debt	105,000	-	105,000	
Lease commitments	7,888	696	980	6,212
Purchase commitments	58,555	58,555		
Capital expenditures	14,269	14,269		
	$ 241,744	$ 129,552	$ 105,980	$ 6,212

Quarterly results

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

($ thousands except per share amounts)	December 31, 2022	September 30, 2022	June 30, 2022	March 31,2022
Sales	$139,093	$140,411	$129,250	$119,303
Net income	$4,523	$5,569	$5,563	$5,098
Earnings per share				
Basic	$0.12	$0.14	$0.14	$0.13
Diluted	$0.12	$0.14	$0.14	$0.13

($ 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

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. This pattern was disrupted in the eight quarters above due to recovery from COVID-19 in fiscal 2021, the impact of the semiconductor chip shortage H2 fiscal 2021 and H1 fiscal 2022 and finally, the purchase of Halex in fiscal 2022.

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	
	2022	2021
Net income	**$4,523**	$2,736
Provision for income tax	**1,325**	968
Pretax Profit	**5,848**	3,704
Depreciation	**6,360**	4,654
Amortization	**1,165**	883
Net interest expense	**1,808**	106
EBITDA	**15,181**	9,347
Sales	**$139,093**	$100,979
EBITDA margin	**10.9%**	9.3%
Cash provided by operating activities	**$10,822**	$8,012
Interest	**(1,808)**	(106)
Maintenance fixed asset additions	**(3,424)**	(2,785)
Free Cash Flow	**$5,590**	$5,151

Quarterly Segment EBITDA Margin	Casting and Extrusion Three months ended December 31		Automotive Solutions Three months ended December 31	
	2022	2021	**2022**	2021
Pretax profit	**1,917**	1,990	**7,227**	3,410
Depreciation	**5,435**	3,843	**904**	789
Amortization	**315**	98	**850**	785
EBITDA	**7,667**	5,931	**8,981**	4,984
Sales	**68,817**	45,809	**70,276**	55,170
EBITDA Margin	**11.1%**	12.9%	**12.8%**	9.0%

Accounting Changes and Effective Dates

There were no accounting policy changes effective October 1, 2022 that have a material impact to the Company's reporting.

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, 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.

The scope of design of internal controls over financial reporting and disclosure controls and procedures excluded the controls, policies, and procedures of Halex, which was acquired on May 2, 2022. Halex's contribution to our consolidated statements of operations for the three months ended December 31, 2022, was less than 10% of total revenues and less than 10% of total net income. Additionally, as at December 31, 2022, Halex current assets and current liabilities were between 10-15% of consolidated current assets and current liabilities, The amounts recognized for the assets acquired and liabilities assumed at the date of acquisition Halex are described in note 12 of the condensed consolidated interim financial statements for the three months ended December 31, 2022.

Subsequent to December 31, 2022, Exco experienced a cybersecurity incident at its three Large Mould production facilities. The balance of the Company's remaining facilities were unaffected. Management took steps to secure its systems and mitigate the impact to the data and operations. Independent experts were retained to assist the Company in dealing with the matter in accordance with industry best practices.

Exco temporarily disabled certain computer systems as it investigated this incident. The Company is in the process of safely bringing these systems back online and expects operations to be substantially restored. There were no significant changes in the Company's internal controls, procedures or assumptions and estimates that affect internal controls over financial reporting.

The Company is currently assessing the financial impact of the situation. Shipments to customers have not and are not expected to be materially interrupted.

Outstanding Share Capital

As at December 31, 2022 Exco had 38,912,464 common shares issued and outstanding and stock options outstanding to purchase up to 1,246,500 common shares at exercise prices ranging from $7.97 to $10.15.

Outlook

Despite current macro-economic challenges, including tightening monetary conditions, the overall outlook is very favorable across Exco's segments 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, although increasing slightly, 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. Traditional OEMs have started to adopt this trend and Exco 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 remain elevated while prompt availability of various input materials, components and labour remains 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. 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. Our Sustainability Report is available on our corporate website at: www.excocorp.com/leadership/sustainability/.

Exco is currently targeting a compounded average annual growth rate (excluding acquisitions) 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 balance of the fiscal year in order to position the Company for the significant growth opportunities we see.

Forward -looking information

This Management Discussion and Analysis 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 and to the timing for the cyber investigation and recovery process, the impact on Exco's business operations, future plans, activities, objectives, operations, strategy, business outlook and financial performance and condition of the Corporation. 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, energy and automotive markets, including increased supply chain risks, assumptions about the demand for and 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, energy rationing in Europe, 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, plans to address the cyber security incident and its expected impact on Exco's operations, Management's current expectations and to get a better understanding of the Company's operating environment. 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, 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 December 31, 2022	As at September 30, 2022
ASSETS		
Current		
Cash and cash equivalents	**$17,985**	$17,024
Accounts receivable	**109,433**	113,940
Inventories	**103,763**	97,962
Prepaid expenses and deposits	**3,516**	4,322
Derivative instruments	**2,949**	2,066
Income taxes recoverable	**8,688**	9,114
Total current assets	**246,334**	244,428
Property, plant and equipment, net (notes 4 and 12)	**211,413**	207,103
Intangible assets, net (notes 5 and 12)	**33,804**	34,446
Goodwill (notes 5 and 12)	**91,928**	88,699
Deferred tax assets	**1,645**	1,640
Total assets	**$585,124**	$576,316
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Bank indebtedness	**5,706**	$12,363
Trade accounts payable	**50,326**	51,359
Accrued payroll liabilities	**13,009**	15,859
Other accrued liabilities	**14,669**	18,682
Provisions	**6,688**	6,445
Customer advance payments	**6,566**	3,169
Total current liabilities	**96,964**	107,877
Lease liabilities- long-term portion	**7,047**	6,650
Long-term debt (note 7)	**105,000**	95,000
Deferred tax liabilities	**18,735**	18,280
Total liabilities	**227,746**	227,807
Shareholders' equity		
Share capital (note 8)	**48,767**	48,767
Contributed surplus	**5,532**	5,431
Accumulated other comprehensive income	**12,949**	4,618
Retained earnings	**290,130**	289,693
Total shareholders' equity	**357,378**	348,509
Total liabilities and shareholders' equity	**$585,124**	$576,316

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	
	2022	2021
Sales	**139,093**	$100,979
Cost of sales	**110,373**	81,189
Selling, general and administrative expenses (note 12)	**13,570**	10,531
Depreciation (note 4)	**6,360**	4,654
Amortization (note 5)	**1,165**	883
(Gain) on disposal of property, plant and equipment	**(31)**	(88)
Interest expense, net	**1,808**	106
	133,245	97,275
Income before income taxes	**5,848**	3,704
Provision for income taxes (note 11)	**1,325**	968
Net income for the period	**4,523**	2,736
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)	**652**	(331)
Unrealized gain (loss) on foreign currency translation	**7,679**	(3,483)
	8,331	(3,814)
Comprehensive income (loss)	**$12,854**	($1,078)
Income per common share		
Basic	**$0.12**	$0.07
Diluted	**$0.12**	$0.07
Weighted average number of common shares outstanding		
Basic	**38,912**	39,270
Diluted	**38,912**	39,307

(a) Net of income tax payable of $231 for the three- month period ended December 31, 2022 (2021 - net of income tax recoverable of $118)

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

	Share capital	Contributed surplus	Retained earnings	Accumulated other comprehensive income: Net unrealized gain on derivatives designated as cash flow hedges	Unrealized gain on foreign currency translation	Total accumulated other comprehensive income	Total shareholders' equity
Balance, October 1, 2022	$48,767	$5,431	$289,693	$1,520	$3,098	$4,618	$348,509
Net income for the period	-	-	4,523	-	-	-	4,523
Dividend paid (note 3)	-	-	(4,086)	-	-	-	(4,086)
Stock option expense	-	101	-	-	-	-	101
Other comprehensive income	-	-	-	652	7,679	8,331	8,331
Balance, December 31, 2022	$48,767	$5,532	$290,130	$2,172	$10,777	$12,949	$357,378

	Share capital	Contributed surplus	Retained earnings	Accumulated other comprehensive income: 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
Net income for the period	-	-	5,563	-	-	-	5,563
Dividends paid (note 3)	-	-	(4,086)	-	-	-	(4,086)
Stock option expense	-	101	-	-	-	-	101
Repurchase of share capital (note 8)	(231)		(1,364)	-	-	-	(1,595)
Other comprehensive income (loss)	-	-	-	1,512	(1,063)	449	449
Balance, June 30, 2022	$48,767	$5,330	$288,210	$1,037	($6,991)	($5,954)	$336,353
Net income for the period			5,569	-	-	-	5,569
Dividends (note 3)			(4,086)	-	-	-	(4,086)
Stock option expense		101		-	-	-	101
Other comprehensive income (loss)	-	-	-	483	10,089	10,572	10,572
Balance, September 30, 2022	$48,767	$5,431	$289,693	$1,520	$3,098	$4,618	$348,509

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	
	2022	2021
OPERATING ACTIVITIES:		
Net income for the period	**$4,523**	$2,736
Add non-operating and items not involving a current outlay of cash		
Depreciation (note 4)	**6,360**	4,654
Amortization (note 5)	**1,165**	883
Stock-based compensation expense	**106**	131
Deferred income taxes	**271**	-
Net interest expense	**1,808**	106
Gain on disposal of property, plant and equipment	**(31)**	(88)
	14,202	8,422
Net change in non-cash working capital (note 10)	**(3,380)**	(410)
Cash provided by operating activities	**10,822**	8,012
FINANCING ACTIVITIES:		
Increase (decrease) in bank indebtedness	**(6,657)**	9,174
Financing from long-term debt	**10,000**	-
Interest paid, net	**(1,808)**	(106)
Dividends paid (note 3)	**(4,086)**	(3,927)
Cash provided by (used in) financing activities	**(2,551)**	5,141
INVESTING ACTIVITIES:		
Purchase of property, plant and equipment (note 4)	**(7,419)**	(10,802)
Purchase of intangible assets (note 5)	**(81)**	(149)
Proceeds from disposal of property, plant and equipment	**123**	435
Cash used in investing activities	**(7,377)**	(10,516)
Effect of exchange rate changes on cash and cash equivalents	**67**	(453)
Net increase (decrease) in cash during the period	**961**	2,184
Cash, beginning of period	**17,024**	24,098
Cash, end of period	**$17,985**	$26,282

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 20 strategic locations in 9 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, 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 Company's critical accounting estimates are affected as a result of the various ongoing economic, geopolitical and social impacts, including the global pandemic, Russian invasion of Ukraine and recessionary conditions. There continues to be significant uncertainty as to the likely effects these items which may, among other things, impact our employees, suppliers, and customers. It is not possible to predict the impact these items will have on the Company, its financial position and the results of operations in the future. The Company is monitoring the future impact of all these items on all aspects of its business. Each reporting period, management carries out this assessment for indications that goodwill and other long-lived assets may be impaired. As required, management will continue to assess these assumptions as the situation changes.

These unaudited condensed interim consolidated financial statements should be read in conjunction with the Company's 2022 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, 2022 were authorized for issue by the Board of Directors on January 31, 2023.

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.

Accounting standards adopted in fiscal year 2023

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. As the Company does not have any significant onerous contracts the standard did not have an impact on adoption.

$(000)'s except per share amounts

3. CASH DIVIDEND

During the three - month period ended December 31, 2022, the Company paid quarterly cash dividends totaling $4,086 (2021 - $3,927). The quarterly dividend rate in the first quarter of 2023 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, 2022	$260,324	$24,824	$93,195	$14,517	$29,861	$8,551	$431,272
Additions	265	381	325	-	6,350	98	7,419
Less: disposals	(32)	(67)	-	(78)	-	-	(177)
Reclassification	7,197	149	8,544	-	(15,890)	-	-
Foreign exchange movement	1,697	127	1,128	246	154	560	3,912
Balance as at December 31, 2022	**$269,451**	**$25,414**	**$103,192**	**$14,685**	**$20,475**	**$9,209**	**$442,426**

	Machinery and Equipment	Tools	Buildings	Land	Assets under Construction	Right of Use Assets	TOTAL
Accumulated depreciation and impairment losses							
Balance as at September 30, 2022	$158,910	$18,306	$45,660	$0	$0	$1,293	$224,169
Depreciation	4,568	640	949	-	-	203	6,360
Less: disposals	(26)	(60)	-	-	-	-	(86)
Reclassification	(2)	2	-	-	-	-	-
Foreign exchange movement	302	61	186	-	-	21	570
Balance as at December 31, 2022	**$163,752**	**$18,949**	**$46,795**	**$-**	**$-**	**$1,517**	**$231,013**

Carrying amounts	Machinery and Equipment	Tools	Buildings	Land	Assets under Construction	Right of Use Assets	TOTAL
As at September 30, 2022	$101,414	$6,518	$47,535	$14,517	$29,861	$7,258	$207,103
As at December 31, 2022	**$105,699**	**$6,465**	**$56,397**	**$14,685**	**$20,475**	**$7,692**	**$211,413**

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, 2022	$9,585	$58,163	$24	$67,772	$88,699
Additions	81	-	-	81	-
Foreign exchange movement	21	172	2	195	3,229
Balance as at December 31, 2022	**$9,687**	**$58,335**	**$26**	**$68,048**	**$91,928**

$(000)'s except per share amounts

	Computer Software and Other	Acquisition Intangibles*	Assets under Construction (Software)	Total Intangible Assets	Goodwill
Accumulated amortization and impairment losses					
Balance as at September 30, 2022	7,852	25,474	-	33,326	-
Amortization for the period	201	964	-	1,165	-
Foreign exchange movement	(18)	(229)	-	(247)	-
Balance as at December 31, 2022	**$8,035**	**$26,209**	**$-**	**$34,244**	**$-**
Carrying amounts					
As at September 30, 2022	$1,733	$32,689	$24	$34,446	$88,699
As at December 31, 2022	**$1,652**	**$32,126**	**$26**	**$33,804**	**$91,928**

*Acquisition intangibles are comprised of customer relationships and trade names resulting from business acquisitions and the purchase price allocation thereof.

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 periods ended December 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:

	December 31, 2022		September 30, 2022	
	Carrying Amount of Asset (Liability)	**Fair Value of Asset (Liability)**	Carrying Amount of Asset (Liability)	Fair Value of Asset (Liability)
Cash and cash equivalents	**$17,985**	**$17,985**	$17,024	$17,024
Accounts receivable	**109,433**	**109,433**	113,940	113,940
Trade accounts payable	**(50,326)**	**(50,326)**	(51,359)	(51,359)
Bank indebtedness	**(5,706)**	**(5,706)**	(12,363)	(12,363)
Customer advance payments	**(6,566)**	**(6,566)**	(3,169)	(3,169)
Accrued liabilities	**(27,678)**	**(27,678)**	(34,541)	(34,541)
Derivative instruments	**2,949**	**2,949**	2,066	2,066
Lease liabilities – long term portion	**(7,047)**	**(7,047)**	(6,650)	(6,650)
Long-term debt	**($105,000)**	**($105,000)**	($95,000)	($95,000)

7. LONG-TERM DEBT

On February 23, 2022, the Company renewed the Committed Revolving Credit Facility (" the Credit Facility") increasing amount to $125,000 and to extend the maturity date to February 28, 2025. As at December 31, 2022 $110,128 was utilized (September 30, 2022 - $106,828). 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. Effective November 7, 2022 the Company closed an amendment to increase the Credit Facility by $25,000 to $150,000 with no changes to terms or conditions.

The Credit Facility is available to fund working capital, capital expenditures and other general corporate purposes of the Company and its subsidiaries, including acquisitions. Interest rates vary based on prime, bankers' acceptance or CDOR base rates plus a relevant margin depending on the level of the Company's net leverage ratio.

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, 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 first quarter no common shares were repurchased (2022- nil).

As at December 31, 2022 the Company had 38,912,464 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 and Europe.

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).

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.

$(000)'s except per share amounts

	Three Months Ended December 31, 2022			
	Casting and Extrusion	**Automotive Solutions**	**Corporate**	**Total**
Sales	**$75,667**	**$71,112**	**$-**	**$146,779**
Intercompany sales	**(6,850)**	**(836)**	**-**	**(7,686)**
Net sales	**68,817**	**70,276**	**-**	**139,093**
Depreciation	**5,435**	**904**	**21**	**6,360**
Amortization	**315**	**850**	**-**	**1,165**
Segment pre-tax income (loss) before interest	**1,917**	**7,227**	**(1,488)**	**7,656**
Net interest expense				**(1,808)**
Income before income taxes				**5,848**
Property, plant and equipment additions	**6,265**	**1,154**	**-**	**7,419**
Property, plant and equipment, net	**177,336**	**32,750**	**1,327**	**211,413**
Intangible asset additions	**81**	**-**	**-**	**81**
Intangible assets, net	**11,207**	**22,597**	**-**	**33,804**
Goodwill	**28,144**	**63,784**	**-**	**91,928**
Total assets	**368,353**	**231,105**	**(14,334)**	**585,124**
Total liabilities	**60,695**	**53,366**	**113,685**	**227,746**

	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 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

$(000)'s except per share amounts

10. NET CHANGE IN NON-CASH WORKING CAPITAL

	Three months ended December 31	
	2022	2021
Accounts receivable	**$5,403**	$11,619
Inventories	**(5,041)**	(2,098)
Prepaid expenses and deposits	**845**	(182)
Trade accounts payable	**(1,687)**	(2,547)
Accrued payroll liabilities	**(2,997)**	(4,489)
Other accrued liabilities	**(3,920)**	(1,015)
Provisions	**243**	(604)
Customer advance payments	**3,362**	(706)
Income taxes recoverable	**412**	(388)
	($3,380)	($410)

11. INCOME TAXES

The consolidated effective income tax rates for the three- month period ended December 31, 2022 was 22.7% (three- month period ended December 31, 2021 – 26.1%). The income tax rate in the current year quarter was impacted by geographic distribution and foreign rate differentials.

12. ACQUISITION

On May 2, 2022 the Company completed the acquisition of 100% of the ownership interest in Halex extrusion operations ("Halex") for consideration of $60.2 million. Halex Extrusion Dies operates four key manufacturing locations – two in Germany and two in Italy.

Management determined that the assets and processes comprised a business and therefore accounted for the transaction as a business combination using the acquisition method of accounting with the results of operations included in the Company's consolidated financial statements from the date of acquisition. The results of Halex are reported within the Casting and Extrusion segment.

Assets acquired and liabilities assumed have been recorded at their estimated fair value at the date of acquisition as follows:

Cash and cash equivalents	$ 2,592
Accounts receivable	10,750
Inventories	5,198
Other current assets	153
Property, plant and equipment	25,729
Intangible assets	9,649
Current liabilities	(13,722)
Lease liabilities – long term portion	(6,650)
Deferred tax liability	(3,264)
Net identifiable assets	30,435
Residual purchase price allocated to goodwill	29,773

	$60,208
Acquisition funded as follows:	
Cash	$ 60,208
	$ 60,208

During fiscal 2022 the Company incurred acquisition related costs of $584 which were expensed under selling, general and administrative expenses on the condensed interim consolidated statements of income and comprehensive income (loss).

The fair value of trade accounts receivable equals the gross amount of the trade accounts receivable less allowance for bad debts and amounts to $9,871. The net contractual amount was considered collectible at the date of acquisition.

The primary factors that contributed to the residual purchase price allocation and resulted in the recognition of goodwill are: the existing Halex business; the acquired workforce; and the combined strategic value to the Company's growth plan.

13. SUBSEQUENT EVENT

Subsequent to December 31, 2022, Exco experienced a cybersecurity incident at its three Large Mould production facilities. The balance of the Company's remaining facilities were unaffected. Management took steps to secure its systems and mitigate the impact to the data and operations. Independent experts were retained to assist the Company in dealing with the matter in accordance with industry best practices.

Exco temporarily disabled certain computer systems as it investigated this incident. The Company is in the process of safely bringing these systems back online and expects operations to be substantially restored. There were no significant changes in the Company's internal controls, procedures or assumptions and estimates that affect internal controls over financial reporting.

The Company is currently assessing the financial impact of the situation. Shipments to customers have not and are not expected to be materially interrupted.

CORPORATE INFORMATION

Exco Technologies Limited is a global supplier of innovative technologies servicing the die-cast, extrusion and automotive industries. Through our 20 strategic locations in 9 countries, we employ approximately 5,000 people and service a diverse and broad customer base.

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