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Unaudited Condensed Interim Report
to the shareholders
for the six months ended
March 31, 2023

CONTENTS

	Three Months Ended March 31		Six Months Ended March 31	
(in $ thousands except per share amounts)				
	2023	2022	**2023**	2022
Sales	**$155,507**	$119,303	**$294,600**	$220,282
Net income	**$6,288**	$5,098	**$10,811**	$7,834
Basic earnings per share	**$0.16**	$0.13	**$0.28**	$0.20
Diluted earnings per share	**$0.16**	$0.13	**$0.28**	$0.20
Weighted avg basic common shares o/s (000's)	**38,912**	39,161	**38,912**	39,161

The following management's interim discussion and analysis of operations and financial position are prepared as at April 27, 2023 and should be read in conjunction with the condensed interim consolidated financial statements as at and for the six months ended March 31, 2023 and 2022 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 second quarter ended March 31, 2023 were $155.5 million compared to $119.3 million in the same quarter last year – an increase of $36.2 million, or 30%. Year-to-date sales were $294.6 million compared to $220.3 million the prior year – an increase of $74.3 million or 34%. Foreign exchange rates increased sales $8.1 million in the quarter and $14.0 million year-to-date. Excluding foreign exchange rate movements, consolidated sales were higher by 24% in the quarter and 27% year-to-date.

Strong sales were supported by the Company's various strategic growth initiatives. These initiatives are – in turn – primarily driven by the increased adoption of electric vehicles, the lightweighting and economizing of motor vehicles, the broader global environmental sustainability movement and the adoption of die-cast and extrusion tooling to meet these global macroeconomic changes to manufacturing. The Company is making significant investments in capital assets, non-cash working capital, human resources and training, and other resources to capture this growth. The impact of these investments is suppressing near term profitability but will provide opportunities for meaningful contributions over a multi-year horizon as increased scale is achieved. The status of our various growth initiatives are summarized as follows:

- Castool Morocco Greenfield Facility – This new plant officially opened in November 2021 and positions Castool to better penetrate the European die cast and extrusion consumable tooling markets. The plant is ramping up slowly but showing good traction in markets that have sizeable opportunities.
- Castool Heat Treatment operations - Situated within our existing Newmarket Large Mould facility, initial operations began in the Spring of 2022 and the last of the major equipment was installed in April 2023. This facility provides unmatched capabilities, particularly for larger tooling components and enables the insourcing of Castool's and Large Mould's heat treatment needs. Additional benefits of this operation include: eliminating shipping and scheduling conflicts with third party suppliers, shorter lead times, increased quality control, and a reduction in the Company's environmental footprint.
- Castool Mexico Greenfield Facility – The building has been completed and equipment has started to arrive. Initial production is planned for the third quarter of fiscal 2023. This facility will increase manufacturing capacity and position Castool to better penetrate markets in Latin America and the Southern US.
- Large Mould group Equipment Additions – Has expanded Large Mould's additive manufacturing capacity, increased its crane lift capabilities to 100 tons, and added several medium and large 5-axis milling machines in order to capture growth in the very large die-cast market segment. All equipment is now installed and operational.
- Extrusion group Heat Treatment – added new heat treatment equipment to our plant in Mexico to eliminate outsourcing, increased heat treat capacity in Texas, and replaced equipment in Markham with new energy efficient heat treat equipment. All equipment is now operational.
- Automotive Solutions – the Polytech and Neocon facilities were expanded (combined 40,000 square feet) to meet growing demand from significant program awards. The last of the equipment became operational in the second quarter of fiscal 2023.
- Halex acquisition completed May 2, 2022 - Halex is the second largest manufacturer of aluminium extrusion dies in Europe and the continent's leading supplier of complex extrusion dies and

complements Exco's existing extrusion die operations. The acquisition provides Exco with well-established and high-quality operations and more extensive opportunities to better support our global customers and grow in new markets. Work continues to integrate Halex into the Extrusion group operations and realize synergies from the sharing of best practices.

The Automotive Solutions segment reported sales of $83.1 million in the second quarter – an increase of $14.9 million, or 22% from the prior year quarter. Year-to-date segment sales totaled $153.4 million – an increase of $30.0 million, or 24% compared to last year. Foreign exchange rate movements increased segment sales by $4.6 million in the quarter and $8.1 million on segment sales year-to-date. Excluding foreign exchange rate movements on Exco's results, segment revenues increased 15% during the quarter and 18% year-to-date. The sales increase was driven by the ramp up of newer programs, higher vehicle production volumes, select pricing actions to compensate for inflationary pressures as well as favorable vehicle mix. By comparison, blended vehicle production volumes in North America and Europe were up 13% in the quarter, indicating continued gains in content per vehicle. 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. As well, Exco will benefit from recent and future program launches that are expected to provide ongoing growth in our content per vehicle. Quoting activity remains very encouraging and we believe there is ample opportunity to achieve our targeted growth objectives.

The Casting and Extrusion segment reported sales of $72.4 million for the second quarter – an increase of $21.3 million or 42%, from the same period last year. Year-to-date, the segment reported sales of $141.2 million – an increase of $44.3 million, or 46%. Foreign exchange rate movements increased segment sales by $3.5 million in the quarter and $5.9 million on segment sales year-to-date. Excluding foreign exchange rate movements, segment revenues increased 35% during the quarter and 39% year-to-date. Casting and extrusion segment sales were significantly influenced by the acquisition of Halex in Q3 fiscal 2022. However, sales nonetheless increased by 12% in the quarter and 18% year-to-date excluding Halex's results as overall market demand remained firm and the Company benefited from its various strategic growth initiatives. Demand for our consumable extrusion tooling (i.e. dies, dummy blocks, stems, etc.) and associated capital equipment (die ovens, containers, etc.) remained relatively strong overall due to both industry growth and ongoing market share gains, although we did see further signs of market activity for certain extrusion tooling slowing through the quarter in North America. In addition to its capital asset growth agenda, 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, increased capacity and provided access to new geographies, all of which have supported market share gains.

In the die-cast market, which primarily serves the automotive industry, demand for new moulds, consumable tooling (shot sleeves, rods, rings, tips, etc.), rebuild work and additively printed tooling has continued to improve as industry vehicle production recovers and new electric vehicles and more efficient internal combustion engine/transmission platforms are launched. Also, customer inventory levels increased as expectations for higher vehicle production volumes improves. We believe the segment is gaining market share, particularly for tooling that is larger and more complex, which is the fastest growing portion of the market. Sales in the quarter were also aided by price increases, which were implemented to recover margins eroded by higher input costs. Quoting activity within the die-cast end market remains extremely robust while our backlog levels are at record highs, which is expected to bode well for sales into fiscal 2024.

Consolidated net income for the second quarter was $6.3 million or basic and diluted earnings of $0.16 per share compared to $5.1 million or $0.13 per share in the same quarter last year – an increase of net income of $1.2 million. Year-to-date, consolidated net income was $10.8 million or $0.28 per basic share compared to $7.8 million or $0.20 per basic share last year – an increase in net income of 38%. Pretax profits in the second quarter of this year were negatively impacted by $1.6 million ($0.03/ share net of tax) of costs related to the January cyber incident in the Large Mould group, which has now been fully remediated. The consolidated effective income tax rate was 21% in the current quarter compared to 23% in the prior year quarter. Year-to-date, the consolidated effective income tax rate was 22% compared to 24% last year. The income tax rate in the quarter and year-to-date was impacted by non-deductible losses from our Castool Morocco facility, offset by geographic distribution, and foreign rate differentials.

The Automotive Solutions segment reported pretax profit of $8.7 million in the second quarter, an increase of $2.5 million from the prior year quarter. Year-to-date, the segment reported pretax profit of $15.9 million – an increase of $6.3 million compared to the prior year period. The increase in pretax profit is largely attributable to higher sales, better absorption of overheads, and from select pricing actions. These improvements were partially offset by inefficiencies caused by launch costs from key launches in the period. Industry vehicle volumes remain below pre-pandemic levels and production flows remain somewhat erratic due to ongoing supply chain challenges, but these challenges lessened in the quarter while cost increases related to raw materials, wages, and transportation also subsided. Management is 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 $3.9 million of pretax profit in the second quarter – an increase of $1.2 million from the same quarter last year and $2.0 million from the first quarter fiscal 2023. Year-to-date, the segment reported pretax profit of $5.8 million – an increase of $1.2 million compared to the prior year period. The pretax profit improvement was driven by contributions from Halex, increased overhead absorption and production efficiencies due to stronger sales in the die-cast market (including new moulds, rebuilds, and consumable tooling). These positive contributions were partially offset by higher depreciation ($1.0 million in the quarter and $2.0 million year-to-date excluding Halex), start-up costs at Castool's new operations in Morocco, Mexico and Heat Treat in Newmarket, as well as higher raw material, energy, freight and labour costs. As well, costs were also impacted by roughly $0.6 million of expenses recorded in the segment due to lost production time in the Large Mould group arising from the cyber incident. Management expects to temper many of these costs over the coming quarters through efficiency improvements and pricing action, where possible. Margins will also benefit as newer operations mature and achieve greater scale. 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. Castool's new Mexican operation is scheduled to open in the third quarter and ramp up quickly contributing to increased market share gains in both the die-cast and extrusion tooling markets in Mexico and Latin America. Management remains focused on reducing its overall cost structure and improving manufacturing efficiencies and expects such activities together with its sales efforts to improve segment profitability over time.

Corporate segment expenses were $2.6 million in the second quarter compared to $2.0 million in the prior year quarter. Year-to-date, Corporate expenses of $4.0 million were up 11% from the prior year at $3.6 million. The Corporate segment incurred $1 million of costs associated with the January cyber incident for administrative, legal and monitoring costs, which are not expected to recur in future quarters. These second quarter costs were partially offset by lower foreign exchange and incentive expenses compared to the prior year second quarter.

Consolidated EBITDA for the second quarter totaled $17.8 million compared to $12.5 million in the same quarter last year – an increase of $5.3 million or 42%. Year-to-date, consolidated EBITDA totaled $33.0 million compared to $21.9 million last year – an increase of $11.1 million or 51%. For the quarter, EBITDA as a percentage of sales increased to 11.5% in the current period compared to 10.5% the prior year driven by an improvement in segment margins in both the Casting & Extrusion segment (13.6% compared to 13.3%) and the Automotive Solutions segment (12.7% compared to 11.4%). Excluding costs associated with the January 2023 cyber incident, consolidated EBITDA totaled $19.4 million during the second quarter – an increase of 55% over the prior year.

Financial Resources, Liquidity and Capital Resources

Operating cash flow before net change in non-cash working capital totaled $16.1 million in the second quarter compared to $11.0 million in the same period last year. Year-to-date, operating cash flow before net change in non-cash working capital totaled $30.3 million compared to $19.5 million the prior year period. The year over year variance in the respective periods is primarily driven by increases in Net Income, which was higher in the current quarter and year-to-date, increased depreciation and amortization reflecting the increased capital asset purchases in recent years and the acquisition of Halex. Non-cash working capital consumed $10.1 million of cash in the current quarter compared to $5.7 million the prior year period. Year-to-date, non-cash working capital consumed $13.5 million of cash compared to $6.1 million the prior year period. The non-cash working capital movements were driven by increased accounts receivable and inventory due to higher sales partially offset by customer advance payments. Consequently, net cash provided by operating activities amounted to $6.0 million in the current quarter compared to $5.3 million in the same quarter last year. Year-to-date, net cash provided by operating activities amounted to $16.9 million compared to $13.3 million the prior year period.

Cash used in financing activities in the current quarter was $0.5 million compared to cash provided by financing of $5.4 million in the prior year quarter. In the current quarter interest and dividends were funded by an increase in bank indebtedness. In the prior year quarter, financing from long-term debt was used to reduce bank debt, pay dividends, and repurchase shares through the normal course issuer bid. Year-to-date, cash used in financing activities totaled $3.1 million compared to cash provided by financing of $10.5 million in the prior year period. Financing from long-term debt in the current year was used to reduce current bank indebtedness, pay dividends and interest. In the prior year financing from long-term debt and increases in bank debt were used to fund dividends and repurchase shares during the period.

Cash used in investing activities in the second quarter totaled $10.6 million compared to $10.7 million in the same quarter last year. Year-to-date, cash used in investing activities totaled $18.0 million compared to $21.2 million the prior year. Investing activities reflects our continued focus on capital asset additions to support our growth initiatives. These initiatives include the new Castool production facility in Mexico; investment in new heat treatment equipment in Newmarket and Extrusion to increase capacity, reduce emissions and enable us to in-source most of our requirements; and investments in the Large Mould group to upgrade its capabilities to handle moulds of extreme sizes which will be increasingly required by traditional and new OEMs. Growth Capital Expenditures totaled $7.7 million during the current quarter ($11.6 million year-to-date). Management's capital spending budget is $46.9 million for the fiscal year compared to actual capital expenditures of $53.5 million in fiscal 2022.

Exco's net debt position totaled $103.2 million as at March 31, 2023 compared to $90.3 million at September 30, 2022. The Company generated Free Cash Flow of $1.1 million and paid dividends of $4.1 million in the quarter. Current quarter growth capital expenditures of $7.7 million were down from $9.1 million in the prior year quarter. Year-to-date Growth Capital Expenditures of $11.6 million were down from $16.8 million in the prior year reducing net cash at the end of the period. Principal sources of liquidity include generated Free Cash Flow, $13.1 million cash and $36.3 million of unused availability under its $153 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, 2023.

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.

	March 31, 2023			
	Total	< 1 year	1-3 years	4-5 years
Bank Indebtedness	$11,318	$11,318	$-	$ -
Trade accounts payable	51,230	51,230	-	-
Long term debt	105,000	-	105,000	-
Lease commitments	7,921	693	1,063	6,165
Purchase commitments	51,175	51,175	-	-
Capital expenditures	11,120	11,120	-	-
	$237,764	$125,536	$106,063	$6,165

Quarterly results

The following table sets out financial information for each of the eight quarters through to the second quarter ended March 31, 2023:

($ thousands except per share amounts)	March 31,2023	December 31,2022	September 30,2022	June 30,2022
Sales	$155,507	$139,093	$140,411	$129,250
Net income	$6,228	$4,523	$5,569	$5,563
Earnings per share				
Basic	$0.16	$0.12	$0.14	$0.14
Diluted	$0.16	$0.12	$0.14	$0.14

($ 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

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 most recent 4 quarters reflect the impact of the Company's purchase of Halex on May 2, 2022, improvements in automotive production as supply chain disruptions (including global semi-conductor shortages) ease, partially offset by the Russian invasion of the Ukraine and continued inflationary cost pressure across all operations. The quarters from March 2022 to June 2021 were negatively impacted by the affects of the COVID-19 global pandemic and supply chain disruptions which reduced automotive production significantly.

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)			
	2023	2022	**2023**	2022
Net income	**$6,288**	$5,098	**$10,811**	$7,834
Provision for income tax	**1,708**	1,537	**3,033**	2,505
Pretax Profit	**7,996**	6,635	**13,844**	10,339
Depreciation	**6,634**	4,826	**12,994**	9,480
Amortization	**1,173**	884	**2,338**	1,767
Net interest expense	**2,038**	193	**3,846**	299
EBITDA	**17,841**	12,538	**33,022**	21,885
Sales	**$155,507**	$119,303	**$294,600**	$220,282
EBITDA margin	**11.5%**	10.5%	**11.2%**	9.9%
Weighted average basic shares outstanding	**38,912**	39,161	**38,912**	39,161
EPS	**$0.16**	$0.13	**$0.28**	$0.20
Cash provided by operating activities	**$6,035**	$5,332	**$16,857**	$13,344
Interest	**(2,038)**	(193)	**(3,846)**	(299)
Maintenance fixed asset additions	**(2,909)**	(1,618)	**(6,333)**	(4,403)
Free Cash Flow	**$1,088**	$3,521	**$6,678**	$8,642

Quarterly Segment EBITDA Margin	Casting and Extrusion Three months ended March 31		Automotive Solutions Three months ended March 31	
	2023	2022	**2023**	2022
Pretax profit	**3,896**	2,661	**8,688**	6,207
Depreciation	**5,599**	4,036	**1014**	767
Amortization	**326**	93	**847**	791
EBITDA	**9,821**	6,790	**10,549**	7,765
Sales	**72,432**	51,146	**83,075**	68,157
EBITDA Margin	**13.6%**	13.3%	**12.7%**	11.4%

Yearly Segment EBITDA Margin	Casting and Extrusion		Automotive Solutions	
	Six months ended March 31		Six months ended March 31	
	2023	2022	**2023**	2022
Pretax profit	**5,813**	4,651	**15,595**	9,617
Depreciation	**11,034**	7,879	**1918**	1556
Amortization	**641**	191	**1697**	1576
EBITDA	**17,488**	12,721	**19,210**	12,749
Sales	**141,249**	96,955	**153,351**	123,327
EBITDA Margin	**12.4%**	13.1%	**12.5%**	10.3%

Recent Accounting Changes and Effective Dates

Please see the notes to the Company's consolidated financial statements for the year ended September 30, 2022 and the condensed interim financial statements for the periods ended March 31, 2022 for information regarding the accounting changes effective October 1, 2022.

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, 2023 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 six months ended March 31, 2023 was less than 10% of total revenues and less than 10% of total net income. Additionally, as at March 31, 2023, 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 six months ended March 31, 2023.

On January 17, 2023, the Company 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. Over a period of 3-4 weeks, the Company brought its systems back online and operations were fully restored within the quarter. There were no significant changes in the Company's internal controls, procedures or assumptions and estimates that affect internal controls over financial reporting.

The financial impact of the situation was $1.6 million or $0.03 per share in the quarter. Shipments to customers were not materially interrupted.

Outstanding Share Capital

As at March 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 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, South America and Europe, 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 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- and six- month periods ended March 31, 2023 and 2022 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, 2023	As at September 30, 2022
		(note 2)
ASSETS		
Current		
Cash and cash equivalents	**$13,118**	$17,024
Accounts receivable	**124,292**	119,261
Inventories	**106,037**	97,962
Prepaid expenses and deposits	**4,654**	4,322
Derivative instruments	**4,973**	2,066
Income taxes recoverable	**8,227**	9,114
Total current assets	**261,301**	249,749
Property, plant and equipment, net (notes 4 and 12)	**217,537**	207,103
Intangible assets, net (notes 5 and 12)	**32,883**	34,446
Goodwill (notes 5 and 12)	**92,769**	88,699
Deferred tax assets	**1,822**	1,640
Total assets	**$606,312**	$581,637
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Bank indebtedness	**11,318**	$12,363
Trade accounts payable	**51,230**	51,359
Accrued payroll liabilities	**14,446**	15,859
Other accrued liabilities	**19,182**	24,003
Provisions	**6,674**	6,445
Customer advance payments	**6,569**	3,169
Total current liabilities	**109,419**	113,198
Lease liabilities- long-term portion	**7,228**	6,650
Long-term debt (note 7)	**105,000**	95,000
Deferred tax liabilities	**19,345**	18,280
Total liabilities	**240,992**	233,128
Shareholders' equity		
Share capital (note 8)	**48,767**	48,767
Contributed surplus	**5,617**	5,431
Accumulated other comprehensive income	**18,604**	4,618
Retained earnings	**292,332**	289,693
Total shareholders' equity	**365,320**	348,509
Total liabilities and shareholders' equity	**$606,312**	$581,637

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

	Three months ended March 31		Six months ended March 31	
	2023	2022	**2023**	2022
Sales	**155,507**	$119,303	**$294,600**	$220,282
Cost of sales	**122,723**	96,199	**233,096**	177,388
Selling, general and administrative expenses	**15,000**	10,566	**28,570**	21,097
Depreciation (note 4)	**6,634**	4,826	**12,994**	9,480
Amortization (note 5)	**1,173**	884	**2,338**	1,767
Gain on disposal of property, plant and equipment	**(57)**	-	**(88)**	(88)
Interest expense, net	**2,038**	193	**3,846**	299
	147,511	112,668	**280,756**	209,943
Income before income taxes	**7,996**	6,635	**13,844**	10,339
Provision for income taxes (note 11)	**1,708**	1,537	**3,033**	2,505
Net income for the period	**6,288**	5,098	**10,811**	7,834
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)	**1,539**	(545)	**2,191**	(876)
Unrealized gain (loss) on foreign currency translation	**4,116**	(3,160)	**11,795**	(6,643)
	5,655	(3,705)	**13,986**	(7,519)
Comprehensive income (loss)	**$11,943**	$1,393	**$24,797**	$315
Income per common share				
Basic	**$0.16**	$0.13	**$0.28**	$0.20
Diluted	**$0.16**	$0.13	**$0.28**	$0.20
Weighted average number of common shares outstanding				
Basic	**38,912**	39,161	**38,912**	39,161
Diluted	**38,912**	39,190	**38,912**	39,193

(a) Net of income tax payable of $551 and $782 for the three- and six- month period ended March 31, 2023 (2022 - net of income tax recoverable of $194 and $312 for the three- and six - month periods ended March 31, 2022)

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 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
Net income for the period	-	-	6,288	-	-	-	6,288
Dividend paid (note 3)	-	-	(4,086)	-	-	-	(4,086)
Stock option expense	-	85	-	-	-	-	85
Other comprehensive income	-	-	-	1,539	4,116	5,655	5,655
Balance, March 31, 2023	$48,767	$5,617	$292,332	$3,711	$14,893	$18,604	$365,320

				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 (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 (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	-	-	-	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 March 31 **2023**	2022	Six months ended March 31 **2023**	2022
OPERATING ACTIVITIES:				
Net income for the period	**$6,288**	$5,098	**$10,811**	$7,834
Add non-operating and items not involving a current outlay of cash				
Depreciation (note 4)	**6,634**	4,826	**12,994**	9,480
Amortization (note 5)	**1,173**	884	**2,338**	1,767
Stock-based compensation expense	**128**	44	**234**	175
Deferred income taxes	**(94)**	(16)	**177**	(16)
Net interest expense	**2,038**	193	**3,846**	299
Gain on disposal of property, plant and equipment	**(57)**	-	**(88)**	(88)
	16,110	11,029	**30,312**	19,451
Net change in non-cash working capital (note 10)	**(10,075)**	(5,697)	**(13,455)**	(6,107)
Cash provided by operating activities	**6,035**	5,332	**16,857**	13,344
FINANCING ACTIVITIES:				
Increase (decrease) in bank indebtedness	**5,612**	(3,708)	**(1,045)**	5,466
Financing from long-term debt	**-**	15,000	**10,000**	15,000
Interest paid, net	**(2,038)**	(193)	**(3,846)**	(299)
Dividends paid (note 3)	**(4,086)**	(4,105)	**(8,172)**	(8,032)
Repurchase of share capital	**-**	(1,826)	**-**	(1,826)
Issuance of share capital	**-**	224	**-**	224
Cash provided by (used in) financing activities	**(512)**	5,392	**(3,063)**	10,533
INVESTING ACTIVITIES:				
Purchase of property, plant and equipment (note 4)	**(10,631)**	(9,955)	**(18,050)**	(20,757)
Purchase of intangible assets (note 5)	**(102)**	(786)	**(183)**	(935)
Proceeds from disposal of property, plant and equipment	**129**	67	**252**	502
Cash used in investing activities	**(10,604)**	(10,674)	**(17,981)**	(21,190)
Effect of exchange rate changes on cash and cash equivalents	**214**	(66)	**281**	(519)
Net increase (decrease) in cash during the period	**(4,867)**	(16)	**(3,906)**	2,168
Cash, beginning of period	**17,985**	26,282	**17,024**	24,098
Cash, end of period	**$13,118**	$26,266	**$13,118**	$26,266

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- and six- month periods ended March 31, 2023 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 2022 audited annual consolidated financial statements.

In the ordinary course of business, the Company may be contingently liable for litigation and claims with customers, suppliers and former employees. During 2018, the Company agreed with a customer (the "Customer") to utilize a government-sponsored third party (the "Third Party") tool financing program (the "Program"). The Program allows the Company to receive payment from the Third Party in advance (the "Advance Payments") of either tool delivery or the Customer's receipt of payment from the Original Equipment Manufacturer (the "OEM"). The Customer is obligated to pay all costs of the Program including principal and interest. The Third Party retains recourse against the Company if the Customer fails to repay the Advance Payments to the Third Party within 24 months of the Advance Payment. In previous years these contingent liabilities were disclosed by a note to financial statements however, effective January 1, 2023 the Company has included these amounts in the condensed interim consolidated statements of financial position under accounts receivable ($4,752) and other accrued liabilities ($4,752). In addition, in the September 30, 2022 consolidated statement of financial position the Company recorded an increase to accounts receivable of $5,321 and increase in other accrued liabilities of $5,321.

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- and six- month periods ended March 31, 2023 were authorized for issue by the Board of Directors on April 27, 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.

$(000)'s except per share amounts

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.

3. CASH DIVIDEND

During the three – and six- month periods ended March 31, 2023, the Company paid quarterly cash dividends totaling $4,086 and $8,172 (2022 - $4,105 and $8,032). The quarterly dividend rate in the second quarter of 2023 was $0.105 per common share (2022 - $0.105).

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	2,070	806	678	-	14,234	262	18,050
Less: disposals	(1,173)	(771)	-	(80)	-	(108)	(2,132)
Reclassification	19,057	200	8,758	-	(28,015)	-	-
Foreign exchange movement	3,550	351	1,900	410	428	739	7,378
Balance as at March 31, 2023	**$283,828**	**$25,410**	**$104,531**	**$14,847**	**$16,508**	**$9,444**	**$454,568**

	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	9,340	1,290	1,966	-	-	398	12,994
Less: disposals	(1,114)	(747)	-	-	-	(108)	(1,969)
Reclassification	(2)	2	-	-	-	-	-
Foreign exchange movement	1,169	250	398	-	-	20	1,837
Balance as at March 31, 2023	**$168,303**	**$19,101**	**$48,024**	**$-**	**$-**	**$1,603**	**$237,031**

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 March 31, 2023	**$115,525**	**$6,309**	**$56,507**	**$14,847**	**$16,508**	**$7,841**	**$217,537**

$(000)'s except per share amounts

5. INTANGIBLE ASSETS AND GOODWILL

	Computer Software and Other	Acquisition Intangibles*	Assets under Construction (Software)	Total Intangible Assets	Goodwill
Cost					
Balance as at September 30, 2022	$9,585	$58,163	$24	$67,772	$88,699
Additions	179	-	4	183	-
Foreign exchange movement	70	314	2	386	4,070
Balance as at March 31, 2023	**$9,834**	**$58,477**	**$30**	**$68,341**	**$92,769**

	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	374	1,964	-	2,338	-
Foreign exchange movement	41	(247)	-	(206)	-
Balance as at March 31, 2023	**$8,267**	**$27,191**	**$-**	**$35,458**	**$-**
Carrying amounts					
As at September 30, 2022	$1,733	$32,689	$24	$34,446	$88,699
As at March 31, 2023	**$1,567**	**$31,286**	**$30**	**$32,883**	**$92,769**

*Acquisition intangibles are composed 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 six- month period ended March 31, 2023 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:

$(000)'s except per share amounts

	March 31, 2023		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	**$13,118**	**$13,118**	$17,024	$17,024
Accounts receivable	**124,292**	**124,292**	119,261	119,261
Trade accounts payable	**(51,230)**	**(51,230)**	(51,359)	(51,359)
Bank indebtedness	**(11,318)**	**(11,318)**	(12,363)	(12,363)
Customer advance payments	**(6,569)**	**(6,569)**	(3,169)	(3,169)
Accrued liabilities	**(33,628)**	**(33,628)**	(39,862)	(39,862)
Derivative instruments	**4,973**	**4,973**	2,066	2,066
Lease liabilities – long term portion	**(7,228)**	**(7,228)**	(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 March 31, 2023 $115,730 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 and as at March 31, 2023 average interest rate was 7.0%.

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, 2023.

8. SHARE CAPITAL

In each of February 2023 and 2022 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 1,785,000 and 1,955,000 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 no common shares were repurchased (2022- 200,000, 200,000).

As at March 31, 2023 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 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.

$(000)'s except per share amounts

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.

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, 2023			
	Casting and Extrusion	**Automotive Solutions**	**Corporate**	**Total**
Sales	**$81,528**	**$83,679**	**$-**	**$165,207**
Intercompany sales	**(9,096)**	**(604)**	**-**	**(9,700)**
Net sales	**72,432**	**83,075**	**-**	**155,507**
Depreciation	**5,599**	**1,014**	**21**	**6,634**
Amortization	**326**	**847**	**-**	**1,173**
Segment pre-tax income (loss) before interest	**3,896**	**8,688**	**(2,550)**	**10,034**
Net interest expense				**(2,038)**
Income before income taxes				**7,996**
Property, plant and equipment additions	**9,564**	**1,053**	**14**	**10,631**
Property, plant and equipment, net	**183,290**	**32,928**	**1,319**	**217,537**
Intangible asset additions	**98**	**4**	**-**	**102**
Intangible assets, net	**11,146**	**21,737**	**-**	**32,883**
Goodwill	**29,630**	**63,139**	**-**	**92,769**
Total assets	**384,884**	**236,837**	**(15,409)**	**606,312**
Total liabilities	**66,649**	**61,751**	**112,592**	**240,992**

$(000)'s except per share amounts

	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 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

	Six Months Ended March 31, 2023			
	Casting and Extrusion	**Automotive Solutions**	**Corporate**	**Total**
Sales	**$157,195**	**$154,791**	**$-**	**$311,986**
Intercompany sales	**(15,946)**	**(1,440)**	**-**	**(17,386)**
Net sales	**141,249**	**153,351**	**-**	**294,600**
Depreciation	**11,034**	**1,918**	**42**	**12,994**
Amortization	**641**	**1,697**	**-**	**2,338**
Pre-tax income (loss) before interest	**5,813**	**15,915**	**(4,038)**	**17,690**
Net interest expense				**(3,846)**
Income before income taxes				**13,844**
Property, plant and equipment additions	**15,829**	**2,207**	**14**	**18,050**
Property, plant and equipment, net	**183,290**	**32,928**	**1,319**	**217,537**
Intangible asset additions	**179**	**4**	**-**	**183**
Intangible assets, net	**11,146**	**21,737**	**-**	**32,883**
Goodwill	**29,630**	**63,139**	**-**	**92,769**
Total assets	**384,884**	**236,837**	**(15,409)**	**606,312**
Total liabilities	**66,649**	**61,751**	**112,592**	**240,992**

$(000)'s except per share amounts

	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

10. NET CHANGE IN NON-CASH WORKING CAPITAL

	Six months ended March 31	
	2023	2022
Accounts receivable	**($3,162)**	($781)
Inventories	**(6,519)**	(3,640)
Prepaid expenses and deposits	**(245)**	(1,083)
Trade accounts payable	**(1,386)**	3,591
Accrued payroll liabilities	**(1,709)**	(3,133)
Other accrued liabilities	**(4,823)**	(1,047)
Provisions	**229**	(693)
Customer advance payments	**3,306**	1,225
Income taxes recoverable	**854**	(546)
	($13,455)	($6,107)

11. INCOME TAXES

The consolidated effective income tax rates for the three- and six- month periods ended March 31, 2023 were 21.4% and 21.9 % (three- and six- month periods ended March 31, 2022 – 23.2% and 24.2%). The income tax rate in the current quarter and year to date were impacted by geographic distribution and foreign rate differentials.

$(000)'s except per share amounts

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.

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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Robert B. Magee, Lead Director
Colleen M. McMorrow
Paul E. Riganelli
Brian A. Robbins, Executive Chairman

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Executive Chairman

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Matthew Posno, CPA, CA, MBA
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