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Management's Discussion and Analysis
Prepared as of April 27, 2022

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

The following management's interim discussion and analysis of operations and financial position are prepared as at April 27, 2022 and should be read in conjunction with the condensed interim consolidated financial statements as at and for the six months ended March 31, 2022 and 2021 and the consolidated financial statements and Management's Discussion and Analysis ("MD&A") in the Company's 2021 Annual Report.

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

Use of Non-IFRS Measures

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

MANAGEMENT DISCUSSION AND ANALYSIS

Consolidated sales for the second quarter ended March 31, 2022 were \$119.3 million compared to \$118.4 million in the same quarter last year – an increase of \$0.9 million, or 1%. Year-to-date sales were \$220.3 million compared to \$239.8 million the prior year – a decrease of \$19.5 million or 8%. Excluding foreign exchange rate movements, consolidated sales in the quarter were higher by 2% compared to the prior year and lower by 6% year-to-date.

The Automotive Solutions segment reported sales of \$68.2 million in the second quarter – a decrease of \$1.1 million, or 2% from the prior year quarter. Year-to-date segment sales totaled \$123.3 million – a decrease of \$22.1 million, or 15% compared to last year. Foreign exchange rate movements decreased segment sales by \$1.3 million in the quarter and \$3.8 million on segment sales year-to-date. Excluding foreign exchange rate

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

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

Consolidated net income for the second quarter was \$5.1 million or basic and diluted earnings of \$0.13 per share compared to \$11.7 million or \$0.30 per share in the same quarter last year – a decrease of net income of \$6.6 million. Year-to-date, consolidated net income was \$7.8 million or \$0.20 per basic share compared to \$22.7 million or \$0.58 per basic share last year – a decrease in net income of 14.9%. The consolidated effective income tax rate of 23% in the current quarter increased from 22% from the prior year. Year-to-date, the consolidated effective income tax rate was 24% compared to 22% last year. The income tax rate in the quarter and year-to-date was impacted by nondeductible losses from our Castool Morocco facility, geographic distribution, and foreign rate differentials.

The Automotive Solutions segment reported pretax profit of \$6.2 million in the second quarter a decrease of \$3.2 million from the prior year quarter. Year-to-date, the segment reported pretax profit of \$9.6 million – a decrease of \$11.4 million compared to the prior year period. The segment's lower pretax profit was due to unfavorable market driven product mix changes, higher material, logistics and labour costs, partially offset

by certain pricing actions taken in the quarter. Reduced industry vehicle production continued to cause inefficiencies within our operations. While customer orders and releases stabilized compared to prior quarters, sporadic and unreliable customer releases continued to impact production, increasing overhead and direct labour costs. These factors were intensified by reduced labour availability at certain of our facilities due to the increased prevalence of COVID-19 as well as the need to retain slack labour in anticipation of higher demand in the quarters ahead. Inflationary pressure continues to be a challenge in this segment particularly on petroleum-based products (resins, plastics, rubber), energy, freight and labour. Management remains focused on improving the efficiency of its operations and reducing its overall cost structure. Pricing discipline remains a focus and actions are being taken on current programs where possible, though there is typically a lag of a few quarters before the impact is realized. As well, new program awards are priced to reflect management's expectations for higher future costs.

The Casting and Extrusion segment reported \$2.7 million of pretax profit in the second quarter – a decrease of \$4.7 million from the same quarter last year. Year-to-date, the segment reported pretax profit of \$4.7 million – a decrease of \$7.3 million compared to the prior year period. The lower pretax profit was driven by reduced activity for rebuild work in the Large Mould group coupled with the shipment of a number of new moulds. New mould programs can often have low to negative margins at the onset due to front-end inefficiencies that are improved as subsequent moulds are delivered. As well, profitability was negatively impacted by raw material and labour cost inflation before price increases were implemented, unfavorable market driven product mix shifts, start-up losses of Castool's plant in Morocco (which opened in November 2021), reduced labour availability and higher overtime costs across the three business units due to the spread of COVID-19. Segment pre-tax profitability was however higher sequentially and new business awards across the quarter were very strong, particularly for structural die-cast components and those for electric vehicle platforms. The Large Mould and Castool groups ended the quarter with backlogs approaching historic levels. Management remains focused on taking pricing action where possible to preserve margins, reducing its overall cost structure and improving manufacturing efficiencies. Such activities together with sales efforts are expected to improve segment profitability in future quarters.

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

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

The Corporate segment expenses were \$2.0 million in the second quarter compared to \$1.7 million in the prior year quarter. Year-to-date, Corporate expenses of \$3.6 million were down slightly from the prior year at \$3.9 million.

Consolidated EBITDA for the second quarter totaled \$12.5 million compared to \$20.2 million in the same quarter last year – a decrease of \$7.7 million. Year-to-date, consolidated EBITDA totaled \$21.9 million compared to \$39.6 million last year – a decrease of \$17.7 million. For the quarter, EBITDA as a percentage of sales decreased to 10.5% in the current period compared to 17.1% the prior year driven by a reduction in

segment margins in both the Casting & Extrusion segment (13% compared to 22%) and the Automotive Solutions segment (11% compared to 16%).

Financial Resources, Liquidity and Capital Resources

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

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

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

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

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

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

Quarterly results

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

	March 31, 2022	December 31, 2021	September 30, 2021	June 30, 2021
<i>(\$ thousands except per share amounts)</i>				
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

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

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

Non-IFRS Measures

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

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

Recent Accounting Changes and Effective Dates

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

Controls and Procedures

Based on the current Canadian Securities Administrators (the “CSA”) rules under National Instrument 52-109 Certification of Disclosure in Issuers’ Annual and Interim Filings, the Chief Executive Officer and Chief Financial Officer (or individuals performing similar functions as a chief executive officer or chief financial officer) are required to certify as at March 31, 2022 that they are responsible for establishing and maintaining disclosure controls and procedure and internal control over financial reporting.

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

Outstanding Share Capital

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

Outlook

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

With respect to Exco's Casting and Extrusion segment, the intensifying global focus on environmental sustainability is creating significant growth drivers that are expected to persist through at least the next decade. Automotive OEMs are looking to light-weight metals such as aluminum to reduce vehicle weight and reduce carbon dioxide emissions. This trend is evident regardless of powertrain design - whether internal combustion engines, electric vehicles or hybrids. As well, a renewed focus on the efficiency of OEMs in their own manufacturing process is creating higher demand for advanced tooling that can contribute towards their profitability and sustainability goals. Certain new EV manufacturers have adopted the approach of utilizing much larger die cast machines to cast entire sub-frames of vehicles out of an aluminum based alloy rather than assemble numerous pieces of separately stamped and welded pieces of ferrous metal. Exco expects traditional OEMs will ultimately follow this trend and is positioning its operations to capitalize accordingly. Beyond the automotive industry, Exco's extrusion tooling supports diverse end markets which are also seeing increased demand for aluminum driven by environmental trends, including energy efficient buildings, solar panels, etc.

On the cost side, inflationary pressures have intensified in recent quarters while prompt availability of various input materials, components and labour has become more challenging. We are offsetting these dynamics through various efficiency initiatives and taking pricing action where possible although there is typically several quarters of lag before the counter measures are evident.

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

Exco itself is also looking inwards with respect to ESG and sustainability trends to ensure its own operations are sustainable. We are investing significant capital to improve the efficiency and capacity of our own operations while lowering our own carbon footprint. In the first quarter we released our first Sustainability Report on our corporate website which is available at: www.excocorp.com/leadership/sustainability/.

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

Forward-looking information

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