



EXCO TECHNOLOGIES LIMITED
130 Spy Court, 2nd Floor,
Markham, ON, Canada L3R 5H6
T. 905.477.3065 F. 905.477.2449
www.excocorp.com

Management's Discussion and Analysis
Prepared as of January 28, 2026

Three Months ended
December 31 (unaudited)

<i>(in \$ thousands except earnings per share amounts)</i>		
	2025	2024
Sales	\$149,522	\$143,568
Net income	\$4,832	\$4,245
Basic and diluted earnings per share	\$0.13	\$0.11
Weighted average Basic Common shares outstanding (000's)	37,937	38,534

The following management's interim discussion and analysis of operations and financial position are prepared as at January 28, 2026 and should be read in conjunction with the condensed interim consolidated financial statements as at and for the three months ended December 31, 2025 and 2024 and the consolidated financial statements and Management's Discussion and Analysis ("MD&A") in the Company's 2025 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.sedarplus.ca.

Use of Non-IFRS Measures

In this MD&A, reference may be made to EBITDA, EBITDA Margin, Pretax Profit, Net Debt, 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. Net Debt represents the Company's consolidated net indebtedness position offsetting cash from bank indebtedness, current and long-term debt. It is calculated as Long-term debt plus Current portion of Long-term debt plus Bank indebtedness less Cash and cash equivalents. Free Cash Flow is calculated as cash provided by operating activities less interest paid and Maintenance Fixed Asset Additions. Maintenance Fixed Asset Additions represent management's estimate of the investment in fixed assets that is required for the Company to continue operating at current capacity levels. Given the Company's elevated capital spending on fixed assets for growth initiatives (including additional Greenfield locations, energy efficient heat treatment equipment and increased capacity) in recent years, the Company previously modified its calculation of Free Cash Flow to include Maintenance Fixed Asset Additions and not total fixed asset purchases. This change is meant to enable investors to better gauge the amount of generated cash flow that is available for these investments as well as acquisitions and/or returns to shareholders in the form of dividends or share buyback programs. EBITDA, EBITDA Margin, Pretax Profit and Free Cash Flow are used by management, from time to time, to facilitate period-to-period operating comparisons and we believe some investors and analysts use these measures as well when evaluating Exco's financial performance. These measures, as calculated by Exco, do not have any standardized meaning prescribed by IFRS and are not necessarily comparable to similar measures presented by other issuers.

MANAGEMENT DISCUSSION AND ANALYSIS

Consolidated sales for the first quarter ended December 31, 2025 were \$149.5 million compared to \$143.6 million in the same quarter last year – an increase of \$6.0 million or 4%. Foreign exchange rate movements increased sales \$1.0 million in the quarter primarily due to the strengthening Euro compared to the Canadian dollar.

During the quarter, management focused on improving performance at newer facilities and underperforming operations to enhance results and optimize long-term returns. Capital spending was intentionally below historical averages, reflecting a prioritization of critical projects and the completion of major growth initiatives. While these investments continue to pressure near-term margins and profitability, Exco expects them to generate meaningful earnings contributions over a multi-year horizon as operations mature and scale efficiencies are realized. Key projects include:

- Castool Mexico Greenfield Facility – Opened in October 2023 with production commencing immediately. This facility expands capacity and improves access to Latin America and U.S. Sun-belt markets. Depreciation and start-up costs elevated expenses in F2024; performance improved in fiscal 2025;
- Large Mould Group Fixed Asset Additions – All equipment to support Giga-sized moulds has been installed and operational including a new large 5 axis boring mill. Continued growth in our leading additive manufacturing (3D printing) operations are supported by the addition of a seventh 3D printer in late fiscal 2025;
- Hallex operations – Ongoing equipment installations across locations, with integration into the broader Extrusion Group to capture best practice synergies;
- Extrusion Group Heat Treatment (Michigan)– New equipment installation completed at the end of Q3 fiscal 2025;
- Automotive Solutions Group – Continued deployment of equipment to support program launches and expand automation in production.

The Automotive Solutions segment reported sales of \$79.3 million in the first quarter, an increase of \$7.2 million, or 10%, compared to the same quarter last year. The impact of foreign exchange rates was negligible, increasing sales by \$0.3 million. The sales increase was driven by relatively stable automotive production volumes in North America and Europe, new product launches, a favorable vehicle mix, and higher de-stocking of certain accessory products in the inventory channel in the prior-year quarter. Production volumes have stabilized; however, growth is expected to remain tempered in the near term by softening global economic conditions, as ongoing tariff threats continue to influence non-U.S.-based OEMs. Offsetting these challenges, central banks are expected to lower interest rates gradually over the next 12 months, dealer inventory levels have increased but remain below pre-COVID levels, vehicle fleets continue to age, and OEM incentives are rising. Exco's sales volumes are expected to benefit from recent and future program launches, which should drive continued growth in content per vehicle. Quoting activity remains encouraging, and management believes there is ample opportunity to achieve targeted growth objectives.

The Casting and Extrusion segment generated first quarter sales of \$70.2 million, down \$1.3 million, or 2%, compared to the same quarter last year. Favorable foreign exchange movements contributed \$0.7 million to sales during the quarter. Extrusion tooling sales continued to perform well compared to the prior year quarter, supported by a broad range of end markets including building and construction, transportation, sustainable energy, and electrical components. Management remains focused on executing initiatives to standardize manufacturing practices, deepen engineering capabilities, and centralize key support functions across operations. These efforts have resulted in shorter lead times, improved product quality, expanded product

offerings, and increased capacity, supporting share gains in core markets. Sales in the die-cast tooling business, which primarily serves automotive customers, declined versus the prior year quarter as OEMs deferred new program launches amid softer EV demand, regulatory uncertainty, and tariff-related considerations. Many manufacturers have shifted emphasis toward hybrid and smaller internal combustion engine platforms, extending existing vehicle programs, which reduced near term tooling needs. Nonetheless, Die-cast quoting activity and orders improved in the first quarter, and demand for Exco's additive (3D-printed) tooling remains strong as customers seek higher manufacturing efficiency and solutions for larger, more complex tooling requirements, including giga-press applications. Looking forward, Exco is well positioned to benefit as tariff changes create competitive challenges for non-USMCA die-cast tooling suppliers, opening opportunities for domestic and near shore sourcing. Management also remains focused on expanding the Company's newer operations in Morocco, Mexico, and Europe, which are expected to further strengthen Exco's market presence and performance.

Consolidated net income for the first quarter was \$4.8 million or basic and diluted earnings of \$0.13 per share compared to \$4.2 million or \$0.11 per share in the same quarter last year. The consolidated effective income tax rate for the current quarter was 31.8% compared to 35.8% for the prior year period. The change in income tax rate in the quarter was impacted by geographic distribution, foreign tax rate differentials and losses that cannot be tax affected for accounting purposes.

The Automotive Solutions segment reported pretax profit of \$6.5 million for the quarter, an increase of \$1.8 million, or 37%, compared with the same quarter last year. The improvement in the first quarter was driven by higher sales volumes and a more favorable vehicle mix, which enhanced overhead absorption. Labour costs in Mexico have remained a significant challenge in recent years and continue to face additional pressure from government mandated increases to minimum wages. In response, management has placed strong emphasis on productivity improvements to offset these cost pressures, enabling overall labour costs to remain in line with the prior year quarter. Beyond these factors, management remains cautiously optimistic that the segment's cost structure will continue to support margin improvement as production volumes stabilize and new program launches—priced to reflect higher economic and input costs—contribute positively to performance. Pricing discipline remains a key focus, with actions taken where feasible, particularly on new programs, to align pricing with anticipated future cost increases.

The Casting and Extrusion segment generated pretax profit of \$3.5 million during the quarter, down \$0.2 million, or 6%, compared with the same quarter last year. The modest decline was primarily attributable to lower sales volumes, changes in product mix, higher direct labour and overhead costs—including under-absorption of fixed costs during the period—and increased depreciation. Management continues to advance strategic pricing actions and operational efficiency initiatives across the segment, including the ongoing implementation of lean manufacturing practices and expanded automation to drive productivity through process standardization and waste reduction. Castool's greenfield facilities and Extrusion Germany operations performance weighed on overall segment profitability during the quarter. Management remains focused on standardizing manufacturing processes, enhancing engineering capabilities, and centralizing key support functions across all operations. These efforts have contributed to shorter lead times, improved product quality, broader product offerings, and increased capacity. With the recent improvement in demand for die cast tooling, continued emphasis on cost control, operational excellence, and targeted sales initiatives, management expects segment profitability to improve over time.

The Corporate segment expenses were \$1.9 million in the quarter compared to \$0.4 million in the prior year quarter due primarily to foreign exchange losses relating to the strengthening CAD dollar on balance sheet accounts at quarter end. Consolidated EBITDA for the first quarter totaled \$17.4 million compared to \$16.7 million in the same quarter last year. EBITDA as a percentage of sales remained the same as the prior year quarter at 11.6%. The EBITDA margin in the Casting and Extrusion segment was 15.3% compared to 14.6%

last year while the EBITDA margin in the Automotive Solutions segment was 10.7% compared to 9.3% last year.

Financial Resources, Liquidity and Capital Resources

Operating cash flow before net change in non-cash working capital totaled \$15.1 million in the first quarter compared to \$14.4 million in the same period last year. The \$0.7 million improvement was driven by a \$0.6 million increase in net income and a \$0.6 million increase in depreciation partially offset by \$0.5 million decrease in interest expense. Non-cash working capital consumed \$4.9 million of cash in the quarter compared to \$4.0 million in the same quarter last year. The non-cash working capital changes were driven by changes in inventory offset by lower accounts payable and accruals. Consequently, net cash provided by operating activities amounted to \$10.2 million in the current quarter compared to \$10.4 million in the same quarter last year.

Cash used in financing activities in the current quarter was \$4.0 million compared to cash used in financing of \$15.0 million in the same quarter last year. The primary driver of this variance is the increase of 1.8 million in bank and long-term debt compared to the decrease of \$9.3 million in the prior year quarter. Cash used in financing was also impacted by \$0.5 million lower interest paid offset by \$0.5 million higher share repurchase under the Normal Course Issuer Bid.

Cash used in investing activities was \$4.5 million in the current quarter, compared to \$7.7 million in the prior-year quarter. Following several years of significant growth related capital expenditures, the Company intends to reducing capital spending and focus on improving the performance of existing assets. Growth capital expenditures totaled \$0.2 million, while maintenance capital expenditures were \$4.3 million. Management's capital spending forecast for the fiscal year is \$28.0 million, compared to actual capital expenditures of \$36.0 million in fiscal 2025.

The Company's financial position and liquidity remains strong. Exco's net debt position (totaling long-term debt and bank indebtedness net of cash) totaled \$67.1 million as at December 31, 2025 remains unchanged from September 30, 2025. The Company generated Free Cash Flow of \$4.8 million and paid dividends of \$4.0 million. First quarter growth capital expenditures of \$0.2 million decreased from \$2.5 million in the prior year quarter. Exco's principal sources of liquidity include Free Cash Flow, cash of \$24.6 million and \$59.8 million of availability under its \$151 million committed credit facility which matures March 2027. Pursuant to the terms of the credit facility, Exco is required to maintain compliance with certain financial covenants. The Company was in compliance with these covenants as at December 31, 2025.

Exco owns 20 of its 21 manufacturing facilities and essentially all its production equipment. The Company leases sales and support centers in Rochester Hills, Michigan, a warehouse in Brownsville, Texas, and a manufacturing facility in Weissenburg, Germany. The following table summarizes the Company's significant short-term and long-term commitments on an undiscounted basis.

December 31, 2025					
	Total	< 1 year	1-3 years	4-5 years	
Bank Indebtedness	\$ 1,778	\$ 1,778	\$ -	\$ -	
Trade accounts payable	39,174	39,174	-	-	
Long term debt	90,000	-	90,000	-	
Lease commitments	9,261	1,105	2,047	6,109	
Purchase commitments	39,606	39,606			
Capital expenditures	4,088	4,088			
	\$ 183,907	\$ 85,751	\$ 92,047	\$ 6,109	

Quarterly results

The following table sets out financial information for each of the eight quarters through to the first quarter ended December 31, 2025:

	December 31, 2025	September 30, 2025	June 30, 2025	March 31,2025
<i>(\$ thousands except per share amounts)</i>				
Sales	\$149,522	\$150,696	\$154,882	\$166,117
Net income	\$4,832	\$8,227	\$5,399	\$6,421
Earnings per share				
Basic	\$0.13	\$0.22	\$0.14	\$0.17
Diluted	\$0.13	\$0.22	\$0.14	\$0.17

	December 31, 2024	September 30, 2024	June 30, 2024	March 31,2024
<i>(\$ thousands except per share amounts)</i>				
Sales	\$143,568	\$155,447	\$161,809	\$163,825
Net income	\$4,245	\$7,734	\$8,176	\$8,066
Earnings per share				
Basic	\$0.11	\$0.20	\$0.21	\$0.21
Diluted	\$0.11	\$0.20	\$0.21	\$0.21

Exco typically experiences softer sales and profits in the first fiscal quarter ending December 31, which coincides with our customers' plant shutdown during the Christmas season. Exco also experiences a slowdown in the fourth fiscal quarter as customers typically schedule summer plant shutdowns and European customers typically curtail releases during the month of August to accommodate vacations. The quarters ending June 2025 and September 2025 results were negatively impacted by the effect of US tariffs and weaker demand for die cast products partially offset by a tax credits booked in the latter quarter.

Non-IFRS Measures

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

	Three Months ended December 31	
	2025	2024
Net income	\$4,832	\$4,245
Provision for income tax	2,258	2,372
Income before income tax	7,090	6,617
Depreciation	8,153	7,562
Amortization	1,093	1,077
Net interest expense	1,014	1,455
EBITDA	\$17,350	\$16,711
Sales	\$149,522	\$143,568
EBITDA margin	11.6%	11.6%
Cash provided by operating activities	\$10,166	\$10,393
Interest	(1,014)	(1,455)
Maintenance fixed asset additions	(4,308)	(5,161)
Free Cash Flow	\$4,844	\$3,777

Quarterly Segment EBITDA Margin	Casting and Extrusion Three months ended December 31		Automotive Solutions Three months ended December 31	
	2025	2024	2025	2024
Pretax profit	3,506	3,740	6,517	4,762
Depreciation	6,881	6,358	1,248	1,204
Amortization	375	357	718	720
EBITDA	10,762	10,455	8,483	6,686
Sales	70,190	71,443	79,332	72,125
EBITDA Margin	15.3%	14.6%	10.7%	9.3%

Accounting Changes and Effective Dates

There were no accounting policy changes effective October 1, 2025 that have a material impact to the Company's reporting.

Controls and Procedures

Based on the current Canadian Securities Administrators (the "CSA") rules under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings, the Chief Executive Officer and Chief Financial Officer (or individuals performing similar functions as a chief executive officer or chief financial officer) are required to certify as at December 31, 2025 that they are responsible for establishing and maintaining disclosure controls and procedure and internal control over financial reporting.

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

Outstanding Share Capital

As at December 31, 2025 Exco had 37,924,832 common shares issued and outstanding and stock options outstanding to purchase up to 664,500 common shares at exercise prices ranging from \$7.97 to \$9.78.

Outlook

In light of the growing uncertainty surrounding global trade policy—particularly regarding tariffs—we withdrew our Fiscal 2026 revenue, EBITDA, and EPS targets in Q2 Fiscal 2025. Although Exco had made meaningful progress toward these targets since their initial announcement in Fiscal 2021, the heightened unpredictability around tariff implementation and scope, particularly involving key jurisdictions such as the United States, made it impractical to reaffirm those financial objectives. Nonetheless, we continue to believe that the underlying strategic initiatives that supported our original targets remain intact and will be achievable over the longer term. Our greenfield investments, new program launches, organic market growth, and consistent track record of gaining market share are all expected to contribute significantly to future growth and margin expansion as conditions stabilize.

Importantly, we expect products compliant with the United States-Mexico-Canada Agreement (USMCA) rules of origin to remain exempt from tariffs in the long term. As nearly all of Exco's products sold within North America comply with USMCA requirements, we are well-positioned to navigate ongoing trade policy developments. Within our Casting and Extrusion segment, we maintain a substantial manufacturing footprint in the U.S. market for extrusion dies and large mould products, further ensuring preparedness should tariffs extend beyond current expectations. Moreover, should elevated tariffs on imports from non-compliant jurisdictions—particularly China—persist, Exco stands to benefit from a more advantageous competitive positioning relative to global peers.

We are also encouraged by broader macroeconomic trends in North America, notably increasing initiatives to reshore industrial manufacturing. These reshoring efforts are expected to boost demand for extrusion and high-pressure die-cast (HPDC) tooling, areas where Exco maintains considerable strength. The combination of policy-driven reshoring, structural automotive trends, and our strong product positioning reinforces confidence in Exco's long-term outlook despite near-term headwinds.

Forward looking information

This Management Discussion and Analysis contains forward-looking information and forward-looking statements within the meaning of applicable securities laws. We use words such as "anticipate", "may", "will", "should", "expect", "believe", "estimate", "5-year target" and similar expressions to identify forward-looking information and statements especially with respect to growth, outlook and financial performance of the Company's business units, contribution of our start-up business units, contribution of awarded programs yet to be launched, margin performance, financial performance of acquisitions, liquidity, operating efficiencies, improvements in, expansion of and/or guidance or outlook as to future revenue, sales, production sales, margin, earnings, earnings per share, including the outlook for the year ending fiscal 2026, are forward-looking statements and 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 global economic recovery from any future 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 impacts of international conflicts on the global financial,

energy and automotive markets, including increased supply chain risks, assumptions about the number of automobiles produced in North America and Europe, the potential for overseas automotive OEMs to make inroads in North America and Europe, including the implementation of tariffs that Governments may use to protect local economic interests, 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 and elsewhere, our ability to integrate acquisitions, our ability to continue increasing market share, or launch of new programs and the rate at which our current greenfield operations in Mexico and Morocco achieve sustained profitability, recoverability of capital assets, goodwill and intangibles (based on numerous assumptions inherently uncertain), and cyber security and its impact on Exco's operations. 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.sedarplus.ca or www.excocorp.com.